NEW ISSUE - FULL BOOK-ENTRY **RATING: S&P: "AA-"**
BANK QUALIFIED **See "RATING" herein.**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, interest on the Bonds is taken into account in determining certain income and earnings and the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS."

$1,752,263.75
SUMMERVILLE UNION HIGH SCHOOL DISTRICT
(Tuolumne County, California)
General Obligation Bonds
Election of 2012, Series C
(Bank Qualified)

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

Authority and Purpose. The Summerville Union High School District (Tuolumne County, California) General Obligation Bonds, Election of 2012, Series C (the "Bonds") are being issued by the Summerville Union High School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District, adopted on September 27, 2017 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on November 6, 2012, which authorized the issuance of $8,000,000 principal amount of general obligation bonds for the purpose of financing the replacement and upgrading of school facilities. The Bonds are the third and final series of bonds to be issued under this authorization. See "THE BONDS – Authority for Issuance" and "THE FINANCING PLAN" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Tuolumne County (the "County"). The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes for the payment of accreted value of the Bonds upon all property subject to taxation within the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other outstanding issues of general obligation bonds which are similarly payable from *ad valorem* taxes levied on parcels in the District and will be payable on a parity basis with the Bonds. See "SECURITY FOR THE BONDS."

Book-Entry Only. 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 will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and Appendix F.

Payments. The Bonds are dated the date of delivery, and are being issued as Capital Appreciation Bonds (as defined herein). The Capital Appreciation Bonds accrete interest at the accretion rates set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2018, until payment of the accreted value thereof at maturity or upon earlier redemption (if any). Payments of accreted value of the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption. Certain of the Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption."

MATURITY SCHEDULE
(See inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall, A Professional Law Corporation is also serving as Disclosure Counsel to the District. Dannis Woliver Kelley, Los Angeles, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about October 26, 2017.

D|A|DAVIDSON
D.A. Davidson & Co. member SIPC

The date of this Official Statement is October 12, 2017.

MATURITY SCHEDULE

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
(Tuolumne County, California)

Base CUSIP†: 865780

$1,752,263.75 Denominational Amount
($3,670,000 Maturity Value)
Capital Appreciation Bonds

Maturity Date (August 1)	Denominational Amount	Accretion Rate	Yield to Maturity	Maturity Value	CUSIP†
2024	$43,762.20	4.720%	2.280%	$60,000	CX6
2025	48,729.10	4.720	2.480	70,000	CY4
2026	49,829.25	4.720	2.730	75,000	CZ1
2027	53,899.35	4.720	2.830	85,000	DA5
2028	65,457.90	2.980	2.980	90,000	DB3
2029	68,994.00	3.180	3.180	100,000	DC1
2030	72,163.30	3.330	3.330	110,000	DD9
2031	72,108.45	3.420	3.420	115,000	DE7
2032	74,242.50	3.560	3.560	125,000	DF4
2033	75,976.65	3.680	3.680	135,000	DG2
2034	79,935.00	3.790	3.790	150,000	DH0
2035	81,409.60	3.840	3.840	160,000	DJ6
2036	82,659.10	3.880	3.880	170,000	DK3
2037	85,064.85	3.970	3.970	185,000	DL1
2038	87,700.00	4.010	4.010	200,000	DM9
2039	90,220.45	4.030	4.030	215,000	DN7
2040	160,568.00	4.050	4.050	400,000	DP2
2041	228,390.75	4.070	4.070	595,000	DQ0
2042	231,153.30	4.090	4.090	630,000	DR8

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
(Tuolumne County, California)

BOARD OF EDUCATION

Cheri Farrell, *President*
Randy Richter, *Clerk*
Bret Taylor, *Member*
Dennis Spisak, *Member*
Spring Maddox, *Member*

DISTRICT ADMINISTRATION

Robert Griffith, *Superintendent*
Jessica Lozoya, *Chief Business Official*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Isom Advisors, a Division of Urban Futures, Inc.
Walnut Creek, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

UNDERWRITER'S COUNSEL

Dannis Woliver Kelley
Long Beach, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. 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. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may 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.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. 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 herein, 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 information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Involvement of Underwriter. The following statement has been provided by the Underwriter of the Bonds: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a 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.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the Bonds at levels above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Website. The District maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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$1,752,263.75
SUMMERVILLE UNION HIGH SCHOOL DISTRICT
(Tuolumne County, California)
General Obligation Bonds
Election of 2012, Series C
(Bank Qualified)

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the General Obligation Bonds Election of 2012, Series C (the **"Bonds"**) by the Summerville Union High School District (the "**District**").

INTRODUCTION

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 and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The District. The District, established in 1911, is located in Tuolumne County (the "**County**"), about 150 miles east of San Francisco and encompasses an area of approximately 137 square miles. The District provides educational services to the residents in the County, including the unincorporated communities of Tuolumne, Pine Crest, Long Barn and Twain Harte. The District is a high school district providing education for students in grades 9 through 12, and currently operates one high school, two continuation high schools, three small necessary high schools, a parent-nursery adult education program and an independent study program. Total enrollment for the 2017-18 school year is estimated to be 450 students.

For more information regarding the District and its finances, see Appendix A and B attached hereto. See also Appendix C hereto for demographic and other statistical information regarding the County.

Purpose. The net proceeds of the Bonds will be used to finance the specific school facilities projects set forth in the ballot measure approved by the voters at an election held in the District on November 6, 2012 (the **"Bond Election"**) which authorized a total of $8,000,000 principal amount of general obligation bonds (the "**2012 Authorization**"). The Bonds are the third and final series of bonds issued pursuant to the 2012 Authorization. See "THE FINANCING PLAN" herein.

Authority for Issuance of the Bonds. The Bonds are being issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and pursuant to a resolution adopted by the Board of Education of the District on September 27, 2017 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Form of the Bonds. The Bonds are being issued as capital appreciation bonds (the "**Capital Appreciation Bonds**"), will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 Maturity Value or any integral multiple thereof. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. 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. Underwriter will not receive physical certificates representing their interest in the Bonds. See "THE BONDS" and "Appendix F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption."

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal and accreted value of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS."

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel (**"Bond Counsel"**), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District (**"Disclosure Counsel"**). Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

Tax Matters; Bank Qualification. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986 (the **"Tax Code"**), in the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from State of California personal income taxes. The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to interest payable on the Bonds. See "TAX MATTERS" herein.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of a Continuing Disclosure Certificate executed in connection with the Bonds. The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "CONTINUING DISCLOSURE" herein.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the District from the Superintendent's Office at Summerville Union High School District, 17555 Tuolumne Road, Tuolumne, California 95379, Phone: (209) 928-3498. The District may impose a charge for copying, mailing and handling.

THE FINANCING PLAN

The net proceeds of the Bonds will be used to finance projects approved by more than the requisite 55% of District voters at the Bond Election. The abbreviated form of the 2012 Authorization is as follows:

> *"Without increasing the current tax rate, to modernize, construct and renovate outdated classrooms, restrooms and school facilities; improve student access to computers and modern technology; make health, safety and handicapped accessibility improvements; and upgrade P.E. fields and facilities for school and community use; shall the Summerville Union High School District issue $8,000,000 of bonds at legal interest rates, have an independent citizens' oversight committee and have NO money taken by the state or used for administrative salaries?"*

On April 3, 2013, the District issued its General Obligation Bonds, Election of 2012, Series A, (the "**Series A Bonds**") in the aggregate principal amount of $4,097,620.45. On March 19, 2015, the District issued its General Obligation Bonds, Election of 2012, Series B (the "**Series B Bonds**") in the aggregate principal amount of $2,150,115.45. The Bonds represent the third and final series of bonds to be issued at the Bond Election. Following issuance of the Bonds there will be no bonds remaining for issuance under the 2012 Authorization.

In addition to bonds issued pursuant to the 2012 Authorization, the District has other general obligation bonds outstanding which are secured, on a parity basis, by *ad valorem* taxes levied and collected in the District. See "DEBT SERVICE SCHEDULES" and Appendix A under the heading "FINANCIAL INFORMATION – Existing Debt Obligations."

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds	
Principal Amount of Bonds	$1,752,263.75
Plus Original Issue Premium/Less Original Issue Discount	36,797.40
Total Sources	$1,789,061.15
Uses of Funds	
Deposit to Building Fund	$1,612,263.75
Costs of Issuance [(1)]	176,797.40
Total Uses	$1,789,061.15

(1) All estimated costs of issuing the Bonds including, but not limited to, fees of Bond Counsel and Disclosure Counsel, the Financial Advisor, the Paying Agent, the rating agency, and Underwriter's discount.

THE BONDS

Authority for Issuance

The Bonds will be issued pursuant to the Bond Law and the Bond Resolution. The Bonds represent the third and final series of bonds issued pursuant to the 2012 Authorization.

Description of the Bonds

The Bonds are being issued as Capital Appreciation Bonds, as described below. The Bonds mature in the years and in the amounts and accrete interest at the rates per annum all as set forth on the inside cover page hereof. Interest shall be computed based on a 360-day year of twelve 30-day months. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "Book-Entry Only System" below and "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Capital Appreciation Bonds. The Capital Appreciation Bonds are dated the Dated Date, and accrete interest from such date. The Capital Appreciation Bonds are issuable in denominations of $5,000 Maturity Value (defined below) or any integral multiple thereof (except that one Capital Appreciation Bond may be issued in a denomination the Maturity Value of which is not an integral multiple of $5,000). The Capital Appreciation Bonds are payable only at maturity or upon earlier redemption, according to the amounts set forth in the accreted value table. See "APPENDIX H - ACCRETED VALUE TABLES."

The Capital Appreciation Bonds do not bear current interest, but accrete in value, compounded on each February 1 and August 1, commencing on February 1, 2018, to maturity, from their original principal amounts (the **"Denominational Amount")** on the Dated Date to their accreted value at maturity (the **"Maturity Value"**). See "APPENDIX H – ACCRETED VALUE TABLES."

The interest portion of the Maturity Value of any Capital Appreciation Bond which is payable on the date of maturity shall represent interest accrued and coming due on such date. The Maturity Value of any Capital Appreciation Bond at maturity shall be payable by check mailed by first-class mail, in lawful money of the United State of America upon presentation and surrender of such Capital Appreciation Bond at the Office of the Paying Agent.

Book-Entry Only System

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"). Purchasers of the Bonds (the "**Beneficial Owners**") will not receive physical certificates representing their interest in the Bonds. Payments of Maturity Value of the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice. See Appendix F.

The Paying Agent, the District, and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Optional Redemption

The Bonds maturing on or before August 1, 2027 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2028 are subject to redemption prior to maturity, as a whole or in part, in order of maturity as designated by the District, or if not designated, pro-rata among maturities and by lot within a maturity, at the option of the District, from any available source of funds, on August 1, 2025 and on any date thereafter, at a redemption price equal to the accreted value thereof on the date fixed for redemption, without premium. For the purpose of selection for optional redemption, Bonds will be deemed to consist of $5,000 Maturity Value.

Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Bonds, at the expense of the District, at least 20 days but not more than 60 days prior to the date fixed for redemption. Notice of any redemption of Bonds shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount or Accreted Value of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Neither failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations (or of like Accreted Value in the case of the Capital Appreciation Bonds) equal in transfer amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond. Payment of the accreted value of any Bond shall be made only to or upon the order of that person; none of the District, the County or the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided the Bond Resolution.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Dallas, Texas for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

Defeasance

The Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

(a) by paying or causing to be paid the accreted value or redemption price of such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

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

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

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

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the County and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

"Federal Securities" means United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations issued by any agency or department of the United States which are secured, directly or indirectly, by the full faith and credit of the United States.

APPLICATION OF PROCEEDS OF THE BONDS

Building Fund

Pursuant to the Bond Resolution, the net proceeds from the sale of the Bonds will be paid and credited to the fund established and held by the Tuolumne County Treasurer (the **"County Treasurer"**) and designated as the "Summerville Union High School District, Election of 2012, Series C Building Fund" (the **"Building Fund"**). Amounts credited to the Building Fund will be expended by the District solely for the financing of projects for which the Bond proceeds are authorized to be expended under the 2012 Authorization (which includes related costs of issuance). All interest and other gain arising from the investment of proceeds of the Bonds will be retained in the Building Fund and used for the purposes thereof. All moneys held in the Building Fund will be invested in Authorized Investments (as defined in the Bond Resolution) in accordance with the investment policies of Tuolumne County (the "**County**"), as such policies exist at the time of investment. Pursuant to the Bond Resolution and applicable provisions of the Education Code, a portion of the proceeds of the Bonds may be deposited with a fiscal agent for the purpose of paying costs of issuance. See also Appendix G for a copy of the County's investment policy.

Debt Service Fund

Pursuant to the Bond Resolution, premium, if any, received by the County on behalf of the District from the sale of the Bonds, will be deposited and kept separate and apart in the fund established and held by the County Treasurer and designated as the "Summerville Union High School District General Obligation Bonds Debt Service Fund" (the "**Debt Service Fund**"), which is pledged for the payment of accreted value of and premium (if any) on the Bonds when and as the same become due. All taxes levied by the County for the payment of accreted value of and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon apportionment of said levy.

Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, shall be transferred to any other interest and sinking fund or account for general obligation bond indebtedness of the District, including refunding bonds, and in the event there is no such debt outstanding, shall be transferred to the District's general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

Investment of Proceeds of Bonds

All moneys held in any of the funds or accounts established with the County under the Bond Resolution will be invested in Authorized Investments (as defined in the Bond Resolution) in accordance with the investment policies of the County, as such policies exist at the time of investment. Obligations purchased as an investment of moneys in any fund or account will be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Bond Resolution will be deposited in the fund or account from which such investment was made, and will be expended for the purposes thereof.

In accordance with Government Code Section 53600 *et seq.*, the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, Counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See Appendix G.

DEBT SERVICE SCHEDULES

The Bonds. The following table shows the debt service schedule with respect to the Bonds, assuming no optional redemptions.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
Series C Bonds Debt Service Schedule

Bond Year Ending Aug. 1	Principal (1)	Compounded Interest	Total Debt Service
2024	$43,762.20	$16,237.80	$60,000.00
2025	48,729.10	21,270.90	70,000.00
2026	49,829.25	25,170.75	75,000.00
2027	53,899.35	31,100.65	85,000.00
2028	65,457.90	24,542.10	90,000.00
2029	68,994.00	31,006.00	100,000.00
2030	72,163.30	37,836.70	110,000.00
2031	72,108.45	42,891.55	115,000.00
2032	74,242.50	50,757.50	125,000.00
2033	75,976.65	59,023.35	135,000.00
2034	79,935.00	70,065.00	150,000.00
2035	81,409.60	78,590.40	160,000.00
2036	82,659.10	87,340.90	170,000.00
2037	85,064.85	99,935.15	185,000.00
2038	87,700.00	112,300.00	200,000.00
2039	90,220.45	124,779.55	215,000.00
2040	160,568.00	239,432.00	400,000.00
2041	228,390.75	366,609.25	595,000.00
2042	231,153.30	398,846.70	630,000.00
Total	$1,752,263.75	$1,917,736.25	$3,670,000.00

(1) Denominational Amount of Capital Appreciation Bonds.

General Obligation Bond Combined Debt Service. The following table shows the combined debt service schedule with respect to all outstanding general obligation bonds of the District, together with the Bonds, assuming no optional redemptions. See Appendix A under the heading “FINANCIAL INFORMATION – Existing Debt Obligations” for additional information.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
Combined Debt Service Schedule

Period Ending (Aug. 1)	1998 Bonds	Series A Bonds	Series B Bonds	The Bonds	Aggregate Annual Debt Service
2018	$1,265,000	-	-	-	$1,265,000
2019	1,370,000	-	-	-	1,370,000
2020	1,475,000	-	-	-	1,475,000
2021	1,595,000	-	-	-	1,595,000
2022	1,710,000	-	-	-	1,710,000
2023	1,850,000	-	-	-	1,850,000
2024	-	$425,010	$220,000	$60,000	705,010
2025	-	440,010	225,000	70,000	735,010
2026	-	455,010	230,000	75,000	760,010
2027	-	470,010	240,000	85,000	795,010
2028	-	485,010	250,000	90,000	825,010
2029	-	500,010	260,000	100,000	860,010
2030	-	520,710	265,000	110,000	895,710
2031	-	540,015	275,000	115,000	930,015
2032	-	557,925	285,000	125,000	967,925
2033	-	574,440	295,000	135,000	1,004,440
2034	-	594,560	305,000	150,000	1,049,560
2035	-	617,165	315,000	160,000	1,092,165
2036	-	637,810	330,000	170,000	1,137,810
2037	-	661,495	335,000	185,000	1,181,495
2038	-	682,975	350,000	200,000	1,232,975
2039	-	707,250	360,000	215,000	1,282,250
2040	-	733,500	185,000	400,000	1,318,500
2041	-	762,000	-	595,000	1,357,000
2042	-	787,500	-	630,000	1,417,500
TOTAL	$9,265,000	$11,152,405	$4,725,000	$3,670,000	$28,812,405

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding which will be payable on a parity basis with the Bonds. See "DEBT SERVICE SCHEDULES" above and Appendix A under the heading "FINANCIAL INFORMATION – Existing Debt Obligations."

Other Non-District Debt Payable from Ad Valorem Property Taxes. In addition to the Bonds and the District's other outstanding general obligation bonds, there is other debt issued by entities within the jurisdiction of the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and "– Direct and Overlapping Debt" below.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service on the Bonds. Such taxes, when collected, will be deposited into the Debt Service Fund for the Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

Debt Service Fund

As described herein under the heading "APPLICATION OF PROCEEDS OF THE BONDS - Debt Service Fund," the County Treasurer will maintain a Debt Service Fund for the Bonds. All taxes levied by the County for the payment of accreted value of and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of accreted value of and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay accreted value of and premium (if any) on the Bonds as the same becomes due and payable.

Not a County Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County for the payment of accreted value of the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt or obligation of the County.

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state assessed public utilities' property and real property, the taxes on which create a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% 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 respective county.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the County based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation

Assessed Valuation History. The table below shows a recent history of the District's assessed valuation.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
Assessed Valuations of All Taxable Property
Fiscal Years 2007-08 to 2017-18

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2007-08	$1,512,237,385	$1,892,250	$15,950,853	$1,530,080,488	--
2008-09	1,602,941,008	2,044,600	15,656,876	1,620,642,484	(5.9)%
2009-10	1,593,660,777	2,044,600	14,995,926	1,610,701,303	(0.6)
2010-11	1,524,954,581	2,044,600	13,877,650	1,540,876,831	(4.3)
2011-12	1,490,497,260	1,255,116	15,951,539	1,507,703,915	(2.2)
2012-13	1,461,622,723	1,253,262	15,876,316	1,478,752,301	(1.9)
2013-14	1,479,766,734	1,251,408	15,735,345	1,496,753,487	1.2
2014-15	1,528,756,679	694,554	16,240,171	1,545,691,404	3.3
2015-16	1,608,026,294	171,194	14,960,106	1,623,157,594	5.0
2016-17	1,675,169,886	173,048	15,070,742	1,690,413,676	4.1
2017-18	1,750,323,923	173,511	15,444,898	1,765,942,332	4.5

Source: California Municipal Statistics, Inc.

As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation may result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

With respect to droughts specifically, the State of California has faced water shortfalls in recent years. Recent events include a declaration of drought emergency by the California State Governor on January 17, 2014 and subsequent conservation orders and regulations were imposed by the Governor and California State Water Resources Control Board. Following a series of recent storms in California bringing record-level precipitation in late 2016 and early 2017, on April 7, 2017, the Governor declared an end to the historic drought emergency with the exception of Fresno, Kings, Tulare and Tuolumne counties, where emergency drinking water projects will continue to help address diminished groundwater supplies. Notwithstanding the improved water conditions, the District cannot predict or make any representations regarding the effects that the recent drought and related conditions had or may have on the value of taxable property within the District, or to what extent the effects the recent drought may have had on economic activity in the District.

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

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
2017-18 Assessed Valuation and Parcels by Land Use

Non-Residential:	2017-18 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Rural/Timber	$ 41,857,107	2.39%	1,025	8.92%
Commercial/Office	59,159,107	3.38	169	1.47
Vacant Commercial	1,254,133	0.07	33	0.29
Industrial	214,803	0.01	1	0.01
Recreational	29,611,915	1.69	18	0.16
Government/Social/Institutional	2,695,187	0.15	42	0.37
Miscellaneous/Water Facilities	23,057,187	1.32	139	1.21
Subtotal Non-Residential	$157,849,439	9.02%	1,427	12.42%
Residential:				
Single Family Residence	$1,401,932,604	80.10%	7,233	62.94%
Condominium/Townhouse	8,920,747	0.51	74	0.64
Possessory Interest – Cabin	75,833,012	4.33	644	5.60
Mobile Home	10,117,198	0.58	173	1.51
Mobile Home Park	1,663,930	0.10	2	0.02
2-4 Residential Units	57,420,464	3.28	235	2.05
5+ Residential Units/Apartments	3,136,611	0.18	5	0.04
Miscellaneous Residential	3,817,026	0.22	69	0.60
Vacant Residential	29,632,892	1.69	1,629	14.18
Subtotal Residential	$1,592,474,484	90.98%	10,064	87.58%
Total	$1,750,323,923	100.00%	11,491	100.00%

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

Assessed Valuation of Single Family Residential Parcels. Shown below is the assessed valuation of single family homes in the District in 2017-18.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
Per Parcel 2017-18 Assessed Valuation of Single Family Homes

	No. of Parcels	2017-18 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	7,233	$1,401,932,604	$193,824	$172,265

2017-18 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	128	1.770%	1.770%	$ 2,226,615	0.159%	0.159%
$25,000 - $49,999	428	5.917	7.687	16,245,592	1.159	1.318
$50,000 - $74,999	462	6.387	14.074	28,401,114	2.026	3.343
$75,000 - $99,999	516	7.134	21.208	45,270,283	3.229	6.573
$100,000 - $124,999	698	9.650	30.859	78,704,763	5.614	12.187
$125,000 - $149,999	744	10.286	41.145	101,804,777	7.262	19.448
$150,000 - $174,999	708	9.788	50.933	115,206,762	8.218	27.666
$175,000 - $199,999	647	8.945	59.878	121,027,190	8.633	36.299
$200,000 - $224,999	587	8.116	67.994	124,307,274	8.867	45.166
$225,000 - $249,999	501	6.927	74.921	118,435,223	8.448	53.614
$250,000 - $274,999	380	5.254	80.174	99,601,841	7.105	60.718
$275,000 - $299,999	285	3.940	84.114	81,652,832	5.824	66.543
$300,000 - $324,999	257	3.553	87.668	79,931,400	5.702	72.244
$325,000 - $349,999	186	2.572	90.239	62,542,859	4.461	76.705
$350,000 - $374,999	148	2.046	92.285	53,537,885	3.819	80.524
$375,000 - $399,999	115	1.590	93.875	44,511,260	3.175	83.699
$400,000 - $424,999	91	1.258	95.133	37,447,390	2.671	86.370
$425,000 - $449,999	75	1.037	96.170	32,857,462	2.344	88.714
$450,000 - $474,999	55	0.760	96.931	25,374,451	1.810	90.524
$475,000 - $499,999	46	0.636	97.567	22,384,840	1.597	92.121
$500,000 and greater	176	2.433	100.000	110,460,791	7.879	100.000
Total	7,233	100.000%		$1,401,932,604	100.000%	

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

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" in Appendix A.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

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.

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a representative tax rate area (TRA 76-001) for fiscal years 2013-14 through 2017-18

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation
(TRA 76-001)[1]
Fiscal Years 2013-14 through 2017-18

	2013-14	2014-15	2015-16	2016-17	2017-18
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Yosemite Community College District	.050946	.062187	.026920	.023034	.024068
Summerville Union High School District	.026981	.021823	.059966	.062459	.086442
Total	$1.077927	$1.084010	$1.086886	$1.085493	$1.110510

(1) 2016-17 assessed valuation of TRA 76-001 is $331,296,645.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the **"Teeter Plan"**) as provided for in the State Revenue and Taxation Code, which requires the County to pay 100% of secured property taxes due to local agencies in the fiscal year such taxes are due. Under these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

Because of this method of tax collection, the K-12 districts located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in any penalties due to delinquent payments or in the interest which accrues on delinquent payments.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors has received a petition for its discontinuance joined in by resolutions adopted by two thirds of the participating revenue districts in the County, in which event the Board of Supervisors is required to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Currently, the County includes the District's general obligation bond levies in its Teeter Plan. So long as the Teeter Plan remains in effect with respect to the District, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections.

Major Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2017-18. The District cannot determine from County assessment records 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. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
Largest 2017-18 Local Secured Taxpayers

	Property Owner	Primary Land Use	2017-18 Assessed Valuation	% of Total (1)
1.	City & County San Francisco	Water Facilities	$21,705,415	1.24%
2.	Sierra Pacific Industries	Timber/Forest	7,814,715	0.45
3.	Grand Perkins Investments	Commercial	6,727,210	0.38
4.	Dodge Ridge Corp.	Ski Resort	4,590,400	0.26
5.	Jeffrey R. Haughton Trust	Apartments	4,246,727	0.24
6.	Denise Lynn and Joseph Jimenez Jr.	Residential	3,681,585	0.21
7.	Lair of the Golden Bear	Recreational	3,541,726	0.20
8.	Word of Life Fellowship Inc. (2)	Rural Improved	3,399,188	0.19
9.	Vance D. Coffman	Timber/Forest	3,107,881	0.18
10.	California Alumni Association	Recreational	3,091,083	0.18
11.	Roland M. and Sally R. Webb	Recreational	2,529,584	0.14
12.	Heide S. Cortopassi Trust	Residential	2,179,488	0.12
13.	Brian T. Sutherland Trust	Commercial	2,152,836	0.12
14.	John A. Feriani Trust	Residential	2,131,048	0.12
15.	Noah Williams	Residential	2,024,524	0.12
16.	Gregg A. Christensen Trust	Residential	2,010,987	0.11
17.	Henry A. Andreotti Trust	Residential	1,581,508	0.09
18.	George W. Ferguson Jr.	Commercial	1,381,947	0.08
19.	George L. Delgado	Residential	1,316,746	0.08
20.	Del Oro Water Co.	Water Company	1,311,401	0.07
			$80,525,999	4.60%

(1) 2016-17 Local Secured Assessed Valuation: $1,750,323,923.
(2) Taxable properties only.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of October 1, 2017. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of October 1, 2017)

2017-18 Assessed Valuation: $1,765,942,332

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable (1)	Debt 10/1/17	
Yosemite Community College District	2.799%	$ 7,742,624	
Summerville Union High School District	**100.000**	**9,157,909**	(2)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$16,900,533	
OVERLAPPING GENERAL FUND DEBT:			
Tuolumne County Judgment Obligation Bonds	25.096%	$1,220,920	
Tuolumne County Pension Obligation Bonds	25.096	1,933,898	
TOTAL OVERLAPPING GENERAL FUND DEBT		$3,154,818	
COMBINED TOTAL DEBT		$20,055,351	(3)

Ratios to 2017-18 Assessed Valuation:
Direct Debt ($9,157,909) 0.52%
Total Direct and Overlapping Tax and Assessment Debt 0.96%
Combined Total Debt 1.14%

(1) 2016-17 Ratios.
(2) Excludes the Bonds offered for sale hereunder.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds, or may cause the Bonds to not be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

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

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

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

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

Form of Opinion. A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

Other Tax Considerations

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

Future legislation, if enacted into law, or clarification of the Tax Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Tax Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

CERTAIN LEGAL MATTERS

Legality for Investment

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 California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

Absence of 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 that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Dannis Woliver Kelley, as counsel to the Underwriter, and Isom Advisors, a Division of Urban Futures, Inc., as financial advisor to the District, is contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing March 31, 2018 with the report for the 2016-17 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in Appendix E. These covenants have been made in order to assist the Underwriter with complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the **"Rule"**).

The District has entered into continuing disclosure undertakings for its prior bond issues. During the previous five years, the District did not timely file its annual operating data for its fiscal year ended June 30, 2012, and did not file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing disclosure undertakings.

In order to assist it in complying with its disclosure undertakings for its outstanding bonds and the Bonds in a complete and timely manner, the District has engaged Isom Advisors, a Division of Urban Futures, Inc., to serve as its dissemination agent with respect to its disclosure undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Bonds.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC ("**S&P**") is has assigned its rating of "AA-" to the Bonds. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). Such rating reflects only the view of S&P, and explanations of the significance of such rating may be obtained only from S&P. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in the rating agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by D.A. Davidson & Co. (the "**Underwriter**").

The Underwriter has agreed to purchase the Bonds at a price of $1,754,061.15, which is equal to the Denominational Amount of the Bonds of $1,752,263.75, plus original issue premium of $36,797.40, less an Underwriter's discount of $35,000.00. The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

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

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available at the Office of the Superintendent.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

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

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the District.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

By: /s/ Robert Griffith
Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE SUMMERVILLE UNION HIGH SCHOOL DISTRICT

GENERAL DISTRICT INFORMATION

The information in this and other sections concerning the District's operations and operating budget 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 from the proceeds of an ad valorem *tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

General Information

The District, established in 1911, is located in Tuolumne County, about 150 miles east of San Francisco. The District encompasses an area of approximately 137 square miles. During fiscal year 1996-97, the District expanded its boundaries with the inclusion of the Pinecrest/Strawberry area. The District is a union high school district, and currently operates one high school, two continuation high schools, three small necessary high schools, a parent-nursery adult education program and an independent study program. Enrollment in the District for the 2017-18 school year is 450 students. There are two K-8 feeder districts into the District, Summerville School District and Twain Harte-Long Barn Union School District.

Administration

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

BOARD OF EDUCATION
Summerville Union High School District

Name	Position	Term Expires
Cheri Farrell	President	December 2018
Randy Richter	Clerk	December 2018
Bret Taylor	Member	December 2018
Dennis Spisak	Member	December 2020
Spring Maddox	Member	December 2020

Superintendent and Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Mr. Robert Griffith is the District's Superintendent and Ms. Jessica Lozoya is the Chief Business Official.

Recent Enrollment Trends

The following table shows recent enrollment history for the District with a projection for fiscal year 2017-18.

ANNUAL ENROLLMENT
Fiscal Years 2009-10 through 2017-18
Summerville Union High School District

School Year	Enrollment	% Change
2009-10	490	-
2010-11	535	8.4%
2011-12	473	(10.2)
2012-13	466	(1.4)
2013-14	443	(4.9)
2014-15	472	6.1
2015-16	480	1.7
2016-17	428	(11.0)
2017-18	450	4.9

Source: California Department of Education, Educational Demographics Unit.

Employee Relations

The District has 33.15 certificated, 21.77 classified, and 9 management full-time equivalent positions. Two unions represent District employees. The following table identifies the number of employees covered and the current status of the contracts with the bargaining units. The District has not experienced any recent work disputes with employees or any work-related disruptions.

BARGAINING UNITS
Summerville Union High School District

Bargaining Unit	Type of Employees Covered	Current Contract Expiration Date
Summerville Federation of Teachers	Certificated	June 30, 2018
California School Employees' Assn.	Classified	June 30, 2017

Source: Summerville Union High School District.

DISTRICT FINANCIAL INFORMATION

The information in this and other sections concerning the District's operations and operating budget 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 from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.

Education Funding Generally

School districts in California receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the California Constitution. As a result, decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues.

The fiscal year 2013-14 State budget package replaced the previous K-12 finance system with a new formula known as the Local Control Funding Formula (the **"LCFF"**). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, 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 grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 22.5% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and will be phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**"), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, 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.

Based on revenue projections, districts will reach what is referred to as "full funding" in fiscal year 2020-21. This projection assumes that the State's economy will improve each year; if the economy falters it could take longer to reach full funding.

The target LCFF amounts for State school districts and charter schools based on grade levels and Targeted Students is shown below.

Grade Span Funding at Full LCFF Implementation[(1)] (Target Amount)

Grade Span	Base Grant[(2)]	K-3 Class Size Reduction and 9-12 Adjustments	Average Assuming 0% Targeted Students	Average Assuming 25% Targeted Students	Average Assuming 50% Targeted Students	Average Assuming 100% Targeted Students
K-3	$6,845	$712	$7,557	$7,935	$8,313	$10,769
4-6	6,947	N/A	6,947	7,294	7,642	9,899
7-8	7,154	N/A	7,154	7,512	7,869	10,194
9-12	8,289	$216	8,505	8,930	9,355	12,119

(1) Full implementation of LCFF expected in fiscal year 2020-21.
(2) Does not include adjustments for cost of living.
Source: California Department of Education.

The new legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the 2013-14 State budget package created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

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.

District 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 fund placement. The District's fiscal year begins on July 1 and ends on June 30.

District 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. 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 Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2016 Audited Financial Statements were prepared by Stephen Roatch Accountancy Corporation, Folsom, California and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent, Summerville Union High School District, 17555 Tuolumne Road, Tuolumne, California 95379; telephone (209) 928-3498. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District for fiscal years 2011-12 through 2015-16.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2011-12 through 2015-16 (Audited)
Summerville Union High School District

Revenues	**Audited 2011-12**	**Audited 2012-13**	**Audited 2013-14**	**Audited 2014-15**	**Audited 2015-16**
Revenue Limit Sources/LCFF	$4,105,726	$3,977,964	$5,139,959	$5,433,272	$5,583,879
Federal Revenues	159,112	116,122	106,724	105,677	134,641
Other state revenues	1,500,678	1,086,257	377,793	427,759	734,656
Other local revenues	683,961	343,700	485,693	326,797	393,080
Total Revenues	6,449,477	5,524,043	6,110,169	6,293,505	6,846,246
Expenditures					
Instruction	3,258,151	3,131,938	3,444,586	3,520,266	3,434,772
Instruction-related services:					
Library, media and technology	29,865	34,278	25,907	29,602	27,940
School site administration	352,963	364,814	373,160	425,962	409,371
Pupil services:					
Home-to-school transportation	932,131	520,095	643,674	505,206	501,784
Food services	--	--	--	8,199	17,612
All other pupil services	233,219	246,668	234,141	258,034	263,914
Administration	608,798	585,295	507,274	536,895	592,346
Plant services	656,168	666,437	660,397	699,599	618,555
Facility acquisition and construction	--	--	--	6,442	7,159
Other outgo	36,842	40,102	92,540	158,586	200,300
Total Expenditures	6,108,137	5,589,627	5,981,679	6,148,791	6,073,753
Excess of Revenues Over/(Under) Expenditures	341,340	(65,584)	128,490	144,714	772,493
Other Financing Sources (Uses)					
Transfers in	84,109	--	--	--	--
Transfers out	(253,148)	(39,155)	(22,549)	(23,689)	(51,649)
Total Other Financing Sources (Uses)	(169,039)	(39,155)	(22,549)	(23,689)	(51,649)
Net change in fund balance	172,301	(104,739)	105,941	121,025	720,844
Fund Balance, July 1	3,109,719	3,282,020	3,177,281	3,283,222	3,404,247
Fund Balance, June 30	$4,105,726	$3,977,964	$5,139,959	$3,404,247	$4,125,091

Source: District Audit Reports for fiscal years 2011-12 through 2015-16.

District Budget and Interim Financial Reporting

Budgeting and Interim Reporting Procedures. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Tuolumne County Superintendent of Schools (the **"County Superintendent"**).

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to 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 with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) after also consulting with the district's board, develop and impose revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 (**"A.B. 1200"**) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) 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 fiscal year. The County Superintendent 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 is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget Approval/Disapproval and Certification History. During the past five years, each of the District's adopted budgets have been approved by the County Superintendent and the District has received positive certifications on all of its interim reports.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 17555 Tuolumne Road, Tuolumne, California 95379; telephone (209) 928-3498. The District may impose a charge for copying, mailing and handling.

District's 2016-17 and 2017-18 General Fund. The following table shows the general fund figures for the District for fiscal year 2016-17 (unaudited actuals) and fiscal year 2017-18 (adopted budget).

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Year 2016-17 (Unaudited Actuals) and Fiscal Year 2017-18 (Adopted Budget)[(1)]
Summerville Union High School District

Revenues	**Unaudited Actuals 2016-17**	**Adopted Budget 2017-18**
LCFF Sources	$5,817,777	$5,404,401
Federal revenues	84,378	62,269
Other state revenues	681,723	442,851
Other local revenues	390,528	532,587
Total Revenues	6,974,407	6,442,108
Expenditures		
Certificated salaries	2,696,863	2,559,466
Classified salaries	931,568	999,217
Employee benefits	1,304,488	1,442,234
Books and supplies	479,514	495,178
Contract services & operating exp.	740,386	776,913
Capital outlay	61,634	9,550
Other outgo (excluding indirect costs)	242,668	312,477
Other outgo – transfers of indirect costs	0	0
Total expenditures	6,457,120	6,595,036
Excess of revenues over/(under) expenditures	517,286	(152,928)
Other financing sources (Uses)		
Operating transfers in	53,793	42,411
Operating transfers out	(594,184)	(273,548)
Total other financing sources (uses)	(540,392)	(231,137)
Net change in fund balance	(23,105)	(384,065)
Fund balance, July 1	3,092,421	3,069,316
Fund balance, June 30	$3,069,316	$2,685,251

(1) Totals may not add due to rounding.
Source: Summerville Union High School District adopted budget for fiscal year 2017-18.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets the State's minimum requirements.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget (**"SB 858"**), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

On October 11, 2017, the Governor signed SB 751 into law ("**SB 751**"), which amends Section 42127.01 of the Education Code, effective January 1, 2018. SB 751 raises the reserve cap established under SB 858 to no more than 10% of a school district's combined assigned or unassigned ending general fund balance and provides that the reserve cap will be triggered only if there is a minimum balance of 3% of the Proposition 98 reserve. Basic aid school districts and small districts with 2,500 or fewer ADA are exempt from the reserve cap.

Attendance - Revenue Limit and LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth LCFF funding for the District for fiscal years 2013-14 through 2017-18 (Budgeted).

AVERAGE DAILY ATTENDANCE AND STATE FUNDING UNDER LCFF
Fiscal Years 2013-14 through 2017-18
Summerville Union High School District

Fiscal Year	ADA	LCFF Revenues
2013-14	461	$5,139,959
2014-15	439	5,433,272
2015-16	443	5,583,879
2016-17	444	5,817,777
2017-18(1)	405	5,404,401

(1) Projection.
Source: Summerville Union High School District.

The unduplicated count of the District's students which are low-income, English learners and/or foster youth is approximately 42.4% for fiscal year 2017-18. As such, the District qualifies for supplemental and concentration grant funding under LCFF.

Revenue Sources

The District categorizes its general fund revenues into four sources, being LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

***LCFF Sources*.** District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

***Federal Revenues*.** The federal government provides funding for several District programs, including special education programs, programs under the Every Student Succeeds Act, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

***Other State Revenues*.** As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives other State revenues.

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "-State Funding of Education."

***Other Local Revenues*.** In addition to local property taxes, the District receives additional local revenues from items such as interest earnings and other local sources.

District Retirement Programs

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's employer contributions to STRS for recent fiscal years are set forth in the following table.

STRS EMPLOYER CONTRIBUTIONS
Fiscal Years 2011-12 through 2017-18
Summerville Union High School District

Fiscal Year	Amount
2011-12	$246,680
2012-13	269,420
2013-14	264,946
2014-15	275,518
2015-16	351,325
2016-17	410,323
2017-18 (1)	474,250

(1) Budgeted.
Source: Summerville Union High School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $96.7 billion as of June 30, 2016 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2014-15 and 2015-16 were 8.88% and 10.73%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2017-18 through fiscal year 2020-21 are set forth in the following table.

PROJECTED EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2017-18 through 2020-21

Fiscal Year	Projected Employer Contribution Rate(1)
2017-18	14.43%
2018-19	16.28
2019-20	18.13
2020-21	19.10

(1) Expressed as a percentage of covered payroll.
Source: AB 1469

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the "Schools Pool." Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS EMPLOYER CONTRIBUTIONS
Fiscal Years 2011-12 through 2016-17
Summerville Union High School District

Fiscal Year	Amount
2011-12	$114,615
2012-13	122,275
2013-14	120,087
2014-15	128,867
2015-16	133,565
2016-17	165,275
2017-18(1)	220,177

(1) Budgeted.
Source: Summerville Union High School District.

Like the STRS program, the PERS program has maintained an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $21.8 billion as of June 30, 2016 (the date of the last actuarial valuation). To address such unfunded liability, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2014-15 and 2015-16 were 11.771% and 11.847%, respectively. Employer contribution rates for school districts in the State (including the District) for fiscal year 2017-18 through fiscal year 2021-22 are set forth in the following table.

PROJECTED EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2017-18 through 2021-22(1)

Fiscal Year	Projected Employer Contribution Rate(2)
2017-18	15.800%
2018-19	18.700
2019-20	21.600
2020-21	24.900
2021-22	26.400

(1) Rates were estimated by PERS in 2017. The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS.

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 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Additional Information. Additional information regarding the District's retirement programs is available in Note 7 to the District's audited financial statements attached hereto to the Official Statement as Appendix B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

Other Post-Employment Benefits. In June 2004, the Governmental Accounting Standards Board ("**GASB**") issued Statement No. 45 ("**GASB 45**"), which addresses how state and local governments should account for and report their costs and obligations related to post-employment health care and other non-pension benefits (**"OPEB")**. GASB 45 generally requires that local governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most local governments will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

Plan Description. The District offers medical, prescription drug, behavioral health, dental and vision through California's Valued Trust, a jointly managed trust, on a pooled, self-insured basis. Membership of the Plan consists of 67 active employees and 5 retired employees as of June 30, 2016. See "Note 7 - Other Post Employment Benefits (OPEB)" for more information about eligibility requirements.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost (expense) is calculated based on the annual required contribution (**"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 liabilities over a period not to exceed 30 years.

Funded Status and Funding Progress. The District's funding policy is to continue to pay healthcare premiums for retirees as they become due ("pay-as-you-go"). A summary of the District's OPEB obligation, as shown in the District's audited financial statements as of June 30, 2016, is as follows:

Annual required contribution ("**ARC**")	$93,952
Interest on net OPEB obligation	9,577
Adjustment to ARC	(13,846)
Annual OPEB cost (expense)	89,683
Contributions for the fiscal year	(60,820)
Change in net OPEB obligation	28,863
Net OPEB obligation- June 30, 2015	239,432
Net OPEB obligation- June 30, 2016	$268,295

The District's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	$89,683	67.82%	$268,295
2015	79,462	150.82	239,432
2014	79,276	115.50	279,814

For more information regarding the District's OPEB and assumptions used in the Actuarial Study, see Note 7 in the District's 2015-16 Audit in Appendix A hereto.

Insurance

Property and Liability. The District is exposed to various risks of loss related to torts, theft or destruction of assets, errors and omissions, and natural disasters. The District manages these risks through participation in public entity risk pools. During fiscal year ending June 30, 2016, the District contracted with Tuolumne Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Employee Medical Benefits. The District has contracted with California's Valued Trust to provide health, dental and vision benefits to classified employees, management and trustees. Benefits are self-funded and are paid out of the assets of the Trust. Each participating school district's contribution to the Trust is determined by the collective bargaining agreement between the individual district and California School Employees Association and/or by the participating agreement between the district and the Trust with respect to employees not covered by a collective bargaining agreement. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow.

Existing Debt Obligations

General Obligation Bonds.

1998 Authorization. On June 2, 1998, at a special election of the registered voters in the District, the voters authorized the issuance of $9,991,000 principal amount of general obligation bonds (the "**1998 Authorization**"). In October 1998, the District issued $9,990,173.85 General

Obligation Bonds (the "**1998 Bonds**"). No usable 1998 Authorization remains. On April 1, 2004, the District issued its $7,280,000 2004 General Obligation Refunding Bonds (the "**2004 Refunding Bonds**"), to refund the callable portion of the District's outstanding 1998 Bonds. A portion of the 1998 Bonds were not subject to optional redemption and remain outstanding. In June 2013, the District issued its $3,820,000 2013 General Obligation Refunding Bonds (the "**2013 Refunding Bonds**"), to refund the remainder of the District's outstanding 2004 Refunding Bonds. The 2013 Refunding Bonds matured on August 1, 2017.

2012 Authorization. On April 3, 2013 the District issued its General Obligation Bonds, Election of 2012, Series A (the "**Series A Bonds**") in the original principal amount of $4,097,620.45. The Series A Bonds were issued as Capital Appreciation Bonds in the initial principal amount of $372,381 (maturing to $775,000) and as Convertible Capital Appreciation Bonds in the initial principal amount of $3,725,240 ($6,135,000 conversion value), converting to current interest bonds on August 1, 2023. The Series A Bonds mature on August 1, 2042.

On March 19, 2015, the District issued its General Obligation Bonds, Election of 2012, Series B (the "**Series B Bonds**") in the original principal amount of $2,150,115.45. The Series B Bonds were issued as Capital Appreciation Bonds, with a final maturity of February 1, 2040.

For the remaining debt service due on the 1998 Bonds, the Series A Bonds and the Series B Bonds, see "DEBT SERVICE SCHEDULES" in the body of this Official Statement.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the Tuolumne County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code.

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see "—State Funding of Education – Revenue Sources" above). State funds typically make up the majority of a district's LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS" on the following page.

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts is funding under the LCFF, which is a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). State funds typically make up the majority of a district's LCFF entitlement.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. None of the District, the County, or the Underwriter is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each house of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2017-18 State Budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 6, 2012 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State Budget again be stressed and if projections included in such budget do not materialize.

2013-14 State Budget: Significant Change in Education Funding. As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

2017-18 State Budget

On June 27, 2017, the Governor signed the 2017-18 State budget (the "**2017-18 State Budget**") into law. The 2017-18 State Budget package calls for $125.1 billion in general fund spending and $54.9 billion in special fund spending, along with $3.3 billion in bond fund spending. The 2017-18 State Budget includes a funding increase of $3.1 billion for K-14 education, an expanded tax credit for low-wage workers and puts an additional $1.8 billion into the State's rainy-day reserve for budget stabilization, bringing the balance to $8.5 billion, or 66% of the constitutional target. Significant features of the 2017-18 State Budget include:

- total funding of $92.5 billion for K-12 education programs, including an increase in funding of $1.4 billion to continue the State's transition to LCFF, bringing the formula to 97% of full implementation;

- an increase of $877 million in one-time discretionary grants to provide school districts, charter schools and county offices of education with funds to be used for items such as deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and the implementation of new educational standards;

- $1.8 billion to pay down past budgetary borrowing and State employee pension liabilities;

- a $6 billion supplemental payment to PERS, on top of the actuarially determined annual contribution of $5.2 billion, through a loan from the State's Surplus Money Investment Fund, which will reduce unfunded liabilities, stabilize State contribution rate and save $11 billion over the next twenty years;

- $2.8 billion dollars to STRS, which contribution is consistent with the funding strategy of putting STRS on a sustainable path forward and eliminating its unfunded liability in approximately 30 years;

- an increase in $7 million to support county offices of education, which funding requires county superintendents of schools to summarize how the county offices of education will support school districts and schools within the county;

- new appropriations of $2.8 billion, distributed evenly between State and local transportation authorities, to implement the Road Repair and Accountability Act of 2017;

- $84.9 million to address issues from the State's recent drought emergency, such as tree mortality and groundwater shortages, including $41.9 million to extend the fire season and expand the State's firefighting capabilities to reduce the fire risk from climate change, the recent drought and tree mortality; and

- an increase of $31.5 million to repair and maintain the aging infrastructure of the State's park system.

Disclaimer Regarding State Budgets. The execution of the foregoing 2017-18 State Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts of costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risk associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities such as pension or OPEB and (v) other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the accuracy of any assumptions or projections made in State budgets. Additionally, the District cannot predict the impact that the 2017-18 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitment with the District, the County, the Underwriter or the Owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the sources of information listed below are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of the State Budget information set forth or referred to in this Official Statement or incorporated herein.

Availability of State Budgets. The complete 2017-18 State Budget is available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon in making an investment decision with respect to the Bonds.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future revenues and expenditures and possible future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its budgets.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111, 187 and 218, 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 District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) 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% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

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

The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

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. 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 under 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, (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 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. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

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 under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

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

Articles XIIIC and XIIID

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article 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 California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

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

Article 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.

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay Lease Payments and therefore debt service on the Notes.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes 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 general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, 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 could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

The application of Proposition 98 and other statutory regulations have been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

Proposition 111

On June 5, 1990, the voters 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:

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

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.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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.

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

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as **"Proposition 39"**) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

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

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as **"Proposition 30"**, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for head of household filers and over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for head of household filers and over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $680,000 for head of household filers and over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the end of 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. 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 amended 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, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provisions of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

California Senate Bill 222

Senate Bill 222 (**"SB 222"**) was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 53515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections such as the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under 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.

APPENDIX B

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2015-16

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SUMMERVILLE UNION HIGH SCHOOL DISTRICT
COUNTY OF TUOLUMNE
TUOLUMNE, CALIFORNIA

AUDIT REPORT

JUNE 30, 2016

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SUMMERVILLE UNION HIGH SCHOOL DISTRICT

JUNE 30, 2016

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FINANCIAL SECTION

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STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Governing Board
Summerville Union High School District
Tuolumne, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Summerville Union High School 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Summerville Union High 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 management's discussion and analysis on pages 4 through 14, the budgetary comparison information on pages 67 through 69, the schedule of funding progress on page 70, the schedules of proportionate share of the net pension liability on pages 71 and 72, and the schedules of contributions on pages 73 and 74, 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 Summerville Union High School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents 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 7, 2016 on our consideration of the Summerville Union High 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 Summerville Union High School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 7, 2016

(PREPARED BY DISTRICT MANAGEMENT)

This section of the Summerville Union High School District's 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 Independent Auditor's Report presented on pages 1 through 3, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 16 and 17, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities and business-type activities, presented on pages 18 through 27, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

Governmental Activities:

- The District's financial status improved during the course of the year as total net position increased 10.7%.
- On the Statement of Activities, total current revenues exceeded total current year expenses by $530,571.
- Net capital assets decreased $639,121 due to the current year addition of $66,451 of new capital assets and improvements, and the current year recognition of $705,572 of depreciation expense.
- Total long-term liabilities increased $ 637,302 due primarily to the current year increase in the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.
- The District's P-2 average daily attendance (ADA), exclusive of charter school ADA, decreased from 457 ADA in fiscal year 2014-15, down to 437 ADA in fiscal year 2015-16, a decrease of 4.4%.

Governmental Funds:

- The District's General Fund produced an operating surplus of $720,844, and reported a $363,746 increase in its available reserves.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 4% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2015-16, total General Fund expenditures and other financing uses totaled $6,125,402. At June 30, 2016, the District has available reserves of $3,211,125 in the General Fund, which represents a reserve of 52.4%.

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT

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

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
  - Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.
  - Short and long-term financial information about the activities of the District that operate like businesses are provided in the proprietary fund statements.
  - Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary funds statements.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District's Most Significant Funds

Governmental Activities:

The basic services provided by the District, such as regular and special education, administration, and transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of state and federal programs and local revenues.

Business-type Activities:

These activities are provided on a charge for services basis to recover a portion of the expense associated with the services provided. The District's after school orchestra classes are reported in this category.

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

Governmental Funds:

The major governmental funds of the Summerville Union High School District are the General Fund, Deferred Maintenance Fund, Charter School Fund, and Bond Interest and Redemption Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting 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 operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

Proprietary Funds:

Proprietary funds are activities that a District operates similar to a business, in that it attempts to recover costs through charges to the user. Proprietary funds include internal service funds and enterprise funds, and are accounted for on the full accrual basis. Internal service funds account for goods or services that are provided to other funds in return for a fee to cover the cost of operations. The District has no funds of this type. Enterprise funds are used to account for any activity or service that charges a fee to external users to cover the cost of operations. The District has one fund of this type, the Orchestra Classes Fund. There was no activity in this fund during the current fiscal year.

Fiduciary Funds:

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Governmental Activities:

The District's net position increased from $4,952,775 at June 30, 2015, up to $5,483,346 at June 30, 2016, an increase of 10.7%.

Comparative Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Assets:						
Deposits and Investments	$ 7,284,924	$ 8,557,822	$ 1,518	$ 1,518	$ 7,286,442	$ 8,559,340
Receivables	283,140	183,853			283,140	183,853
Stores Inventory	11,038	6,680			11,038	6,680
Capital Assets, net	20,973,380	20,334,259			20,973,380	20,334,259
Total Assets	28,552,482	29,082,614	1,518	1,518	28,554,000	29,084,132
Deferred Outflows of Resources:						
Pension Deferrals	589,595	568,551	0	0	589,595	568,551
Liabilities:						
Current	1,626,772	1,677,281			1,626,772	1,677,281
Long-Term	21,157,562	21,699,488			21,157,562	21,699,488
Total Liabilities	22,784,334	23,376,769	0	0	22,784,334	23,376,769
Deferred Inflows of Resources:						
Pension Deferrals	1,404,968	791,050	0	0	1,404,968	791,050
Net Position:						
Net Investment in Capital Assets	9,136,752	9,363,741			9,136,752	9,363,741
Restricted:						
For Capital Projects	21,454	26,707			21,454	26,707
For Debt Service (Deficit)	(3,517,262)	(4,111,563)			(3,517,262)	(4,111,563)
For Other Purposes	178,464	235,475	1,518	1,518	179,982	236,993
Unrestricted (Deficit)	(866,633)	(31,014)			(866,633)	(31,014)
Total Net Position	$ 4,952,775	$ 5,483,346	$ 1,518	$ 1,518	$ 4,954,293	$ 5,484,864

Table includes financial data of the combined governmental funds and proprietary fund

The Restricted for Debt Service deficit balances, presented above, primarily reflects that the obligation for accumulated accreted interest on the District's outstanding capital appreciation bonds exceeds the amount available in the Bond Interest and Redemption Fund.

The Unrestricted deficit balances, presented above, are due primarily to the fact that the District is now required to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)

Governmental Activities:

The District's total current year revenues exceeded total current year expenses by $530,571.

Business-Type Activities:

There was no activity of this type during fiscal year 2015-16.

Comparative Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Program Revenues:						
Charges for Services	$ 141,694	$ 157,506			$ 141,694	$ 157,506
Operating Grants & Contributions	415,577	629,581			415,577	629,581
General Revenues:						
Taxes Levied	4,285,019	4,621,837			4,285,019	4,621,837
Federal & State Aid	4,187,340	4,737,429			4,187,340	4,737,429
Interest & Investment Earnings	57,222	57,946			57,222	57,946
Miscellaneous	319,074	324,344			319,074	324,344
Total Revenues	9,405,926	10,528,643	$ 0	$ 0	9,405,926	10,528,643
Expenses:						
Instruction	4,688,971	5,179,706			4,688,971	5,179,706
Instruction-Related Services	725,269	767,720			725,269	767,720
Pupil Services	1,192,597	1,255,285			1,192,597	1,255,285
General Administration	686,516	829,750			686,516	829,750
Plant Services	917,142	1,043,703			917,142	1,043,703
Interest on Long-Term Debt	635,234	721,139			635,234	721,139
Other Outgo	336,468	200,769			336,468	200,769
Total Expenses	9,182,197	9,998,072	0	0	9,182,197	9,998,072
Changes in Net Position	223,729	530,571	0	0	223,729	530,571
Net Position, Beginning	4,729,046	4,952,775	1,518	1,518	4,730,564	4,954,293
Net Position, Ending	$ 4,952,775	$ 5,483,346	$ 1,518	$ 1,518	$ 4,954,293	$ 5,484,864

Table includes financial data of the combined governmental funds and proprietary fund

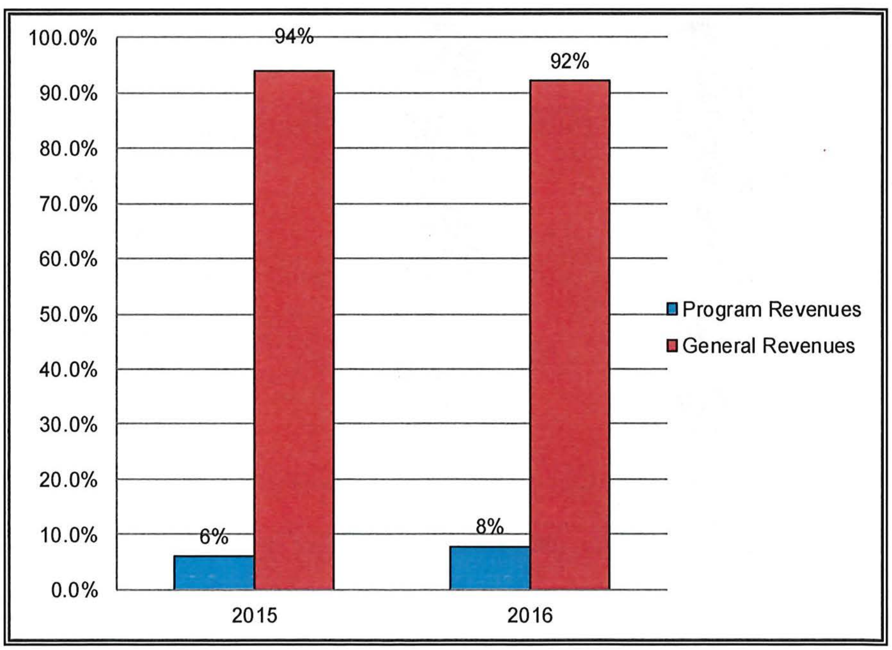
FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost of Services	
	2015	2016	2015	2016
Instruction	$ 4,688,971	$ 5,179,706	$ 4,427,717	$ 4,696,174
Instruction-Related Services	725,269	767,720	705,902	742,535
Pupil Services	1,192,597	1,255,285	971,492	1,045,972
General Administration	686,516	829,750	677,122	819,731
Plant Services	917,142	1,043,703	916,016	1,036,521
Interest on Long-Term Debt	635,234	721,139	635,234	721,139
Other Outgo	336,468	200,769	291,443	148,913
Totals	$ 9,182,197	$ 9,998,072	$ 8,624,926	$ 9,210,985

Table includes financial data of the combined governmental funds

The table below presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The $9,210,985 net cost shows the financial burden that was placed on the District's general revenues for providing the services listed below.



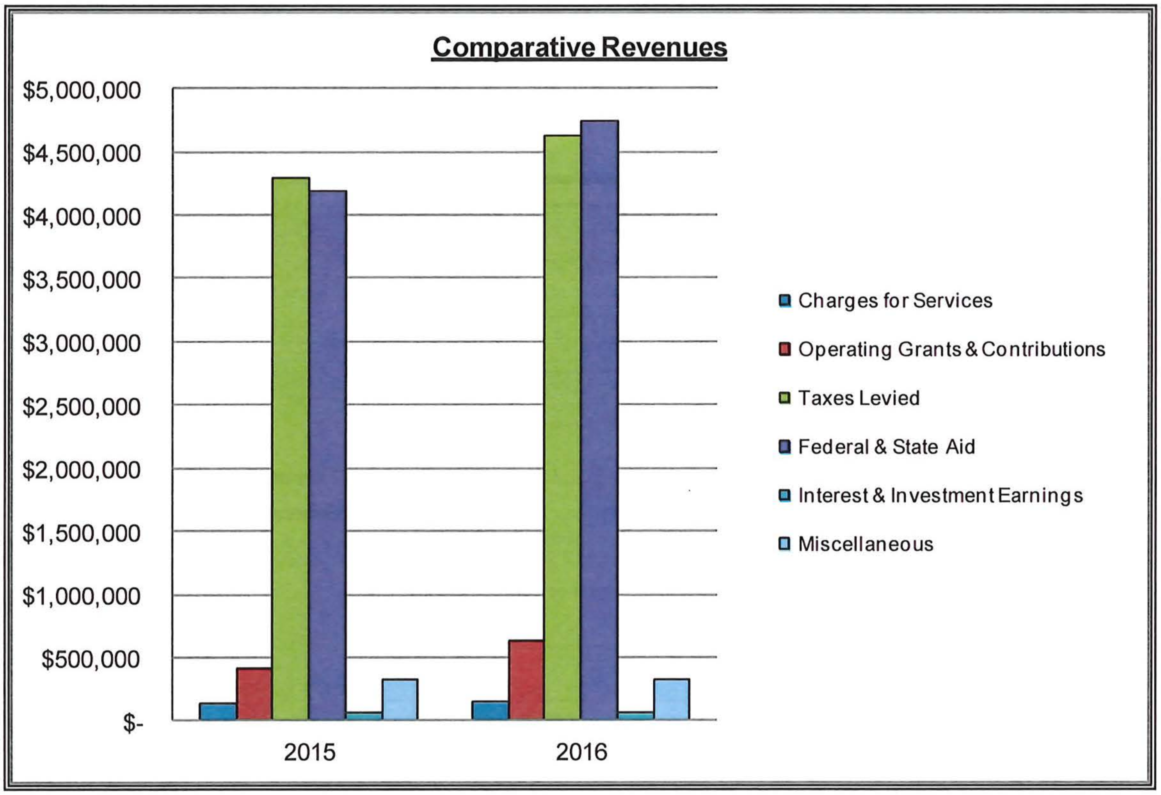
Program revenues financed 8% of the total cost of providing the services listed above, while the remaining 92% was financed by the general revenues of the District.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES (CONTINUED)

Schedule of Revenues For Governmental Functions

	FYE 2015 Amount	Percent of Total	FYE 2016 Amount	Percent of Total
Program Revenues				
Charges for Services	$ 141,694	1.51%	$ 157,506	1.50%
Operating Grants & Contributions	415,577	4.42%	629,581	5.98%
General Revenues				
Taxes Levied	4,285,019	45.56%	4,621,837	43.90%
Federal & State Aid	4,187,340	44.52%	4,737,429	45.00%
Interest & Investment Earnings	57,222	0.61%	57,946	0.55%
Miscellaneous	319,074	3.39%	324,344	3.08%
Total Revenues	$ 9,405,926	100.00%	$ 10,528,643	100.00%

Table includes financial data of the combined governmental funds



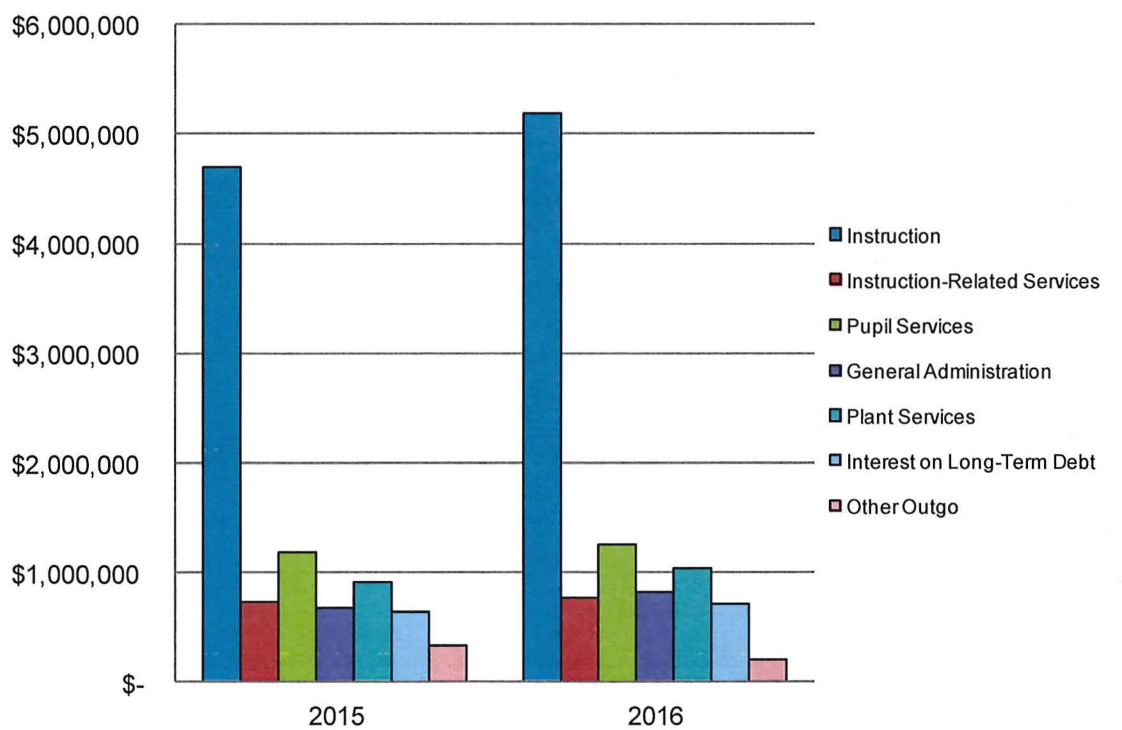
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)

Schedule of Expenses For Governmental Functions

	FYE 2015 Amount	Percent of Total	FYE 2016 Amount	Percent of Total
Expenses				
Instruction	$ 4,688,971	51.07%	$ 5,179,706	51.81%
Instruction-Related Services	725,269	7.90%	767,720	7.68%
Pupil Services	1,192,597	12.99%	1,255,285	12.56%
General Administration	686,516	7.48%	829,750	8.30%
Plant Services	917,142	9.99%	1,043,703	10.44%
Interest on Long-Term Debt	635,234	6.92%	721,139	7.21%
Other Outgo	336,468	3.66%	200,769	2.01%
Total Expenses	$ 9,182,197	100.00%	$ 9,998,072	100.00%

Table includes financial data of the combined governmental funds

Comparative Expenses



FINANCIAL ANALYSIS OF THE CAPITAL ASSETS & LONG-TERM LIABILITIES

Governmental Activities:

Comparative Schedule of Capital Assets

	Governmental Activities	
	2015	2016
Land	$ 187,500	$ 187,500
Sites and Improvements	6,598,909	6,598,909
Buildings and Improvements	22,052,815	22,052,815
Furniture and Equipment	1,690,290	1,695,403
Work-in-Progress	0	61,338
Subtotals	30,529,514	30,595,965
Less: Accumulated Depreciation	(9,556,134)	(10,261,706)
Capital Assets, net	$ 20,973,380	$ 20,334,259

Net capital assets decreased $639,121 due to the current year addition of $66,451 of new capital assets and improvements, and the current year recognition of $705,572 of depreciation expense.

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	2015	2016
Compensated Absences	$ 17,212	$ 17,588
General Obligation Bonds	16,551,162	16,347,188
Other Post Employment Benefits	239,432	268,295
Net Pension Liability - CalSTRS	4,122,268	4,617,653
Net Pension Liability - CalPERS	1,134,700	1,451,352
Totals	$ 22,064,774	$ 22,702,076

Total long-term liabilities increased $ 637,302 due primarily to the current year increase in the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

The general obligation bonds are financed by the local taxpayers and represent 72% of the District's total long-term liabilities. The District has satisfied all debt service requirements on its bonded debt and continues to maintain an excellent credit rating on its debt issues.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Comparative Schedule of Fund Balances

	Fund Balances June 30, 2015	Fund Balances June 30, 2016	Increase (Decrease)
General	$ 3,404,247	$ 4,125,091	$ 720,844
Deferred Maintenance	1,373,045	1,604,067	231,022
Charter Schools	366,467	518,470	152,003
Bond Interest & Redemption	931,368	1,018,469	87,101
Cafeteria	47,193	28,669	(18,524)
Adult Education	2,429	4,401	1,972
Pupil Transportation	192,562	239,971	47,409
Capital Facilities	21,454	26,707	5,253
Building	281,282	257,392	(23,890)
Capital Projects - Special Reserve	254,873	261,179	6,306
Totals	$ 6,874,920	$ 8,084,416	$ 1,209,496

The fund balance of the General Fund increased $720,844. The combined fund balances of all other governmental funds increased $488,652.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. The original budget, approved at the end of June, is based on May Revise figures and updated 45 days after the State approves its final budget. Over the course of the year, the District revised the annual operating budget on numerous occasions. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Adjustments at First and Second Interim.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The employer contribution rates for CalSTRS and CalPERS will continue to increase on an annual basis for the foreseeable future. In addition, the economy has finished its seventh year of expansion, lasting two years longer than the average recovery. The Governor and Department of Finance continue to urge the Legislature and local governments, including local education agencies, to plan for the next recession.

Accordingly, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the Chief Business Official, Summerville Union High School District, 17555 Tuolumne Road, Tuolumne, CA 95379.

BASIC FINANCIAL STATEMENTS

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Totals
Assets			
Deposits and Investments (Note 2)	$ 8,557,822	$ 1,518	$ 8,559,340
Receivables (Note 3)	183,853		183,853
Stores Inventory (Note 1I)	6,680		6,680
Capital Assets: (Note 5)			
Land	187,500		187,500
Sites and Improvements	6,598,909		6,598,909
Buildings and Improvements	22,052,815		22,052,815
Furniture and Equipment	1,695,403		1,695,403
Work-in-Progress	61,338		61,338
Less: Accumulated Depreciation	(10,261,706)		(10,261,706)
Total Assets	29,082,614	1,518	29,084,132
Deferred Outflows of Resources			
Pension Deferrals (Note 8)	568,551	0	568,551
Liabilities			
Accounts Payable and Other Current Liabilities	583,682		583,682
Accrued Interest Payable	10,754		10,754
Unearned Revenue (Note 1I)	80,257		80,257
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Compensated Absences	17,588		17,588
General Obligation Bonds			
Current Interest	985,000		985,000
Portion Due or Payable After One Year:			
General Obligation Bonds (Note 6)			
Current Interest	1,085,000		1,085,000
Capital Appreciation	14,277,188		14,277,188
Bond Premium			
Other Post Employment Benefits (Note 7)	268,295		268,295
Net Pension Liabilities (Note 8)	6,069,005		6,069,005
Total Liabilities	23,376,769	0	23,376,769
Deferred Inflows of Resources			
Pension Deferrals (Note 8)	791,050	0	791,050
Net Position			
Net Investment in Capital Assets	9,363,741		9,363,741
Restricted:			
For Capital Projects	26,707		26,707
For Debt Service (Deficit)	(4,111,563)		(4,111,563)
For Educational Programs	204,306		204,306
For Other Purposes	31,169	1,518	32,687
Unrestricted (Deficit)	(31,014)		(31,014)
Total Net Position	$ 5,483,346	$ 1,518	$ 5,484,864

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities						
Instruction	$ 5,179,706	$ 13,965	$ 469,567	$ (4,696,174)		$ (4,696,174)
Instruction-Related Services:						
Instructional Library and Technology	46,009			(46,009)		(46,009)
School Site Administration	721,711		25,185	(696,526)		(696,526)
Pupil Services:						
Home-to-School Transportation	544,080		387	(543,693)		(543,693)
Food Services	363,599	111,864	91,488	(160,247)		(160,247)
Other Pupil Services	347,606		5,574	(342,032)		(342,032)
General Administration:						
Other General Administration	829,750		10,019	(819,731)		(819,731)
Plant Services	1,043,703		7,182	(1,036,521)		(1,036,521)
Interest on Long-Term Debt	721,139			(721,139)		(721,139)
Other Outgo	200,769	31,677	20,179	(148,913)		(148,913)
Total Governmental Activities	9,998,072	157,506	629,581	(9,210,985)		(9,210,985)
Business-Type Activities						
Enterprise Activities	0	0	0		$ 0	0
Totals	$ 9,998,072	$ 157,506	$ 629,581	(9,210,985)	0	(9,210,985)
General Revenues						
Taxes Levied for General Purposes				3,609,678		3,609,678
Taxes Levied for Debt Service				1,012,159		1,012,159
Federal and State Aid - Unrestricted				4,737,429		4,737,429
Interest and Investment Earnings				57,946		57,946
Transfers from Other Agencies				56,581		56,581
Miscellaneous				267,763		267,763
Total General Revenues				9,741,556	0	9,741,556
Change in Net Position				530,571	0	530,571
Net Position - July 1, 2015				4,952,775	1,518	4,954,293
Net Position - June 30, 2016				$ 5,483,346	$ 1,518	$ 5,484,864

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Deferred Maintenance
Assets		
Deposits and Investments (Note 2)	$ 4,519,473	$ 1,604,067
Receivables (Note 3)	168,918	
Due from Other Funds (Note 4)	97,159	
Stores Inventory (Note 1I)		
Total Assets	$ 4,785,550	$ 1,604,067
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	$ 569,477	
Due to Other Funds (Note 4)	10,725	
Unearned Revenue (Note 1I)	80,257	
Total Liabilities	660,459	
Fund Balances: (Note 11)		
Nonspendable	2,500	
Restricted	177,676	
Committed		$ 1,604,067
Assigned	733,790	
Unassigned	3,211,125	
Total Fund Balances	4,125,091	1,604,067
Total Liabilities and Fund Balances	$ 4,785,550	$ 1,604,067

Charter School	Bond Interest and Redemption	Non-Major Governmental Funds	Total Governmental Funds
$ 534,482	$ 1,018,469	$ 881,331	$ 8,557,822
12,021		2,914	183,853
10,725			107,884
		6,680	6,680
$ 557,228	$ 1,018,469	$ 890,925	$ 8,856,239
$ 10,214		$ 3,991	$ 583,682
28,544		68,615	107,884
			80,257
38,758		72,606	771,823
		6,680	9,180
23,830	$ 1,018,469	308,888	1,528,863
		239,971	1,844,038
494,640		262,780	1,491,210
			3,211,125
518,470	1,018,469	818,319	8,084,416
$ 557,228	$ 1,018,469	$ 890,925	$ 8,856,239

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SUMMERVILLE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Balances - Governmental Funds		$ 8,084,416
Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Capital assets and accumulated depreciation are:		
Capital Assets	$ 30,595,965	
Accumulated Depreciation	(10,261,706)	
Net		20,334,259
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Net deferred outflows and inflows are:		(222,499)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Compensated Absences	$ 17,588	
General Obligation Bonds:		
Current Interest	2,070,000	
Capital Appreciation	14,277,188	
Other Post Employment Benefits	268,295	
Net Pension Liability - CalSTRS	4,617,653	
Net Pension Liability - CalPERS	1,451,352	
Total		(22,702,076)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owed at the end of the period was:		(10,754)
Total Net Position - Governmental Activities		$ 5,483,346

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Deferred Maintenance
Revenues		
LCFF Sources:		
State Apportionment / Transfers	$ 1,974,201	$ 298,750
Local Taxes	3,609,678	
Total LCFF Sources	5,583,879	298,750
Federal Revenue	134,641	
State Revenue	734,646	
Local Revenue	393,080	11,667
Total Revenues	6,846,246	310,417
Expenditures		
Current:		
Instruction	3,434,772	
Instructional Library and Technology	27,940	
School Site Administration	409,371	
Home-To-School Transportation	501,784	
Food Services	17,612	
Other Pupil Services	263,914	
Other General Administration	592,346	
Plant Services	618,555	79,395
Facilities Acquisition and Construction	7,159	
Other Outgo	200,300	
Debt Service:		
Principal Retirement		
Interest and Issuance Costs		
Total Expenditures	6,073,753	79,395
Excess of Revenues Over (Under) Expenditures	772,493	231,022
Other Financing Sources (Uses)		
Operating Transfers In		
Operating Transfers Out	(51,649)	
Total Other Financing Sources (Uses)	(51,649)	0
Net Change in Fund Balances	720,844	231,022
Fund Balances - July 1, 2015	3,404,247	1,373,045
Fund Balances - June 30, 2016	$ 4,125,091	$ 1,604,067

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

Charter School	Bond Interest and Redemption	Non-Major Governmental Funds	Total Governmental Funds
$ 1,759,107			$ 4,032,058
			3,609,678
1,759,107			7,641,736
		$ 99,395	234,036
237,224	$ 10,173	62,051	1,044,094
4,888	1,006,665	192,477	1,608,777
2,001,219	1,016,838	353,923	10,528,643
1,096,562		87,799	4,619,133
14,492			42,432
232,797			642,168
			501,784
		317,721	335,333
50,734			314,648
145,253			737,599
254,584		10,033	962,567
		25,818	32,977
			200,300
	890,000		890,000
	39,737	469	40,206
1,794,422	929,737	441,840	9,319,147
206,797	87,101	(87,917)	1,209,496
		116,643	116,643
(54,794)		(10,200)	(116,643)
(54,794)	0	106,443	0
152,003	87,101	18,526	1,209,496
366,467	931,368	799,793	6,874,920
$ 518,470	$ 1,018,469	$ 818,319	$ 8,084,416

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net Change in Fund Balances - Governmental Funds		$ 1,209,496
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Capital Outlay Expenditures	$ 66,451	
Depreciation Expense	(705,572)	
Net		(639,121)
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for the repayment of the principal portion of long-term debt in the current period were:		
General Obligation Bonds - Current Interest		890,000
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the fiscal year. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(376)
contributions are made. 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:		(28,863)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, interest is recognized in the period that it is incurred. The amount that accrued interest on outstanding long-term liabilities increased during the year was:		4,624
Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions		(219,163)
Accreted interest: In governmental funds, accreted interest on capital appreciation bonds is recognized as an expenditure in the period that it becomes due. In the government-wide statement of activities, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The amount of accreted interest recognized in the current period was:		(686,026)
Change in Net Position of Governmental Activities		$ 530,571

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities
	Enterprise
	Orchestra Classes
Assets	
Deposits and Investments (Note 2)	$ 1,518
Total Assets	$ 1,518
Net Position	
Unrestricted	$ 1,518
Total Net Position	$ 1,518

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities Enterprise Orchestra Classes
Change in Net Position	$ 0
Net Position - July 1, 2015	1,518
Net Position - June 30, 2016	$ 1,518

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities
	Enterprise
	Orchestra Classes
Cash Flows From Operating Activities:	$ 0
Deposits and Investments - July 1, 2015	1,518
Deposits and Investments - June 30, 2016	$ 1,518

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private-Purpose Trust		
	Scholarship Funds	Agency Funds	Total Fiduciary Funds
Assets			
Deposits and Investments (Note 2)	$ 71,648	$ 221,636	$ 293,284
Total Assets	71,648	221,636	293,284
Liabilities			
Due to Student Groups		221,636	221,636
Total Liabilities	0	221,636	221,636
Net Position			
Restricted	71,648	0	71,648
Total Net Position	$ 71,648	$ 0	$ 71,648

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Private-Purpose Trust
	Scholarship Funds
Additions	
Gifts and Contributions	$ 19,709
Interest	5,267
Total Additions	24,976
Deductions	
Scholarships Awarded	21,344
Total Deductions	21,344
Change in Net Position	3,632
Net Position	
Net Position - July 1, 2015	68,016
Net Position - June 30, 2016	$ 71,648

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Summerville Union High School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Board of Education elected by registered voters of the District, which comprises an area in Tuolumne County. The District serves students in grade nine through grade twelve.

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

The District has reviewed criteria to determine whether other entities should be included within its financial reporting entity under Governmental Accounting Standards Board (GASB) Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus.* The criteria include, but are not limited to, whether the District exercises oversight responsibility (including financial accountability); the entity is fiscally dependent on the District, and a financial benefit/burden relationship exists between the entities.

The District has approved a charter for the Connections Visual & Performing Arts Academy Charter School that is operated by the District. Since the District is financially accountable for the fiscally dependent Charter School, who has a financial benefit/burden relationship with the District, the Charter School meets the criteria for inclusion within its financial reporting entity under GASB 61. Accordingly, the financial activities of the Connections Visual & Performing Arts Academy Charter School are presented in the Charter School Fund using the blended component unit method.

The District has also approved a charter for the Gold Rush Charter School, which is independently operated, and does not meet the specified criteria for inclusion within its financial reporting entity. Accordingly, the financial activities of the Gold Rush Charter School have been excluded from the District's financial statements.

The District has also reviewed criteria to determine whether other organizations, for which the District is not financially accountable, should be reported within its financial reporting entity, based on the nature and significance of its relationship with the District, under GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units.*

In order for an organization to be classified as a component unit, all of the GASB 39 criteria must be met, as follows:

- ➢ The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its component units.

- ➢ The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Concluded)

- The economic resources received or held by the organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The District has determined that there are no organizations, for which the District is not financially accountable, which should be reported within its financial reporting entity under GASB 39.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Fund Financial Statements (Concluded):

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position for proprietary funds present increases (i.e., revenues) and decreases (i.e., 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 activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are user fees. Operating expenses for the enterprise fund include the costs of supplies and services to operate the orchestra class.

Fiduciary funds are reported using the economic resources measurement focus.

C. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. 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 as collectible within one year.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Revenues - Exchange and Non-exchange Transactions *(Concluded):*

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

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

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District maintains the following governmental fund types:

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proprietary Funds - Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service.

Fiduciary Funds - Fiduciary funds are classified as either *Private-Purpose Trust Funds,* which are used to account for assets held by the District as trustee, or *Agency Funds*, which are used to account for assets of others for which the District acts as an agent.

The District's accounts are organized into major, non-major, proprietary, and fiduciary funds as follows:

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund. For financial reporting purposes the financial activities and balances of the Special Revenue - Special Reserve Fund and Special Reserve - Postemployment Benefit Fund have been combined with the General Fund.

Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (Education Code Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Charter School Fund is used to account separately for the District-operated Connections Visual & Performing Arts Academy Charter School.

Bond Interest and Redemption Fund is used to account for District taxes received and expended to pay bond interest and redeem bond principal.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

Non-Major Governmental Funds:

Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria program.

Adult Education Fund is used to account for revenues received and expenditures made to operate the District's adult education program.

Pupil Transportation Fund is used to account separately for State and local revenues specifically for the acquisition, rehabilitation, or replacement of equipment used to transport students (*Education Code* Section 41852[b]).

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

Building Fund is used to account for proceeds from the sale of the Measure H general obligation bonds, and the expenditure of those funds for projects identified in the Measure H ballot measure.

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

Proprietary Fund:

Enterprise Fund was established to account for transactions of the Orchestra Classes, which are financed and operated in a manner similar to a business enterprise, where the intent is to recover the cost of providing the services through user charges.

Fiduciary Funds:

Private-Purpose Trust Fund is used to account for assets held by the District as trustee. The District maintains a private-purpose trust fund to account for Scholarship Funds, which are used to provide financial assistance to students of the District.

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

E. Budgets and Budgetary Accounting

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting (Concluded)

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund, Deferred Maintenance Fund, and Charter School Fund as required supplementary information on pages 67 through 69.

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

F. Use of Estimates

The preparation of financial statements in conformity with principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Encumbrances

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

H. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows for the District's proprietary fund, the District considers all highly liquid investment instruments (including restricted assets) purchased with a maturity of three months or less to be cash equivalents.

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured to $250,000 by the Federal Depository Insurance Corporation (FDIC).

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 County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

1. Deposits and Investments (Concluded)

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.

Investments 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.

2. Stores Inventory

Stores inventory is recorded using the consumption method in that inventory acquisitions are initially recorded in the inventory asset account and recorded as expenditures when the supplies are used. Inventories are valued at average cost and consist of expendable supplies held for consumption.

The reported stores inventory is equally offset by a reserve, which indicates that this amount is not available for appropriation.

3. Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Years
Sites and Improvements	20-50
Buildings and Improvements	25-50
Furniture and Equipment	5-15

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

4. Deferred Outflows/Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometime report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

5. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

6. Compensated Absences

All vacation pay and related labor costs are accrued when incurred in the government-wide financial statements.

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

7. Pensions

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

8. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as long-term liabilities in the Statement of Net Position. Bond premiums and discounts as well as refunding costs, when applicable, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premiums, discounts, or refunding.

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

9. Fund Balance Classification

Governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the district's highest level of decision making authority (governing board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the district's highest level of decision making authority or a body or official that has been given the authority to assign funds.

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. In accordance with board policy, the District intends to maintain a Reserve for Economic Uncertainties of 9%. If the reserve falls bellows 9%, it shall be recovered at a rate of 50% minimally, each year.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

9. Fund Balance Classification (Concluded)

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

10. Local Control Funding Formula (LCFF)/Property Tax

The formula for determining the level of funding per student is the "Local Control Funding Formula" (LCFF). District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

The County of Tuolumne is responsible for assessing, collecting and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code.* This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund, and is known as LCFF State Aid.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

	Governmental Activities	Business-Type Activities	Fiduciary Activities
Cash on Hand and in Banks	$ 200		$ 252,552
Cash in Revolving Fund	2,500		
Mutual Funds			40,732
County Pool Investments	8,555,122	$ 1,518	
Total Deposits and Investments	$ 8,557,822	$ 1,518	$ 293,284

Cash on Hand and in Banks

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District, exclusive of amounts held in revolving funds.

Cash in Revolving Funds

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds as well as petty cash funds.

Mutual Funds

Mutual Funds consist of Long-term Investment-Grade Investor Shares and GNMA investor shares held in a Vanguard investment account, which are reported in these financial statements at market value.

County Pool Investments

County pool investments consist of District cash held by the Tuolumne County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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).

General Authorization

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

General Authorization (Concluded)

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 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 rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury that purchases a combination of 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.

Segmented Time Distribution

Information about the sensitivity of the fair value of the District's investment to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investment by maturity:

Governmental Activities:

Investment Type	Carrying Value	Fair Value	Less Than 1 Year	More Than 1 Year
County Pool Investments	$ 8,555,122	$ 8,554,906	$ 5,553,836	$ 3,001,286

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Segmented Time Distribution (Conclude)

Business-Type Activities:

Investment Type	Carrying Value	Fair Value	Less Than 1 Year	More Than 1 Year
County Pool Investments	$ 1,518	$ 1,518	$ 985	$ 533

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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Governmental Activities:

			Rating as of Year End		
Investment Type	Carrying Value	Fair Value	AAA	Aa	Unrated
County Pool Investments	$ 8,555,122	$ 8,554,906			$ 8,555,122

Business-Type Activities:

			Rating as of Year End		
Investment Type	Carrying Value	Fair Value	AAA	Aa	Unrated
County Pool Investments	$ 1,518	$ 1,518			$ 1,518

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. However, the District does not hold any investments in any one issuer, at year-end, that represents five percent or more of the total investments held by the District.

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 agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Custodial Credit Risk - Investments

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have a policy limiting the amount of securities that can be held by counterparties. As of June 30, 2016, the District does not have any investments that are held by counterparties.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2016 consist of the following:

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government	$ 3,758		$ 655	$ 4,413
State Government	24,747	$ 12,021	729	37,497
Miscellaneous	140,413		1,530	141,943
Totals	$ 168,918	$ 12,021	$ 2,914	$ 183,853

NOTE 4 - INTERFUND ACTIVITIES

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

Due From/Due To Other Funds

All interfund receivables and payables are scheduled to be paid within one year. Individual fund interfund receivable and payable balances at June 30, 2016 are as follows:

Funds	Interfund Receivables	Interfund Payables
General	$ 97,159	$ 10,725
Charter	10,725	28,544
Cafeteria		2,816
Adult Education		65,799
Totals	$ 107,884	$ 107,884

All interfund receivables and payables are scheduled to be paid within one year.

NOTE 4 - INTERFUND ACTIVITIES (CONCLUDED)

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2015-16 were as follows:

Funds	Transfers In	Transfers Out
General		$ 51,649
Charter School		54,794
Cafeteria	$ 60,776	
Pupil Transportation	45,667	
Capital Facilities		10,200
Capital Projects - Special Reserve	10,200	
Totals	$ 116,643	$ 116,643

Transfer of $5,982 from General Fund to Cafeteria Fund to supplement the child nutrition program.

Transfer of $45,667 from General Fund to Pupil Transportation Fund to set aside funding for the future acquisition of transportation equipment.

Transfer of $54,794 from Charter School Fund to Cafeteria Fund to offset one-third of the cafeteria staff salaries in an effort to minimize the total impact on the General Fund in providing meals to students.

Transfer of $10,200 from Capital Facilities Fund to Capital Projects - Special Reserve Fund, to reimburse for cost overruns from the 1998 GO Bond expansion project and provide funding to complete bond projects that remain incomplete.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 402,665
Instructional Library and Technology	3,577
School Site Administration	56,105
Home-to-School Transportation	42,296
Food Services	28,266
Other Pupil Services	27,023
Other General Administration	64,504
Plant Services	81,136
Total Depreciation Expense	$ 705,572

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Capital asset activity for the year ended June 30, 2016, are shown below:

Governmental Activities

	Balances July 1, 2015	Additions	Deletions	Balances June 30, 2016
Land	$ 187,500			$ 187,500
Sites and Improvements	6,598,909			6,598,909
Buildings and Improvements	22,052,815			22,052,815
Furniture and Equipment	1,690,290	$ 5,113		1,695,403
Work-in-Progress	0	61,338		61,338
Totals at Historical Cost	30,529,514	66,451	$ 0	30,595,965
Less Accumulated Depreciation for:				
Sites and Improvements	725,825	204,278		930,103
Buildings and Improvements	7,578,935	414,050		7,992,985
Furniture and Equipment	1,251,374	87,244		1,338,618
Total Accumulated Depreciation	9,556,134	705,572	0	10,261,706
Governmental Activities Capital Assets, net	$ 20,973,380	$ (639,121)	$ 0	$ 20,334,259

NOTE 6 - GENERAL OBLIGATION BONDS

On October 7, 1998, the District issued $2,910,174 of Election of 1998, Capital Appreciation Bonds with interest rates ranging from 4.96 to 6.18 percent. No interest or principal is payable on the bonds until they mature September 1, 2018 through September 1, 2023, when the accreted interest and face amount of the bonds are payable to the bondholders.

On April 3, 2013, the District issued $372,381 of Capital Appreciation Bonds with interest rates ranging from 4.44 to 10.8 percent, and $3,725,240 of Convertible Term Capital Appreciation Bonds with interest rates ranging from 4.65 to 5.00 percent. The Election of 2012, Series A bonds were authorized at an election held on November 6, 2012, whereby the requisite 55% of the voters of the District approved the sale of up to $8,000,000 of general obligation bonds to finance the modernization, construction, and renovation of the various projects identified in the Measure H ballot measure. No interest or principal is payable on the capital appreciation bonds until they mature August 1, 2024 through August 1, 2028, when the accreted interest and face amount of the bonds are payable to the bondholders. In addition, no interest or principal is payable on the convertible term capital appreciation bonds until after they covert to term bonds on August 1, 2023, and are required to begin paying semi-annual interest payments and periodic bond principal payments in accordance with the established term bond debt service schedule. Once converted, the term bonds will mature August 1, 2033 through August 1, 2042.

NOTE 6 - GENERAL OBLIGATION BONDS (CONTINUED)

On June 27, 2013, the District issued 2013 General Obligation Refunding Bonds in the amount of $3,820,000, with an interest rate of 1.58 percent. The bonds were issued to defease the outstanding 2004 Refunding Bonds that were scheduled to mature on September 1, 2013 through September 1, 2017. Principal and interest payments due on the 2013 Refunding Bonds will be paid semiannually on September 1, and March 1 of each year until fully defeased on September 1, 2017.

On March 19, 2015, the District issued $2,150,115 of Capital Appreciation Bonds with interest rates ranging from 3.3 to 5.02 percent. The Election of 2012, Series B bonds were authorized at an election held on November 6, 2012, whereby the requisite 55% of the voters of the District approved the sale of up to $8,000,000 of general obligation bonds to finance the modernization, construction, and renovation of the various projects identified in the Measure H ballot measure. No interest or principal is payable on the capital appreciation bonds until they mature August 1, 2024 through February 1, 2040, when the accreted interest and face amount of the bonds are payable to the bondholders.

The outstanding general obligation debt of the District as of June 30, 2016 is as follows:

A. Current Interest Bonds

Year Of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2015	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2016
2013	1.58	2017	$ 3,820,000	$ 2,960,000	$ 0	$ 890,000	$ 2,070,000

The annual requirements to amortize the 2013 general obligation refunding bonds are as follows:

Year Ended June 30	Principal	Interest	Totals
2017	$ 985,000	$ 24,924	$ 1,009,924
2018	1,085,000	8,572	1,093,572
Totals	$ 2,070,000	$ 33,496	$ 2,103,496

B. Capital Appreciation Bonds

Year of Issue	Accretion Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2015	Issued Current Year	Accreted Interest Current Year	Outstanding June 30, 2016
1998	4.96-6.18	2023	$ 2,910,174	$ 6,842,139		$ 359,713	$ 7,201,852
2013	4.44-10.8	2028	372,381	420,162		23,449	443,611
2013	4.65-5.00	2042	3,725,240	4,151,920		205,460	4,357,380
2015	3.30-5.02	2040	2,150,115	2,176,941		97,404	2,274,345
Totals			$ 9,157,910	$ 13,591,162	$ 0	$ 686,026	$ 14,277,188

NOTE 6 - GENERAL OBLIGATION BONDS (CONTINUED)

B. Capital Appreciation Bonds (Continued)

The outstanding obligation for the Election of 1998 capital appreciation bonds is as follows:

Year Ended June 30	Rate %	Amount of Original Issue (Principal)	Accreted Interest	Totals
2017		$ 0	$ 0	$ 0
2018		0	0	0
2019	4.96	477,145	660,516	1,137,661
2020	4.98	490,035	682,417	1,172,452
2021	5.00	500,128	700,618	1,200,746
2022-2026	5.01-6.18	1,442,866	2,248,127	3,690,993
Totals		$ 2,910,174	$ 4,291,678	$ 7,201,852

The annual requirements to amortize the Election of 1998 capital appreciation bonds are as follows:

Year Ended June 30	Principal	Interest	Totals
2017	$ 0	$ 0	$ 0
2018	0	0	0
2019	477,145	787,855	1,265,000
2020	490,035	879,965	1,370,000
2021	500,128	974,872	1,475,000
2022-2026	1,442,866	3,712,134	5,155,000
Totals	$ 2,910,174	$ 6,354,826	$ 9,265,000

The outstanding obligation for the Election of 2012, Series A, capital appreciation bonds is as follows:

Year Ended June 30	Rate %	Amount of Original Issue (Principal)	Accreted Interest	Totals
2017		$ 0	$ 0	$ 0
2018		0	0	0
2019		0	0	0
2020		0	0	0
2021		0	0	0
2022-2026	4.44-10.80	119,443	27,930	147,373
2027-2031	4.71-5.13	252,938	43,300	296,238
Totals		$ 372,381	$ 71,230	$ 443,611

NOTE 6 - GENERAL OBLIGATION BONDS (CONTINUED)

B. Capital Appreciation Bonds (Continued)

The annual requirements to amortize the Election of 2012, Series A, capital appreciation bonds are as follows:

Year Ended June 30	Principal	Interest	Totals
2017	$ 0	$ 0	$ 0
2018	0	0	0
2019	0	0	0
2020	0	0	0
2021	0	0	0
2022-2026	119,443	145,557	265,000
2027-2031	252,938	257,062	510,000
Totals	$ 372,381	$ 402,619	$ 775,000

The outstanding obligation for the Election of 2012, Series A, convertible term capital appreciation bonds is as follows:

Year Ended June 30	Rate %	Amount of Original Issue (Principal)	Accreted Interest	Totals
2017		$ 0	$ 0	$ 0
2018		0	0	0
2019		0	0	0
2020		0	0	0
2021		0	0	0
2022-2026	4.65-5.00	3,725,240	632,140	4,357,380
Totals		$ 3,725,240	$ 632,140	$ 4,357,380

Once the Election of 2012, Series A, convertible term capital appreciation bonds accrete in value up to $6,135,000, the bonds will convert into term bonds.

NOTE 6 - GENERAL OBLIGATION BONDS (CONTINUED)

B. Capital Appreciation Bonds (Continued)

The annual requirements to amortize the Election of 2012, Series A, convertible term capital appreciation bonds, upon their conversion to term bonds on August 1, 2023, will be as follows:

Year Ended June 30	Principal	Interest	Totals
2017	$ 0	$ 0	$ 0
2018	0	0	0
2019	0	0	0
2020	0	0	0
2021	0	0	0
2022-2026	0	750,025	750,025
2027-2031	430,000	1,480,753	1,910,753
2032-2036	1,620,000	1,225,502	2,845,502
2037-2041	2,645,000	712,625	3,357,625
2042-2046	1,440,000	73,500	1,513,500
Totals	$ 6,135,000	$ 4,242,405	$ 10,377,405

The outstanding obligation for the Election of 2012, Series B, capital appreciation bonds is as follows:

Year Ended June 30	Rate %	Amount of Original Issue (Principal)	Accreted Interest	Totals
2017		$ 0	$ 0	$ 0
2018		0	0	0
2019		0	0	0
2020		0	0	0
2021		0	0	0
2022-2026	3.30-3.51	318,774	14,117	332,891
2027-2031	3.77-4.50	712,737	38,851	751,588
2032-2036	4.60-4.92	618,430	38,626	657,056
2037-2041	4.95-5.02	500,174	32,636	532,810
Totals		$ 2,150,115	$ 124,230	$ 2,274,345

NOTE 6 - GENERAL OBLIGATION BONDS (CONCLUDED)

B. Capital Appreciation Bonds (Concluded)

The annual requirements to amortize the Election of 2012, Series B, capital appreciation bonds are as follows:

Year Ended June 30	Principal	Interest	Totals
2017	$ 0	$ 0	$ 0
2018	0	0	0
2019	0	0	0
2020	0	0	0
2021	0	0	0
2022-2026	318,774	126,226	445,000
2027-2031	712,737	532,263	1,245,000
2032-2036	618,430	856,570	1,475,000
2037-2041	500,174	1,059,826	1,560,000
Totals	$ 2,150,115	$ 2,574,885	$ 4,725,000

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

From an accrual accounting perspective, the cost of post employment healthcare benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when the benefits are paid or provided. Governmental Accounting Standards Board Statement No. 45 requires an accrual basis measurement and recognition of OPEB cost over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and to what extent progress is being made in funding the plan.

Plan Descriptions: The District offers medical, prescription drug, behavioral health, dental, and vision benefits through California's Valued Trust (CVT), a jointly managed trust, on a pooled, self-insured basis. Certificated retirees may choose from CVT Blue Cross medical/Rx combinations 2A, 4C, 7A, 8A, and high deductible plans HDHP-1. Classified retirees may choose from CVT options 1A, 5A, 7B, 8C, Wellness 1C, and the CVT Bronze Plan. Management/Confidential retirees may choose from CVT options 1A, 4A, 7C, 8C, 10C, 10D, Wellness 1C, and the CVT Brozen plan. Dental and vision plans are also available. Upon completion of age 55 and at least 10 years of service with the District, an employee may retire and receive a District contribution towards healthcare coverage for retiree and spouse for the lesser of 5 years or until the retiree reaches age 65. The District contribution is capped at $8,199 per year for those retiring before July 1, 2014. Those retiring on or after July 1, 2014 have a $8,900 annual cap. The cap is frozen for a retiree in his or her year of retirement, and is pro-rated for Classified retirees who worked less than 36 hours per week while in active employment. Two active Board Members, who have served or will have served at least 12 years on the Board when they retire, are eligible to receive lifetime District-paid medical/Rx, dental and vision coverage, up to the District's cap for current Board Members. All other current and future Board Members will not be eligible to receive this benefit upon retirement.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

All contracts with District employees will be renegotiated at various times in the future and, thus, costs and benefits are subject to change. Benefits and contribution requirements (both employee and employer) for the OPEB Plan are established by labor agreements.

The District had sixty-seven (67) active employees and five (5) retired employees as of July 1, 2015, the effective date of the triennial OPEB valuation. For the District, OPEB benefits are administered by District personnel. No separate financial statements are issued.

Annual OPEB Cost and Net OPEB Obligation: 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 thirty years. The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2016, the amount actually contributed to the plan (including implicit subsidy), and changes in the District's Net OPEB Obligation that resulted in a Net OPEB Obligation of $268,295 for the year ended June 30, 2016.

Annual required contribution (ARC)	$ 93,952
Interest on Net OPEB Obligation	9,577
Adjustment to ARC	(13,846)
Annual OPEB cost (expense)	89,683
Contributions for the fiscal year	(60,820)
Increase in Net OPEB Obligation	28,863
Net OPEB Obligation - June 30, 2015	239,432
Net OPEB Obligation - June 30, 2016	$ 268,295

Annual OPEB Cost and Net OPEB Obligation: The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last three fiscal years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
June 30, 2016	$ 89,683	67.82%	$ 268,295
June 30, 2015	79,462	150.82%	239,432
June 30, 2014	79,276	115.50%	279,814

Funding Policy: GASB 45 does not require pre-funding of OPEB benefits. The District's funding policy is to continue to pay healthcare premiums for retirees as they become due ("pay-as-you-go").

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing 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.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the District 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 that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

In the July 1, 2015, actuarial valuation, the projected unit credit method was used with a 30-year level dollar, open period amortization. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare cost trend rates ranged from an initial 8.0 percent to an ultimate rate of 5.0 percent, with a constant dental/vision trend rate of 4.0 percent.

NOTE 8 - RETIREMENT PLANS

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, and deferred inflows of resources in the accompanying statement of net position as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
CalSTRS	$ 4,617,653	$ 351,325	$ 569,250
CalPERS	1,451,352	217,226	221,800
Totals	$ 6,069,005	$ 568,551	$ 791,050

NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The California State Teachers Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers and certain other employees of the public-school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established the plan and CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a stand-alone comprehensive annual financial report available to the public that can be found on the CalSTRS website.

Benefits Provided

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs and to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity of the STRP.

The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on a members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas and some of the differences are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4% of final compensation.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided (Concluded)

CalSTRS calculates retirement benefits based on one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of service, or for classroom teachers with less than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One year final compensation means a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for any 36 consecutive months of credited service.

Contributions

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members: Under CalSTRS 2% at 60, the member contribution rate was 9.20% of applicable member earnings for fiscal year 2015-16. Under CalSTRS 2% at 62, the member contribution rate was 8.56% of applicable member earnings for fiscal year 2015-16. The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

Employers: Pursuant to Chapter 47, Statutes of 2014 (AB 1469 - Bonta), the employer contribution rate was 10.73% of applicable member earnings for fiscal year 2015-16. The District contributed $351,325 to the plan for the fiscal year ended June 30, 2016.

State: The contribution was 2.017% of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469 - Bonta, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in Education Code Section 22955.1(b). The additional state contribution for the fiscal year ended June 30, 2016 was 2.874%. Including a 2.50% contribution for SBMA funding, the total state appropriation to the defined benefit program was 7.391% for the fiscal year ended June 30, 2016.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, 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 associated with the District was as follows:

District's proportionate share of the net pension liability	$ 4,617,653
State's proportionate share of the net pension liability associated with the District	97,793
Total net pension liability attributed to District	$ 4,715,446

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The District's proportion of the net pension liability was based on a District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. The District's proportionate share of the net pension liability as of June 30, 2014 and June 30, 2015 was as follows:

Proportion - June 30, 2014	0.0071%
Proportion - June 30, 2015	0.0069%
Change - Increase (Decrease)	-0.0002%

For the fiscal year ended June 30, 2016, the District recognized pension expense of $736,006, inclusive of $225,715 of 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
District contributions subsequent to the measurement date	$ 351,325	
Differences between expected and actual experience		$ 77,130
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		94,608
Net differences between projected and actual earnings on plan investments		397,512
Totals	$ 351,325	$ 569,250

NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2017	$ (191,443)
2018	(191,443)
2019	(191,443)
2020	62,325
2021	(28,623)
2022	(28,623)

Differences between expected and actual experience, changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2015. Differences between projected and actual earnings on plan investments are netted and reduced over a closed 5-year period.

Actuarial Methods and Assumptions

The total pension liability for the 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 actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return [1]	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

[1] Net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.5% assumed investment rate of return for funding purposes, which is net of administrative expenses.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions (Concluded)

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 - June 30, 2010 Experience Analysis for more information.

The 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 investments expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect 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%
Total	100%	

* 10-year geometric average

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases as per AB 1469 - Bonta. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and assuming that contributions, benefit payments, and administrative expenses occur midyear.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Concluded)

Discount Rate (Concluded)

Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.60%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	Discount Rate 1% Decrease 6.60%	Discount Rate Current Rate 7.60%	Discount Rate 1% Increase 8.60%
District's proportionate share of the net pension liability	$ 6,972,296	$ 4,617,653	$ 2,660,754

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

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. The total plan contributions are determined through 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. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 6.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 11.847% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2016 was $133,565.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2016, the District reported a liability of $1,451,352 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2014 and June 30, 2015 was as follows:

Proportion - June 30, 2014	0.0100%
Proportion - June 30, 2015	0.0098%
Change - Increase (Decrease)	-0.0002%

For the fiscal year ended June 30, 2016, the District recognized pension expense of $193,762. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 8 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 133,565	
Differences between expected and actual experience	83,661	
Changes of assumptions		$ 89,943
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		77,803
Net differences between projected and actual earnings on plan investments		54,054
Totals	$ 217,226	$ 221,800

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2017	$ (76,107)
2018	(76,107)
2019	(45,517)
2020	59,592

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of June 30, 2015. Differences between projected and actual earnings on plan investments are netted and reduced over a closed 5-year period.

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuations were determined using the following actuarial methods and assumptions:

NOTE 8 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Actuarial Assumptions (Concluded)

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Consumer Price Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return (1)	7.50%
Post Retirement Benefit Increase (2)	

(1) Net of pension plan investment and administrative expenses, includes inflation
(2) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

Mortality rate table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. For the Schools Pool, this difference was deemed immaterial.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Discount Rate (Concluded)

For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	Current Target Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	19.0%	0.99%	2.43%
Inflation Assets	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

NOTE 8 - RETIREMENT PLANS (CONCLUDED)

B. California Public Employees' Retirement System (CalPERS) (Concluded)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	Discount Rate 1% Decrease 6.50%	Discount Rate Current Rate 7.50%	Discount Rate 1% Increase 8.50%
District's proportionate share of the net pension liability	$ 2,362,196	$ 1,451,352	$ 693,924

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

C. Social Security

As established by Federal law, all public-sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 9 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the California State Teachers' Retirement System (CalSTRS) for K-12 education. These payments consist of state general fund contributions of $225,715 to CalSTRS (7.12589% of creditable compensation subject to CalSTRS).

NOTE 10 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2016, is shown below:

	Balances July 1, 2015	Additions	Deductions	Balances June 30, 2016	Due within One Year
Compensated Absences	$ 17,212	$ 17,588	$ 17,212	$ 17,588	$ 17,588
General Obligation Bonds:					
Current Interest	2,960,000		890,000	2,070,000	985,000
Capital Appreciation	13,591,162	686,026		14,277,188	
Other Post Employment Benefits	239,432	89,683	60,820	268,295	
Net Pension Liability - CalSTRS	4,122,268	495,385		4,617,653	
Net Pension Liability - CalPERS	1,134,700	316,652		1,451,352	
Totals	$ 22,064,774	$ 1,605,334	$ 968,032	$ 22,702,076	$ 1,002,588

The general obligation bonds are an obligation of the Bond Interest and Redemption Fund.

All other long-term liabilities are obligations of the General Fund, Charter School Fund, Cafeteria Fund and Adult Education, in relative proportion to the amount of employee benefits charged to each fund.

NOTE 11 - FUND BALANCES

The District's fund balances at June 30, 2016 consisted of the following:

	General Fund	Deferred Maintenance Fund	Charter School Fund	Bond Interest & Redemption Fund	Non-Major Governmental Fund	Totals
Nonspendable:						
Revolving Cash	$ 2,500					$ 2,500
Stores Inventory					$ 6,680	6,680
Total Nonspendable	2,500				6,680	9,180
Restricted:						
Categorical Programs	122,644		$ 23,830		24,789	171,263
Local Programs	55,032					55,032
Bond Projects / Developer Fees					284,099	284,099
Debt Service				$ 1,018,469		1,018,469
Total Restricted	177,676		23,830	1,018,469	308,888	1,528,863
Committed:						
Other Commitments	0	$ 1,604,067	0	0	239,971	1,844,038
Assigned:						
Other Post Employment Benefits	487,128					487,128
Instruction Improvement & Technology	237,662					237,662
Charter School Operations			494,640			494,640
Local Program Goals	9,000				262,780	271,780
Total Assigned	733,790	0	494,640	0	262,780	1,491,210
Unassigned:						
Reserve for Economic Uncertainties	568,053					568,053
Remaining Unassigned Balance	2,643,072					2,643,072
Total Unassigned	3,211,125	0	0	0	0	3,211,125
Total Fund Balances	$ 4,125,091	$ 1,604,067	$ 518,470	$ 1,018,469	$ 818,319	$ 8,084,416

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015-16, the District participated in four joint powers authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

NOTE 13 - JOINT VENTURES

The District participates in four joint ventures under joint powers agreements (JPAs) with Tuolumne Joint Powers Authority (TJPA) and Schools Excess Liability Fund (SELF) for property & liability and workers' compensation, California's Valued Trust (CVT) for health, dental and vision benefits to classified employees, management and trustees, and Self Insured Schools of California (SISC III) Health and Welfare Program for health, dental and vision benefits to certificated employees. The relationship between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes. The JPAs arrange for and/or provides coverage for its members.

The TJPA is governed by a board consisting of two members. The board controls the operations of their TJPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board.

Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the TJPA. The SELF, CVT and SISC III have no appointed members to the governing board. The JPAs are audited on an annual basis. Financial information can be obtained by contacting each JPA's management.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

NOTE 15 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 7, 2016, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

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SUMMERVILLE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 2,411,161	$ 1,974,201	$ 1,974,201	
Local Sources	3,329,619	3,609,678	3,609,678	
Total LCFF Sources	5,740,780	5,583,879	5,583,879	
Federal Revenue	94,347	134,641	134,641	
Other State Revenue	469,799	734,646	734,646	
Other Local Revenue	241,466	393,080	393,080	
Total Revenues	6,546,392	6,846,246	6,846,246	
Expenditures				
Certificated Salaries	2,590,832	2,686,066	2,686,066	
Classified Salaries	968,967	962,171	962,171	
Employee Benefits	1,058,803	1,203,846	1,203,846	
Books and Supplies	477,263	479,447	479,447	
Services and Other Operating Expenditures	606,668	513,393	513,393	
Capital Outlay	89,220	28,530	28,530	
Other Expenditures	172,448	200,300	200,300	
Total Expenditures	5,964,201	6,073,753	6,073,753	
Excess of Revenues Over Expenditures	582,191	772,493	772,493	
Other Financing (Uses)				
Operating Transfers Out	(13,183)	(51,649)	(51,649)	
Net Change in Fund Balances	569,008	720,844	720,844	$ 0
Fund Balances - July 1, 2015	3,404,247	3,404,247	3,404,247	
Fund Balances - June 30, 2016	$ 3,973,255	$ 4,125,091	$ 4,125,091	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEFERRED MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 83,000	$ 298,750	$ 298,750	
Other Local Revenue	1,000	11,667	11,667	
Total Revenues	84,000	310,417	310,417	
Expenditures				
Books and Supplies	5,000			
Services and Other				
Operating Expenditures	91,730	79,395	79,395	
Capital Outlay	5,000			
Total Expenditures	101,730	79,395	79,395	
Net Change in Fund Balances	(17,730)	231,022	231,022	$ 0
Fund Balances - July 1, 2015	1,373,045	1,373,045	1,373,045	
Fund Balances - June 30, 2016	$ 1,355,315	$ 1,604,067	$ 1,604,067	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CHARTER SCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 1,793,658	$ 1,759,107	$ 1,759,107	
Other State Revenue	149,258	237,224	237,224	
Other Local Revenue	1,800	4,888	4,888	
Total Revenues	1,944,716	2,001,219	2,001,219	
Expenditures				
Certificated Salaries	700,532	754,763	754,763	
Classified Salaries	285,368	326,693	326,693	
Employee Benefits	272,959	357,378	357,378	
Books and Supplies	83,636	122,663	122,663	
Services and Other Operating Expenditures	256,795	227,292	227,292	
Capital Outlay		5,633	5,633	
Total Expenditures	1,599,290	1,794,422	1,794,422	
Excess of Revenues Over Expenditures	345,426	206,797	206,797	
Other Financing (Uses)				
Operating Transfers Out	(54,794)	(54,794)	(54,794)	
Net Change in Fund Balances	290,632	152,003	152,003	$ 0
Fund Balances - July 1, 2015	366,467	366,467	366,467	
Fund Balances - June 30, 2016	$ 657,099	$ 518,470	$ 518,470	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
7/1/2015	$ 0	$ 819,896	$ 819,896	0%	$ 4,199,775	19.52%
7/1/2012	0	639,854	639,854	0%	4,316,863	14.82%
7/1/2009	0	1,435,206	1,435,206	0%	4,487,218	31.98%

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS *

JUNE 30, 2016

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Employee Payroll	District's Proportionate Share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2016	0.0069%	$ 4,617,653	$ 97,793	$ 4,715,446	$ 3,183,514	145.05%	74.02%
2015	0.0071%	4,122,268	97,593	4,219,861	3,141,964	131.20%	76.52%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS *

JUNE 30, 2016

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Employee Payroll	District's Proportionate Share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2016	0.0098%	$ 1,451,352	$ 1,090,077	133.14%	79.43%
2015	0.0100%	1,134,700	1,049,248	108.14%	83.38%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Employee Payroll	Contributions As a % of Covered Employee Payroll
2016	$ 351,325	$ 351,325	$ -	$ 3,274,231	10.730%
2015	275,519	275,519	-	3,102,691	8.880%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Employee Payroll	Contributions As a % of Covered Employee Payroll
2016	$ 133,565	$ 133,565	$ -	$ 1,127,416	11.847%
2015	126,867	126,867	-	1,077,793	11.771%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. There was no excess of expenditures over appropriations in any fund as of June 30, 2016.

B. Schedule of Funding Progress

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, the District is required to present a Schedule of Funding Progress which shows the funding progress of the District's OPEB plan for the most recent valuation and the two preceding valuations. The information required to be disclosed includes the valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability, the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll and the ratio of the unfunded actuarial liability to annual covered payroll.

C. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered-employee payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

D. Schedule of Contributions

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered-employee payroll.

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SUPPLEMENTARY INFORMATION SECTION

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SUMMERVILLE UNION HIGH SCHOOL DISTRICT

ORGANIZATION/GOVERNING BOARD/ADMINISTRATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ORGANIZATION

The Summerville Union High School District was established in 1911 and encompasses an area of approximately 137 square miles located in Tuolumne County. The District is currently operating one high school, one charter school, two continuation high schools, three small necessary high schools, a parent-nursery adult education program and an independent study program. There were no boundary changes during the year.

GOVERNING BOARD

Name	Office	Term Expires
Dennis Spisak	President	November, 2016
Cheri Farrell	Clerk	November, 2018
Randy Richter	Member	November, 2018
Bret Taylor	Member	November, 2018
Spring Maddox	Member	November, 2016

ADMINISTRATION

Robert Griffith
Superintendent

Jessica Lozoya
Chief Business Official

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Cafeteria	Adult Education	Pupil Transportation
Assets			
Deposits and Investments	$ 24,187	$ 69,039	$ 239,971
Receivables	709	1,836	
Stores Inventory	6,680		
Total Assets	$ 31,576	$ 70,875	$ 239,971
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	$ 91	$ 675	
Due to Other Funds	2,816	65,799	
Total Liabilities	2,907	66,474	
Fund Balances:			
Nonspendable	6,680		
Restricted	21,989	2,800	
Committed			$ 239,971
Assigned		1,601	
Total Fund Balances	28,669	4,401	239,971
Total Liabilities and Fund Balances	$ 31,576	$ 70,875	$ 239,971

SEE NOTES TO SUPPLEMENTARY INFORMATION

Capital Facilities	Building	Capital Projects - Special Reserve	Total Non-Major Governmental Funds
$ 26,338	$ 260,617	$ 261,179	$ 881,331
369			2,914
			6,680
$ 26,707	$ 260,617	$ 261,179	$ 890,925
	$ 3,225		$ 3,991
			68,615
	3,225		72,606
			6,680
$ 26,707	257,392		308,888
			239,971
		$ 261,179	262,780
26,707	257,392	261,179	818,319
$ 26,707	$ 260,617	$ 261,179	$ 890,925

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Cafeteria	Adult Education	Pupil Transportation
Revenues			
Federal Revenue	$ 99,395		
State Revenue	7,675	$ 54,376	
Local Revenue	131,351	35,395	$ 1,742
Total Revenues	238,421	89,771	1,742
Expenditures			
Current:			
Instruction		87,799	
Food Services	317,721		
Plant Services			
Facilities Acquisition and Construction			
Debt Service:			
Interest and Issuance Costs			
Total Expenditures	317,721	87,799	0
Excess of Revenues Over (Under) Expenditures	(79,300)	1,972	1,742
Other Financing Sources (Uses)			
Operating Transfers In	60,776		45,667
Operating Transfers Out			
Total Other Financing Sources (Uses)	60,776	0	45,667
Net Change in Fund Balances	(18,524)	1,972	47,409
Fund Balances - July 1, 2015	47,193	2,429	192,562
Fund Balances - June 30, 2016	$ 28,669	$ 4,401	$ 239,971

SEE NOTES TO SUPPLEMENTARY INFORMATION

Capital Facilities	Building	Capital Projects - Special Reserve	Total Non-Major Governmental Funds
			$ 99,395
			62,051
$ 19,387	$ 2,397	$ 2,205	192,477
19,387	2,397	2,205	353,923
			87,799
			317,721
3,934		6,099	10,033
	25,818		25,818
	469		469
3,934	26,287	6,099	441,840
15,453	(23,890)	(3,894)	(87,917)
		10,200	116,643
(10,200)			(10,200)
(10,200)	0	10,200	106,443
5,253	(23,890)	6,306	18,526
21,454	281,282	254,873	799,793
$ 26,707	$ 257,392	$ 261,179	$ 818,319

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	P-2 Report	Annual Report
Grades 9 - 12	436.68	428.38

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE - CHARTER SCHOOL

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Connections Visual & Performing Arts Academy			
	P-2 Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades 7 - 8	26.23	26.23	26.00	26.00
Grades 9 - 12	188.10	188.10	185.68	185.68
Totals	214.33	214.33	211.68	211.68

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Grade Level	Minutes Required	2015-16 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grade 9	64,800	65,420	180	N/A	In Compliance
Grade 10	64,800	65,420	180	N/A	In Compliance
Grade 11	64,800	65,420	180	N/A	In Compliance
Grade 12	64,800	65,420	180	N/A	In Compliance

SEE NOTES TO SUPPLEMENTARY INFORMATION

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME - CHARTER SCHOOL

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Connections Visual & Performing Arts Academy				
Grade Level	Minutes Required	2015-16 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grade 7	54,000	66,882	180	N/A	In Compliance
Grade 8	54,000	66,882	180	N/A	In Compliance
Grade 9	64,800	66,882	180	N/A	In Compliance
Grade 10	64,800	66,882	180	N/A	In Compliance
Grade 11	64,800	66,882	180	N/A	In Compliance
Grade 12	64,800	66,882	180	N/A	In Compliance

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue - Special Reserve Fund	Special Reserve - Postemployment Benefits Fund
June 30, 2016 Annual Financial and Budget Report Fund Balances	$ 3,092,421	$ 545,542	$ 487,128
Reclassification Increasing (Decreasing) Fund Balances:			
Reclassification of Fund Balances	1,032,670	(545,542)	(487,128)
June 30, 2016 Audited Financial Statements Fund Balances	$ 4,125,091	$ 0	$ 0

Auditor's Comments

The fund balances of the General Fund, Special Revenue - Special Reserve Fund, and Special Reserve for Postemployment Benefits Fund have been combined for financial reporting purposes in accordance with GASB Statement No. 54.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2016.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	GENERAL FUND			
	(Budget)* 2016-17	2015-16	2014-15	2013-14
Revenues and Other Financial Sources	$ 6,886,987	$ 6,846,246	$ 6,293,505	$ 6,110,169
Expenditures	6,669,340	6,073,753	6,148,791	5,981,679
Other Uses and Transfers Out	169,745	51,649	23,689	22,549
Total Outgo	6,839,085	6,125,402	6,172,480	6,004,228
Change in Fund Balance	47,902	720,844	121,025	105,941
Ending Fund Balance	$ 4,172,993	$ 4,125,091	$ 3,404,247	$ 3,283,222
Available Reserves	$ 3,241,586	$ 3,211,125	$ 2,847,379	$ 2,712,188
Reserve for Economic Uncertainties **	$ 580,921	$ 568,053	$ 559,769	$ 542,199
Available Reserves as a Percentage of Total Outgo	47.4%	52.4%	46.1%	45.2%
Average Daily Attendance (ADA) at P-2 (Exclusive of Charter School ADA)	413	437	457	433
Total Long-Term Liabilities	$ 21,699,488	$ 22,702,076	$ 22,064,774	$ 21,498,633

* Amounts reported for 2016-17 budget are presented for analytical purposes only and have not been audited.

** Reported balances are a component of available reserves.

The fund balance of the General Fund increased $841,869 (25.6%) over the past two years. The fiscal year 2016-17 budget projects an increase of $47,902 (1.2%). For a district this size, the state recommends available reserves of at least 4% of total general fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses of $105,941, $121,025, and $720,844 during fiscal years 2013-14, 2014-15, and 2015-16, respectively.

Average daily attendance (ADA) has increased 4 ADA over the past two years. The District's anticipates a decrease of 24 ADA during fiscal year 2016-17.

Total long-term liabilities increased $1,203,443 over the past two years due primarily to the recognition of the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Charter School	District Audit
Connections Visual & Performing Arts Academy	Included
Gold Rush Charter School	Excluded

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

Combining statements are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

B. Schedule of Average Daily Attendance

The average daily attendance is a measurement of the number of pupils attending classes in the non-charter schools 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 spans and in different programs in the non-charter schools of the District.

C. Schedule of Average Daily Attendance - Charter School

The average daily attendance is a measurement of the number of pupils attending classes of the Connections Visual and Performing Arts Academy. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of classroom-based and nonclassroom-based students at various grade spans at the Connections Visual and Performing Arts Academy.

D. Schedule of Instructional Time

The District participated in the Longer Day incentive funding program for the current fiscal year, but did not meet its LCFF funding target. This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

E. Schedule of Instructional Time - Charter School

Education Code Section 47612.5 requires classroom-based charter schools to offer a minimum number of minutes of instruction. This schedule presents information on the amount of instructional time offered by the Connections Visual and Performing Arts Academy and whether the Charter Schools complied with the provisions of Education Code Section 47612.5(a)(1).

F. 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.

G. Schedule of Charter Schools

This schedule lists all charter schools chartered by the District and identifies whether or not the charter schools were included or excluded from the audit of the District.

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OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

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STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Summerville Union High School District
Tuolumne, California

Report on State Compliance

We have audited the Summerville Union High School District's compliance with the types of compliance requirements described in the *2015-16 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of the District's state programs identified on the following page for the fiscal year ended June 30, 2016.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's state 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 *2015-16 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the District's state programs occurred. An audit includes examining, on a test basis, evidence about Summerville Union High 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. Our audit does not provide a legal determination of Summerville Union High School District's compliance with those requirements.

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

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

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

We did not perform procedures for the California Clean Energy Jobs Act because the District did not have any program expenditures in fiscal year 2015-16.

Opinion on State Compliance

In our opinion, Summerville Union High District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2016.

Governing Board
Summerville Union High School District
Page Three

<u>Purpose of this Report</u>

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2015-16 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting.* Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 7, 2016

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STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Governing Board
Summerville Union High School District
Tuolumne, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Summerville Union High School 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, and have issued our report thereon dated December 7, 2016.

Internal Control over Financial Reporting

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

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

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

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 7, 2016

FINDINGS AND QUESTIONED COSTS SECTION

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SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	____ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

State Awards

Any audit findings required to be reported in accordance with the *2015-16 Guide for Annual Audit of K-12 Local Educational Agencies and State Compliance Reporting?*	____ Yes	X No
Type of auditor's report issued on compliance for state programs:	Unmodified	

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no matters to report for the fiscal year ended June 30, 2016

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no matters to report for the fiscal year ended June 30, 2016

Recommendations	Current Status	Explanation If Not Fully Implemented
FINANCIAL STATEMENTS		
15 - 1 / 30000		
CREDIT CARD		
The District should restrict credit card usage to the purchase of goods or services that cannot otherwise be processed through the District's accounts payable system. In addition, the District should cross-train staff to ensure that the accounts payable department can continue to operate, even in the absence of key personnel.	Implemented	
The District should establish procedures to ensure that appropriate supporting documentation is retained and filed in an auditable.	Implemented	
STATE AWARDS		
15 - 2 / 40000		
SIGNIFICANT DEFICIENCY		
UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS		
The District should establish procedures to ensure that all of the pupil information reported on the CALPADS "1.18 - FRPM / English Learner / Foster Youth - Student List" report is properly uploaded to CALPADS by the required due date, and verified for accuracy and completeness while corrections may still be uploaded to CALPADS. In addition, the District should work with the Tuolumne County Office of Education to ensure that the audit adjustments related to enrollment and unduplicated pupil counts for the Charter School and District are properly recorded in the apportionment software.	Implemented	

APPENDIX C

GENERAL INFORMATION ABOUT TUOLUMNE COUNTY

*The following information concerning Tuolumne County (the "**County**") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions are liable therefor.*

General

The County is located in the central-north area of California about 150 miles east of San Francisco. The County is bordered by Calaveras County on the north, Mono County on the east and Mariposa and Madera Counties on the south. The City of Sonora is the sole city in the County, and is the county seat. The remainder of the County consists of unincorporated areas, including the area of the District.

Population

The following sets forth the County and the State population estimates as of January 1 for the years 2011 to 2017:

TUOLUMNE COUNTY AND STATE OF CALIFORNIA
Estimated Population

Year (January 1)	Tuolumne County	State of California
2011	55,309	37,536,835
2012	55,249	37,881,357
2013	54,938	38,238,492
2014	55,082	38,572,211
2015	54,663	38,915,880
2016	54,949	39,189,035
2017	54,707	39,523,613

Source: State of California Department of Finance, Demographic Research Unit.

Commerce

Total taxable sales during the first quarter of calendar year 2016 in the County were reported to be $146,920,574, a 3.0% increase over the total taxable sales of $142,597,376 reported during the first quarter of calendar year 2015.

TUOLUMNE COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(In thousands of dollars)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2011	1,251	$428,716	1,856	$580,432
2012	1,272	441,171	1,867	591,458
2013	1,340	474,833	1,908	613,247
2014	1,359	477,162	1,913	620,851
2015	724	494,374	2,074	650,846

Source: State Board of Equalization.

Construction Activity

The following table shows a five-year summary of the valuation of building permits issued in the County.

TUOLUMNE COUNTY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2012	2013	2014	2015	2016
Permit Valuation					
New Single-family	$5,720.1	$6,190.1	$12,275.5	$11,164.0	$9,179.0
New Multi-family	0.0	0.0	324.5	0.0	0.0
Res. Alterations/Additions	10,365.0	6,876.2	6,306.7	8,461.1	5,446.2
Total Residential	16,085.1	13,066.3	18,906.7	19,625.1	14,625.3
New Commercial	7,133.1	9,406.7	14,337.9	10,014.9	2,665.6
New Industrial	50.0	0.0	0.0	0.0	0.0
New Other	0.0	6,724.7	7,098.6	5,665.6	21,284.1
Com. Alterations/Additions	8,752.1	2,095.8	3,398.6	5,287.3	7,286.3
Total Nonresidential	15,935.2	18,227.2	24,835.0	20,967.8	31,236.1
New Dwelling Units					
Single Family	36	30	52	49	41
Multiple Family	0	0	4	0	0
TOTAL	36	30	56	49	41

Source: Construction Industry Research Board, Building Permit Summary.

Employment and Industry

The unemployment rate in Tuolumne County was 5.7% in July 2017, up from a revised 5.2% in June 2017, and below the year-ago estimate of 6.1%. This compares with an unadjusted unemployment rate of 5.4% for California and 4.6% for the nation during the same period.

The following table shows the average annual estimated numbers by industry comprising the civilian labor force, as well as unemployment information for years 2012 through 2016.

TUOLUMNE COUNTY
Annual Average Civilian Labor Force,
Employment and Unemployment by Industry
(March 2016 Benchmark)

	2012	2013	2014	2015	2016
Civilian Labor Force [1]	22,320	21,750	21,620	21,580	21,860
Civilian Employment	19,420	19,410	19,750	20,060	20,510
Civilian Unemployment	2,900	2,340	1,870	1,520	1,340
Civilian Unemployment Rate	13.0%	10.8%	8.7%	7.0%	6.2%
Wage and Salary Employment [2]					
Agriculture	50	50	60	60	70
Mining and Logging	110	120	130	140	140
Construction	510	490	510	570	630
Manufacturing	830	850	800	800	790
Wholesale Trade	140	140	150	180	180
Retail Trade	2,140	2,160	2,310	2,490	2,630
Transportation, Warehousing & Utilities	210	220	230	240	250
Information	210	210	220	210	210
Financial Activities	520	550	540	510	500
Professional & Business Services	930	920	900	940	1,010
Educational & Health Services	2,980	2,940	3,000	3,070	3,070
Leisure & Hospitality	1,980	2,130	2,160	2,150	2,350
Other Services	470	480	510	550	570
Federal Government	480	480	520	490	490
State Government	1,130	1,080	1,140	1,190	1,190
Local Government	3,630	3,660	3,740	3,760	3,890
Total, All Industries [3]	16,310	16,470	16,900	17,350	17,970

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table lists the top employers in the County as of August 2017, listed in alphabetical order.

TUOLUMNE COUNTY
MAJOR EMPLOYERS
As of August 2017

Employer Name	Location	Industry
Black Oak Casino	Tuolumne	Casinos
Chicken Ranch Bingo & Casino	Jamestown	Casinos
Columbia College	Sonora	Schools-Universities & Colleges Academic
Corrections Dept.	Jamestown	Government Offices-State
Diestel Family Turkey Ranch	Sonora	Poultry
Diestel Turkey Ranch	Chinese Camp	Food Processing Consultants
Dodge Ridge Ski Resort	Pinecrest	Skiing Centers & Resorts
Hetch Hetchy Project	Groveland	Government Offices-City, Village & Twp
Hetch Hetchy Water & Power	Moccasin	Government Offices-County
Lair of the Golden Bear	Pinecrest	Camps
Lowe's Home Improvement	Sonora	Home Centers
Moccasin Low Head Hydro Project	Moccasin	Power Plants
Pine Mountain Lake Association	Groveland	Resorts
Ranch House Restaurant	Jamestown	Restaurants
Safeway	Sonora	Grocers-Retail
Sierra Pacific Industries	Sonora	Lumber-Manufacturers
Sierra Pacific Industries	Chinese Camp	Lumber-Manufacturers
Sonora Regional Medical Ctr-Sierra	Sonora	Convalescent Homes
Sonora Regional Medical Ctr.	Sonora	Hospitals
Sonora Union High School District	Sonora	Schools
Tuolumne County Sheriff	Sonora	Government Offices-County
Tuolumne General Hospital	Sonora	Emergency Medical & Surgical Service
Tuolumne General Med Facility	Sonoma	Nursing & Convalescent Homes
Tuolumne Mewuk Tribal Council	Sonora	Casinos
Walmart	Sonora	Department Stores

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2017 2nd Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

TUOLUMNE COUNTY, CALIFORNIA ND UNITED STATES
Median Household Effective Buying Income
As of January 1, 2012 through 2016

	2012	2013	2014	2015	2016
Tuolumne County	$35,366	$38,579	$39,087	$42,842	$44,098
California	47,307	48,340	50,072	53,589	55,681
United States	41,358	43,715	45,448	46,738	48,043

Source: The Nielsen Company (US), Inc.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

October 26, 2017

Board of Education
Summerville Union High School District
17555 Tuolumne Road
Tuolumne, California 95379

OPINION: $1,752,263.75 Summerville Union High School District (Tuolumne County, California) General Obligation Bonds, Election of 2012, Series C

Members of the Board of Education:

We have acted as bond counsel to the Summerville Union High School District (the "District") in connection with the issuance by the District of $1,752,263.75 principal amount of Summerville Union High School District (Tuolumne County, California) General Obligation Bonds, Election of 2012, Series C, dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board adopted on September 27, 2017 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The District is a duly created and validly existing school district with the power to issue the Bonds, and to perform its obligations under the Resolution and the Bonds.

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

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

4. Tuolumne County is required under the laws of the State of California to levy an *ad valorem* tax upon the property in the District, unlimited as to rate or amount, for the payment of principal of and interest on the Bonds.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds, and may cause the Bonds to lose their status as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$1,752,263.75
SUMMERVILLE UNION HIGH SCHOOL DISTRICT
(Tuolumne County, California)
General Obligation Bonds
Election of 2012, Series C

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Summerville Union High School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Education of the District on September 27, 2017 (the "**Resolution**"). The Bank of New York Mellon Trust Company, N.A., is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby 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 above and in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

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

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently June 30th), or March 31.

"*Dissemination Agent*" means initially the District, or any third party Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means The Bank of New York Mellon Trust Company, N.A., or any successor thereto.

"*Participating Underwriter*" means the D.A. Davidson & Co., the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means 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.

Section 3. <u>Provision of Annual Reports</u>.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2018 with the report for the 2016-17 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with this section. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by 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 Annual Report Date, if 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) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. **<u>Content of Annual Reports</u>**. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements 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 Annual Report Date, 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.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information with respect to the most recently completed fiscal year:

(i) assessed value of taxable property in the District;

(ii) identification of top twenty secured property taxpayers and their respective secured property assessed values, but only if the District's general obligation bond collections are not included on the County's Teeter Plan;

(iii) property tax levies, collections and delinquencies, but only if the District's general obligation bond collections are not included on the County's Teeter Plan; and

(iv) the District's most recently approved Budget or interim report, or a summary of such report, which is available at the time of filing the Annual Report.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) 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 are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. **<u>Reporting of Significant Events</u>**.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner as described in (b) below:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) 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, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above 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 United States 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 governing 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.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. 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(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. 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 type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. 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 Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or 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 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they 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 Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. 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.

Date: October 26, 2017

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

By: ______________________________
Superintendent

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Summerville Union High School District (the "District")
Name of Bond Issue:	Summerville Union High School District General Obligation Bonds, Election of 2012, Series C
Date of Issuance:	October 26, 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, dated October 26, 2017. The District anticipates that the Annual Report will be filed by _____________.

Dated:__________________

DISSEMINATION AGENT:

By: __________________________
Its: __________________________

cc: Paying Agent and Participating Underwriter

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, 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 will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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. *The information contained on this Internet site is not incorporated herein by reference.*

3. 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 actual purchaser of each Bond ("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 Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. 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 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.

5. 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 transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will 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.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments 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 District or 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 nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or 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.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. 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.

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

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APPENDIX G

TUOLUMNE COUNTY INVESTMENT POLICY

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COUNTY OF TUOLUMNE
TREASURER'S INVESTMENT POLICY
Effective date: May 1, 2017

I. AUTHORITY

In accordance with Tuolumne County Ordinance #2148, the Tuolumne County Treasurer's Office is responsible for investing and reinvesting all of the funds in the County Treasury.

II. POLICY STATEMENT

The purpose of this Investment Policy (Policy) is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the stewardship of the Tuolumne County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code Section 53601, et seq., Section 53653 et seq., and this Policy. All portfolio activities will be judged by the standards of the Policy and ranking of investment objectives. Those activities which violate its spirit and intent will be deemed to be contrary to the Policy.

III. STANDARD OF CARE

The County Treasurer is the Trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the Prudent Investor Standard. The County Treasurer, employees involved in the investment process shall refrain from all personal business activity that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with California State law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the County Treasurer shall act with care, skill, prudence and diligence to meet the aims of the investment objectives listed in Section VIII, Investment Objectives.

IV. LIMITATIONS ON HONORARIA

In accordance with Government Code §27133 (d) et seq., this Policy hereby establishes limits for the County Treasurer, individuals responsible for management of the portfolio, any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of $50 in a rolling twelve month time period from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the County Treasurer and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities in a rolling twelve month time period in excess of $470. Any violation must be reported to the California Fair Political Practices Commission.

V. METHOD OF CALCULATING COSTS AND YIELD

Calculations for the treasurer's administrative fee for costs of managing the investment portfolio include, but are not limited to: investment management, accounting for the investment activity, custody of the assets, managing and accounting for the banking, receiving and remitting deposits, oversight controls and costs, and indirect and overhead expenses as authorized in Government Code § 27013. The fee is based upon actual costs and is subtracted from gross interest earnings on a quarterly basis prior to distribution of net interest earnings to all funds.

VI. EARNINGS DISTRIBUTION

Interest earnings shall be allocated quarterly according to each fund's average daily cash balance as a percentage of the total investment pool. Earnings shall be the net of accrued and received interest, amortized premiums, accreted discounts and profit or loss on the sale or trade of a security attributable to the quarter being apportioned, plus adjustments from prior quarters. The interest shall be apportioned as of the last day of the quarter and added to each participating fund's balance in the Pooled Investment Fund. The interest apportionment report shall show the gross interest, treasurer's administrative fee and net interest allocated to each fund which earns interest as a part of the investment pool.

VII. WITHDRAWAL REQUESTS

The County Treasurer will honor all requests to withdraw funds for normal cash flow that are approved by the County Auditor at a one dollar net asset value. Any requests to withdraw funds for purposes other than cash flow, such as for external investing, shall be subject to the consent of the County Treasurer. In accordance with Government Code § 27136 et seq., and § 27133 (h) et seq., such requests for withdrawals must first be made in writing to the County Treasurer. These requests are subject to the County Treasurer's consideration of the stability and predictability of the Pooled Investment Fund, or the adverse affect on the interests of the other depositors in the Fund. Any withdrawal for such purposes shall be at the lower of the market value or total adjusted cost of the Pooled Investment Fund as of the end of the month prior to the date of withdrawal.

For outside investors who utilize Government Code § 53684, where the County Treasurer does not serve as the agency's Treasurer, any withdrawal request must be made in writing 30 days in advance. These withdrawals will also be at the lower of market value or total adjusted cost of the Pooled Investment Fund as of the end of the month prior to the date of withdrawal.

VIII. INVESTMENT OBJECTIVES

The primary investment objective of the Tuolumne County Treasurer's Office (TCTO), in its investment of surplus funds, is to preserve capital by investing in securities in accordance with the Government Code while maintaining an appropriate level of risk. The second objective is to maintain liquidity to meet cash flow needs. The third objective shall be to achieve a reasonable rate of return (defined as income plus realized and unrealized capital gains and losses) on surplus funds.

Sections 53601, 53601.1 and 53630 of the Government Code provide legal authorization for investment of funds of local agencies. All investments of the TCTO shall conform to the restrictions of those laws. In addition, further requirements shall be established taking into consideration prudent investment standards.
An appropriate risk level shall be maintained by primarily purchasing securities that are liquid, marketable, and of high quality.
Adequate diversification shall be applied to the individual issuers of debt, both within each class of investment and collectively. The intent is to prevent an undue amount of investments from being at risk with any one corporation.

The classes of investments that most adequately meet the above mentioned criteria shall be allowed for purchase. They are issues of the United States Government, agencies (the Government National Mortgage Associations, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Farm Credit System, the Tennessee Valley Authority, and the Student Loan Marketing Association), negotiable certificates of deposit (including Yankees), bankers' acceptances (including foreign issues), commercial paper, medium-term notes and supranationals. While not as liquid or marketable as the prior mentioned securities, repurchase agreements and time certificates of deposit shall also be allowable investments. The TCTO will not buy stocks or deal in futures, options, security loan agreements, reverse repurchase agreements, or margin trading.

The TCTO shall also have the option of depositing funds with the Local Agency Investment Fund up to the maximum allowed.

Guidelines shall be developed for each type of security recommended above to allow investment policy to be properly implemented. Included in the guidelines shall be a brief description of each type of security, legal restrictions, quality standards, and diversification requirements (if issued by a corporation).

The yield on the investment portfolio can be optimized by using various accepted in vestment methods and techniques.Maturities of investments will be selected taking many variables into consideration. Probably the most important variable will be the shape of the yield curve and the anticipated change in that curve. Proper use of the yield curve will involve not only purchasing securities with desirable maturities, but also swapping from existing portfolio securities with less desirable maturities into those with maturities that are perceived as currently more advantageous. The average maturity of the portfolio will be shortened or lengthened primarily depending upon the expectations of future interest rates.

Additional income can be obtained through prudent use of swaps. Securities in different classes (sectors) trade at "average" yield differentials from each other. When those spreads are at extremes, an opportunity to increase returns exists by selling a security in the portfolio and purchasing (swapping into) a security in another sector that has a wider than "average" yield spread. This type of swap can be reversed when the yield differential becomes narrower than normal between the two issues, and the process repeated when conditions are appropriate.

IX. SUMMARY OF INVESTMENT LIMITATIONS

	*Limit Per Institution	*Limit Per Type of Investment
Treasuries		None
Agencies		
GNMA, FFCS, FHLB, FHLMC, FNMA, SLMA, TVA		None
Supranationals	10%	15%
World Bank (IBRD), International Finance Corp (IFC), International American Development Bank (IADB)		
BA's	15%	40%
TCD's	15%	50%
CP	10%	40%
CD's	10%	30%
MTN's	10%	30%
Repos		
Less than 30 days	20%	100%
Greater than 30 days	10%	100%

*Based on total of surplus funds at the time the investment decision is made.

The aggregate of all investments or deposits in any one corporation (including affiliated companies), shall be no more than 20 percent of surplus funds.

Deposits may only be placed with (Qualified Institutions) authorized to provide investment and/or depository services and products to the Treasurer.

Qualified institutions are an approved issuer, or regional broker/dealer qualifying under SEC Rule 15c-3 (uniform net capital rule) or a "well capitalized" financial institution, as defined in Title 12 of the Code of Rederal Regulations (CFR) Part 6.4. Qualified institutions must comply with the limitations contained in Rule G-37 of the Municiapl Securities Rulemaking Board (Section 27133 (c). A detailed questionnaire is required to be completed by securities dealers and financial institutions wishing to be approved.

X. DEFINITIONS

U.S. Treasuries and Agencies

INVESTMENT: Issues of the U.S. Treasury (treasuries or governments), agencies of the federal government, and the Federal National Mortgage Association (FNMA) shall be authorized as acceptable investments for the Tuolumne County Treasurer's Office.

REASONS: U.S. Treasury issues are judged to be the safest of all investments. Agencies are typically considered the next safest class of securities available. (The Federal National Mortgage Association is now publicly owned but the investment world still generally groups it with the agencies. For purposes of these guidelines, it will be referred to as an agency.) These securities are very liquid, marketable and they offer a wide range of available maturities.

LEGAL AUTHORITY: Section 53601 of the Government Code authorizes local agencies to purchase all of these securities with no limitations as to the amount that can be owned of each.

CHARACTERISTICS: Agencies of the Federal government are the Federal Home Loan Bank System (FHLB), the Federal Farm Credit System (FFCS), the Federal Home Loan Mortgage Corporation (FHLMC), and the Government National Mortgage Association (GNMA), the Tennessee Valley Authority (TVA), and the Student Loan Marketing Association (SLMA).Securities issued by the GNMA are guaranteed by the Federal government and it is a general belief that the other agencies carry an "implied" guarantee (excluding FNMA).
Along with treasuries, agencies can be issued in discount form for securities with maturities of one year or less, or with coupons if the maturities are greater than one year.
With the exception of the FFCS, TVA and SLMA the agencies issue a variety of

Securities backed by mortgages. Maturities on treasuries and agencies can be from just a few days to thirty years.

While all of these securities are classified as agencies, there are perceived differences in quality and consequently each will trade at a different yield from each other and treasuries. Issues of the GNMA, because of the government guarantee, are considered the safest of the agencies.

GUIDELINES: There shall be no restrictions on the amount of dollars to be placed in governments or agencies at any one time.

Time Certificates of Deposit

INVESTMENT: Time Certificated of Deposit (TCDs) shall be authorized as acceptable investments for the investment portfolio of the Tuolumne County Treasurer's Office.

REASONS: TCDs can be attractive investments because they offer competitive yields, a wide range of maturities, and a relatively high degree of safety if they are issued by a financial institution of high quality and collateralized.

DEFINITIONS: A TCD is a non-negotiable instrument evidencing a deposit with a financial institution for a fixed period of time and normally for a fixed rate of interest. TCDs can be collateralized with securities or mortgages or, if issued in denominations of $250,000 or less, they can be insured by the Federal Deposit Insurance Corporation, or other corporations.

LEGAL AUTHORITY: Section 53630 of the Government Code allows public agencies to invest in the TCDs of depositories (banks, savings and loan associations, savings associations, savings banks or federally insured loan companies).

CHARACTERISTICS: TCDs purchased by public agencies pay interest at least quarterly. Maturities are typically one year or less. Because they are non-negotiable, they are non-liquid and cannot be sold or redeemed prior to maturity without suffering a loss of interest. TCDs can be written for any amount, but it has become common practice over the past few years to issue TCDs in $250,000 denominations to take advantage of the insurance available on that amount.

TCDs covered by insurance typically yield slightly more than TCDs collateralized. Because of prior financial strains suffered by some depositories, yields on TCD issued by different institutions can vary a great deal depending upon the quality and size of the institution. Normally, yields on TCDs issued by larger, more stable (first tier) banks will

be at a slight premium to treasury yields. TCDs of lower-rated depositories can yield up to 300-400 basis points over those of first-tier banks during periods of tight monetary policy.

GUIDELINES: Investments in TCDs eligible for purchase by the Tuolumne County Treasurer's Office shall:

- Have no more than 15 percent of surplus funds placed in TCDs of any one institution at any one time.
- Have deposits fully collateralized as provided for in the Government Code. Waivers for insurance will be allowed (only for those institutions meeting the minimum quality standard).
- Have interest collected monthly when possible. Up to 50 percent of funds being managed may be deposited in TCDs at any one time.
- Place deposits in any one financial institution, in combination with any other debt issued by that institution or its holding company should equal no more than 20 percent of surplus funds (excluding repos and commercial paper with maturities or seven days or less).

Negotiable Certificates of Deposit

INVESTMENT: Domestic and Yankee negotiable certificates of deposit (CDs) shall be authorized as acceptable investments for the investment portfolio of the Tuolumne County Treasurer's Office.

REASONS: NCDs have become a desirable investment because they offer a good combination of liquidity, marketability, yield, safety, and choice of maturities.

DEFINITIONS: A NCD is a negotiable instrument evidencing a time deposit with a bank at a fixed rate of interest for a fixed period of time. A variation is a variable rate CD that periodically changes the interest rate based upon a predetermined index, usually an average of shorter term CDs or treasury bills. These are guaranteed by the bank up to $250,000. Yankee CDs are issued by foreign banks branches in the United States.

LEGAL AUTHORITY: Section 53601 of the Government Code allows public agencies to invest in a maximum of 30 percent of surplus funds in CDs.

CHARACTERISTICS: CDs are coupon bearing. Interest on CDs with maturities of one year or less is usually paid at maturity. A small percentage of CDs issued have maturities greater than one year and will normally pay interest on a semiannual basis. The majority of CDs are issued in the 30-90 day range. CDs are often used as a way to invest in a low-risk, low-interest security.Yankee CDs usually trade at a slight yield premium to domestic CDs and domestics at a premium to treasuries.

GUIDELINES: Investments in NCDs eligible for purchase by the Tuolumne County Treasurer's Office shall:

- Be limited to Certificates of Deposits issued by nationally or state-chartered banks or a state or federal association federally or state-licensed branch of a foreign bank
- Have a minimum IDC Rating of 200 (Superior)
- Shall not exceed the FDIC insured limit. The current FDIC Negotiable CD insured limit is $250,000 (principal and interest).
- Up to 30 percent of funds and no more than 10 percent of those funds shall at any one time be in the CDs issued by a single bank.
- In combination with any other debt issued by any one bank, (excluding repurchase agreements and commercial paper with maturities of seven days or less), no more than 30 percent of managed funds should be placed in that bank at any one time.

Medium-Term Corporate Notes

INVESTMENT: Medium-term notes (MTNs) shall be authorized as acceptable investments for the Tuolumne County Treasurer's Office.

REASONS: Medium-term notes are a suitable investment for maturity requirements of one to five years. High-quality corporate notes are relatively safe as to principal; reasonably liquid and they can offer attractive yields and a wide range of maturities.

DEFINITION:MTNs are negotiable instruments issued by corporations with maturities of nine months to fifteen years. Most are unsecured, although some are collateralized or carry other credit enhancements such as a letter of credit.

LEGAL AUTHORITY: Section 53601 of the Government Code allows public agencies to invest a maximum of 30 percent of surplus funds in MTNs with maturities up to five years. Issuers must be operating within the United States and possess ratings in the top three categories (A or better) by two of the three largest nationally recognized rating services (currently Moody's, Standard and Poor's, and Fitch's Rating Services).

CHARACTERISTICS: MTNs are generally issued in minimum amounts of $25,000 or $100,000 and integral amounts of $1,000. Interest is calculated on a 30-day month, 360-day year basis and paid semi-annually on two pre-established dates. Floating rate MTNs can pay interest monthly, quarterly, or semi-annually.
Yields on MTNs will normally exceed those on treasuries with comparable maturities by about 10 to 75 basis points. Levels of interest rates, maturities, the quality of each issue, and supply and demand factors will affect available yields.

GUIDELINES: Investments in MTNs eligible for purchase by the Tuolumne County Treasurer's Office shall:

- Be issued by the most stable corporations
- Only have up to 30 percent of surplus funds placed in MTNs at any one time
- Have no more than ten percent of surplus funds placed in the notes of any one issuer at any one time.
- In combination with any other debt issued by any one corporation or its holding company, no more than 20 percent of surplus funds should be placed in that corporation at any one time.

Repurchase Agreements

INVESTMENT: Repurchase Agreements (Repos) shall be authorized as acceptable investment instruments for the Tuolumne County Treasurer's Office.

REASONS: Repo's are one of the most flexible investments available to invest short-term funds, and when proper guidelines are followed, are relatively safe.

DEFINITION: A Repo involves two simultaneous transactions. One transaction involves the sale of securities (collateral) by a borrower of funds, typically a bank or broker/dealer in governments or agencies, to a lender of funds. The lender can be any investor with cash to invest. The second transaction is the commitment by the borrower to repurchase the securities at the same price plus a predetermined amount of interest on an agreed future date.

LEGAL AUTHORITY: Section 53601 of the Government Code permits Repos in any security that is allowed for purchase as defined in that same section of the Code. Collateral must be delivered to the local agency by book entry, physical delivery or third-party custodial agreement. Market value of collateral must be equal to at least 102 percent of the repo.

CHARACTERISTICS: Repos can be entered into with any amount of dollars, including odd amounts. They are typically for very short periods, often one day; but it is not unusual for Repos to be for periods of up to 180 days and occasionally longer.
Any type of security can be used as collateral, but most often government, agencies, or money market securities are utilized.
The interest rate earned on a Repo is a function of short-term borrowing rates, the term of the Repo, the size of the transaction, and the quality and supply of the securities used as collateral.

GUIDELINES: Collateral used for Repos shall be any security approved for purchase.

- For Repos of 30 days or less, no more than 20 percent of the funds managed by the Tuolumne County Treasurer's office shall be invested with any one institution.
- For Repos of over 30 days, no more than 10 percent of the funds managed shall be placed with any one institution.
- Securities purchased through Repurchase Agreements shall be considered "owned" and added to the total of those securities (excluding Repos of seven days or less). This will prevent percentage limitations on any type of security from being exceeded.

Bankers' Acceptances

INVESTMENT: Domestic Bankers' Acceptances only shall be authorized as acceptable investments for the Tuolumne County Treasurer's Office.

REASONS: Bankers Acceptances (BAs) are a suitable alternative to Fed Funds as a short- term investment. In addition to providing additional yield, they are considered a safe and liquid investment.

DEFINITION: A BA is a time draft on and accepted by a bank for payment of the shipment or storage of merchandise. The initial obligation of payment rests with the drawer, but the bank substitutes its credit standing for that of the borrower and assumes the obligation to pay face value at maturity.

LEGAL AUTHORITY: Section 53601 of the Government Code allows local agencies to place up to 40 percent of surplus funds in banker's acceptances.

CHARACTERISTICS: BAs are issued in bearer form and are a discount instrument. Normal trading blocks are $5 million, but the odd-lot market is active. The majorities of BAs are created with a 90-day maturity and rarely extend over 180 days.
Due to the high volume being traded, they are relatively liquid instruments with spreads between the quoted bid and offer typically being between five and ten basis points, but are often brokered for as little as two basis points.
The spread between treasuries and BAs will vary, depending upon a variety of circumstances. During periods of tight money, the spreads can be substantial. Likewise, easy money can produce narrower yield differentials.
Since BAs are a "two-name paper" they are perceived to be the safest of bank obligations. During the more than 70 years that BAs have been actively traded in the U.S., no loss of principal has been documented.

GUIDELINES: Banker's Acceptances eligible for purchase by the Tuolumne County Treasurer's Office shall:

- Be only the most financially sound banks
- Purchased from banks that are approved by the Tuolumne County Treasurer
- Have up to 40 percent maximum invested in BAs, but no more than 15 percent of funds in the Tuolumne County treasury placed in the BAs of any one bank at any one time
- Have in combination with all other investments from the same bank (excluding repurchase agreements and commercial paper with maturities of seven days or less), BAs of any one bank should not exceed 20 percent of surplus funds.

Commercial Paper

INVESTMENT: Commercial Paper (CP) shall be authorized as an acceptable investment of the Tuolumne County Treasurer's Office.

REASONS: Commercial paper can be an appropriate short-term investment because of its yield, liquidity and choice of maturities.

DEFINITION: Commercial paper is unsecured negotiable instruments normally issued by and financially sound corporations.

LEGAL AUTHORITY: Section 53601 of the Government Code allows local agencies to invest up to 30 percent of surplus funds in commercial paper if certain conditions are met.

CHARACTERISTICS: Commercial paper can be issued bearing a coupon or it can be discounted. Maturities never exceed 270 days and the majority of commercial paper is issued for 30 days or less. It can be issued by an "industrial" company of a bank holding company, but not directly by a bank.
Commercial paper can be written for any amount, but normally is issued in increments of $1 million. There is a secondary market for commercial paper, but it has very limited liquidity compared to the CD or BA markets.
Commercial paper issuers can obtain a letter of credit from a bank to guarantee payment of principal and interest at maturity or a bank line of credit that can be drawn on for such payments.Top grade commercial paper will typically yield slightly less than top grade CDs.

GUIDELINES: Commercial paper eligible for purchase by the Tuolumne County Treasurer's Office shall:

- Have the highest rating offered by Moody's Investors Service, Inc. (A-1), or Standard and Poor's Corporation (P-1). (Current Law)
- Have a Moody's or Standard and Poor's rating of "A" or better on its debentures other than commercial paper. (Current Law)

- Be approved by the Tuolumne County Treasurer. This is the same restriction placed on banks that issue BAs and CDs.
- Be organized and operating within the United States. (Current Law)
- Have assets in excess of $500,000,000.00. (Current Law)
- No more than 10 percent of surplus funds shall be placed in the commercial paper of any one institution at any one time. (Law as of 01/01/00)
- Up to 40% of surplus funds placed in commercial paper. (Law as of 1/01/00)
- In combination with all other investments from the same bank (excluding repurchase agreements of seven days or less) the commercial paper of any one institution shall not exceed 20 percent of surplus funds.

Supranationals

INVESTMENT: Supranationals shall be authorized as acceptable investment instruments for the Tuolumne County Treasurer's Office.

REASONS: Supranationals are a suitable alternative to Agencies. In addition to providing additional yield, they are considered a safe investment.

DEFINITION: International institutions formed by two or more governments that transcend boundaries to pursue mutually beneficial economic or social goals. Supranational organizations also issue debt in the United States.

LEGAL AUTHORITY: Section 53601(q) of the Government Code allows local agencies to invest in bonds issued by one of three supranational institutions: The International Bank for Reconstruction and Development (IBRD or World Bank), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).

CHARACTERISTICS: These three supranational entities were established by international treaties, incorporated into U.S. Federal law by Congressional Acts and headquartered in Washington D.C. Currently these entities carry the highest credit ratings (AAA) based on their financial structure, polices, performance and capital support from shareholders.
Securities issued by approved supranationals include benchmark bonds, global bonds, structured notes, plain fixed and floating rate notes, discount notes as well as green bonds.

GUIDELINES: Supranationals eligible for purchase by the Tuolumne County Treasurer's Office shall:

- Have a maturity of five years or less
- Be eligible for puchase and sale within the US

- Be in a rating category of “AA” or its equivalent or better by a nationally recognized statistical rating organization (NRSRO)
- Cannot exceed 15 percent of the agency’s investment portfolio

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APPENDIX H

TABLE OF ACCRETED VALUES

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BOND ACCRETED VALUE TABLE

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
(Tuolumne County, California)
General Obligation Bonds
Election of 2012, Series C
Premium Capital Appreciation Bonds (PCABs) & Capital Appreciation Bonds (CABs)
'AA-' Rating (S&P), Bank Qualified, PCABs - Non-Callable, CABs - 8/1/25 Call
FINAL PRICING as of 10-12-17

Date	Premium Capital Appreciation Bonds 08/01/2024 2.28%	Premium Capital Appreciation Bonds 08/01/2025 2.48%	Premium Capital Appreciation Bonds 08/01/2026 2.73%	Premium Capital Appreciation Bonds 08/01/2027 2.83%	Capital Appreciation Bonds 08/01/2028 2.98%	Capital Appreciation Bonds 08/01/2029 3.18%	Capital Appreciation Bonds 08/01/2030 3.33%	Capital Appreciation Bonds 08/01/2031 3.42%	Capital Appreciation Bonds 08/01/2032 3.56%	Capital Appreciation Bonds 08/01/2033 3.68%	Capital Appreciation Bonds 08/01/2034 3.79%
10/26/2017	4,289.15	4,129.15	3,942.40	3,800.20	3,636.55	3,449.70	3,280.15	3,135.15	2,969.70	2,813.95	2,664.50
02/01/2018	4,314.90	4,156.10	3,970.75	3,828.45	3,665.05	3,478.50	3,308.85	3,163.35	2,997.45	2,841.15	2,691.05
08/01/2018	4,364.05	4,207.65	4,024.95	3,882.65	3,719.65	3,533.85	3,363.95	3,217.45	3,050.85	2,893.45	2,742.05
02/01/2019	4,413.80	4,259.80	4,079.90	3,937.60	3,775.05	3,590.00	3,420.00	3,272.45	3,105.15	2,946.70	2,794.00
08/01/2019	4,464.15	4,312.65	4,135.55	3,993.30	3,831.30	3,647.10	3,476.90	3,328.45	3,160.40	3,000.90	2,846.95
02/01/2020	4,515.05	4,366.10	4,192.00	4,049.80	3,888.40	3,705.10	3,534.80	3,385.35	3,216.65	3,056.10	2,900.90
08/01/2020	4,566.50	4,420.25	4,249.25	4,107.10	3,946.35	3,764.00	3,593.65	3,443.25	3,273.90	3,112.35	2,955.85
02/01/2021	4,618.55	4,475.05	4,307.25	4,165.25	4,005.15	3,823.85	3,653.50	3,502.10	3,332.20	3,169.60	3,011.90
08/01/2021	4,671.20	4,530.55	4,366.05	4,224.15	4,064.80	3,884.65	3,714.35	3,562.00	3,391.50	3,227.95	3,068.95
02/01/2022	4,724.45	4,586.70	4,425.65	4,283.95	4,125.40	3,946.40	3,776.20	3,622.90	3,451.90	3,287.35	3,127.10
08/01/2022	4,778.35	4,643.60	4,486.05	4,344.55	4,186.85	4,009.15	3,839.05	3,684.85	3,513.30	3,347.80	3,186.40
02/01/2023	4,832.80	4,701.20	4,547.30	4,406.05	4,249.25	4,072.90	3,902.95	3,747.85	3,575.85	3,409.40	3,246.75
08/01/2023	4,887.90	4,759.50	4,609.35	4,468.40	4,312.55	4,137.65	3,967.95	3,811.95	3,639.50	3,472.15	3,308.30
02/01/2024	4,943.60	4,818.50	4,672.25	4,531.60	4,376.80	4,203.45	4,034.00	3,877.15	3,704.30	3,536.05	3,371.00
08/01/2024	5,000.00	4,878.25	4,736.05	4,595.75	4,442.05	4,270.30	4,101.20	3,943.45	3,770.25	3,601.10	3,434.85
02/01/2025		4,938.75	4,800.70	4,660.75	4,508.20	4,338.20	4,169.45	4,010.90	3,837.35	3,667.35	3,499.95
08/01/2025		5,000.00	4,866.20	4,726.70	4,575.40	4,407.15	4,238.90	4,079.45	3,905.65	3,734.85	3,566.30
02/01/2026			4,932.65	4,793.60	4,643.55	4,477.25	4,309.45	4,149.25	3,975.15	3,803.55	3,633.85
08/01/2026			5,000.00	4,861.40	4,712.75	4,548.45	4,381.25	4,220.20	4,045.95	3,873.55	3,702.70
02/01/2027				4,930.20	4,782.95	4,620.75	4,454.20	4,292.35	4,117.95	3,944.85	3,772.90
08/01/2027				5,000.00	4,854.25	4,694.20	4,528.35	4,365.75	4,191.25	4,017.40	3,844.40
02/01/2028					4,926.55	4,768.85	4,603.75	4,440.40	4,265.85	4,091.35	3,917.25
08/01/2028					5,000.00	4,844.70	4,680.40	4,516.35	4,341.80	4,166.60	3,991.45
02/01/2029						4,921.70	4,758.30	4,593.55	4,419.05	4,243.30	4,067.10
08/01/2029						5,000.00	4,837.55	4,672.10	4,497.75	4,321.35	4,144.20
02/01/2030							4,918.10	4,752.00	4,577.80	4,400.85	4,222.70
08/01/2030							5,000.00	4,833.25	4,659.25	4,481.85	4,302.75
02/01/2031								4,915.90	4,742.20	4,564.30	4,384.25
08/01/2031								5,000.00	4,826.60	4,648.30	4,467.35
02/01/2032									4,912.55	4,733.85	4,552.00
08/01/2032									5,000.00	4,820.95	4,638.25
02/01/2033										4,909.65	4,726.15
08/01/2033										5,000.00	4,815.75
02/01/2034											4,907.00
08/01/2034											5,000.00
02/01/2035											
08/01/2035											
02/01/2036											
08/01/2036											
02/01/2037											
08/01/2037											
02/01/2038											
08/01/2038											

BOND ACCRETED VALUE TABLE

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
(Tuolumne County, California)
General Obligation Bonds
Election of 2012, Series C
Premium Capital Appreciation Bonds (PCABs) & Capital Appreciation Bonds (CABs)
'AA-' Rating (S&P), Bank Qualified, PCABs - Non-Callable, CABs - 8/1/25 Call
FINAL PRICING as of 10-12-17

Date	Premium Capital Appreciation Bonds 08/01/2024 2.28%	Premium Capital Appreciation Bonds 08/01/2025 2.48%	Premium Capital Appreciation Bonds 08/01/2026 2.73%	Premium Capital Appreciation Bonds 08/01/2027 2.83%	Capital Appreciation Bonds 08/01/2028 2.98%	Capital Appreciation Bonds 08/01/2029 3.18%	Capital Appreciation Bonds 08/01/2030 3.33%	Capital Appreciation Bonds 08/01/2031 3.42%	Capital Appreciation Bonds 08/01/2032 3.56%	Capital Appreciation Bonds 08/01/2033 3.68%	Capital Appreciation Bonds 08/01/2034 3.79%
02/01/2039											
08/01/2039											
02/01/2040											
08/01/2040											
02/01/2041											
08/01/2041											
02/01/2042											
08/01/2042											

BOND ACCRETED VALUE TABLE

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
(Tuolumne County, California)
General Obligation Bonds
Election of 2012, Series C
Premium Capital Appreciation Bonds (PCABs) & Capital Appreciation Bonds (CABs)
'AA-' Rating (S&P), Bank Qualified, PCABs - Non-Callable, CABs - 8/1/25 Call
FINAL PRICING as of 10-12-17

Date	Capital Appreciation Bonds 08/01/2035 3.84%	Capital Appreciation Bonds 08/01/2036 3.88%	Capital Appreciation Bonds 08/01/2037 3.97%	Capital Appreciation Bonds 08/01/2038 4.01%	Capital Appreciation Bonds 08/01/2039 4.03%	Capital Appreciation Bonds 08/01/2040 4.05%	Capital Appreciation Bonds 08/01/2041 4.07%	Capital Appreciation Bonds 08/01/2042 4.09%
10/26/2017	2,544.05	2,431.15	2,299.05	2,192.50	2,098.15	2,007.10	1,919.25	1,834.55
02/01/2018	2,569.70	2,455.90	2,323.00	2,215.55	2,120.35	2,028.45	1,939.80	1,854.25
08/01/2018	2,619.05	2,503.55	2,369.10	2,260.00	2,163.10	2,069.55	1,979.25	1,892.15
02/01/2019	2,669.35	2,552.15	2,416.15	2,305.30	2,206.70	2,111.45	2,019.55	1,930.85
08/01/2019	2,720.60	2,601.65	2,464.10	2,351.55	2,251.15	2,154.20	2,060.65	1,970.35
02/01/2020	2,772.85	2,652.10	2,513.00	2,398.70	2,296.50	2,197.85	2,102.55	2,010.65
08/01/2020	2,826.10	2,703.55	2,562.90	2,446.75	2,342.80	2,242.35	2,145.35	2,051.75
02/01/2021	2,880.35	2,756.00	2,613.75	2,495.85	2,390.00	2,287.75	2,189.00	2,093.75
08/01/2021	2,935.65	2,809.50	2,665.65	2,545.85	2,438.15	2,334.05	2,233.55	2,136.55
02/01/2022	2,992.00	2,864.00	2,718.55	2,596.90	2,487.30	2,381.35	2,279.00	2,180.25
08/01/2022	3,049.45	2,919.55	2,772.55	2,649.00	2,537.40	2,429.55	2,325.40	2,224.85
02/01/2023	3,108.00	2,976.20	2,827.55	2,702.10	2,588.55	2,478.75	2,372.70	2,270.30
08/01/2023	3,167.65	3,033.95	2,883.70	2,756.25	2,640.70	2,528.95	2,421.00	2,316.75
02/01/2024	3,228.50	3,092.80	2,940.95	2,811.55	2,693.90	2,580.15	2,470.25	2,364.15
08/01/2024	3,290.50	3,152.80	2,999.30	2,867.90	2,748.20	2,632.40	2,520.55	2,412.50
02/01/2025	3,353.65	3,213.95	3,058.85	2,925.40	2,803.55	2,685.70	2,571.85	2,461.80
08/01/2025	3,418.05	3,276.30	3,119.55	2,984.05	2,860.05	2,740.10	2,624.15	2,512.15
02/01/2026	3,483.70	3,339.85	3,181.50	3,043.90	2,917.70	2,795.60	2,677.60	2,563.55
08/01/2026	3,550.55	3,404.65	3,244.65	3,104.95	2,976.45	2,852.20	2,732.05	2,615.95
02/01/2027	3,618.75	3,470.70	3,309.05	3,167.20	3,036.45	2,909.95	2,787.65	2,669.45
08/01/2027	3,688.20	3,538.05	3,374.75	3,230.70	3,097.65	2,968.90	2,844.40	2,724.05
02/01/2028	3,759.05	3,606.70	3,441.75	3,295.45	3,160.05	3,029.00	2,902.30	2,779.75
08/01/2028	3,831.20	3,676.65	3,510.05	3,361.55	3,223.70	3,090.35	2,961.35	2,836.60
02/01/2029	3,904.75	3,748.00	3,579.75	3,428.95	3,288.70	3,152.95	3,021.60	2,894.60
08/01/2029	3,979.75	3,820.70	3,650.80	3,497.70	3,354.95	3,216.80	3,083.10	2,953.80
02/01/2030	4,056.15	3,894.80	3,723.25	3,567.80	3,422.55	3,281.90	3,145.85	3,014.20
08/01/2030	4,134.05	3,970.40	3,797.15	3,639.35	3,491.50	3,348.40	3,209.85	3,075.85
02/01/2031	4,213.40	4,047.40	3,872.55	3,712.30	3,561.85	3,416.20	3,275.15	3,138.75
08/01/2031	4,294.30	4,125.90	3,949.40	3,786.75	3,633.65	3,485.35	3,341.80	3,202.95
02/01/2032	4,376.75	4,205.95	4,027.80	3,862.70	3,706.85	3,555.95	3,409.85	3,268.45
08/01/2032	4,460.80	4,287.55	4,107.75	3,940.10	3,781.55	3,627.95	3,479.20	3,335.30
02/01/2033	4,546.45	4,370.75	4,189.30	4,019.10	3,857.75	3,701.40	3,550.00	3,403.50
08/01/2033	4,633.70	4,455.55	4,272.45	4,099.70	3,935.50	3,776.35	3,622.25	3,473.10
02/01/2034	4,722.70	4,541.95	4,357.25	4,181.90	4,014.80	3,852.85	3,696.00	3,544.10
08/01/2034	4,813.35	4,630.10	4,443.75	4,265.75	4,095.70	3,930.85	3,771.20	3,616.60
02/01/2035	4,905.80	4,719.90	4,531.95	4,351.30	4,178.20	4,010.45	3,847.95	3,690.55
08/01/2035	5,000.00	4,811.50	4,621.90	4,438.55	4,262.40	4,091.70	3,926.25	3,766.00
02/01/2036		4,904.80	4,713.65	4,527.50	4,348.30	4,174.55	4,006.15	3,843.05
08/01/2036		5,000.00	4,807.25	4,618.30	4,435.90	4,259.05	4,087.65	3,921.65
02/01/2037			4,902.65	4,710.90	4,525.30	4,345.30	4,170.85	4,001.85
08/01/2037			5,000.00	4,805.35	4,616.50	4,433.30	4,255.75	4,083.65
02/01/2038				4,901.70	4,709.50	4,523.10	4,342.35	4,167.20
08/01/2038				5,000.00	4,804.40	4,614.70	4,430.70	4,252.40

BOND ACCRETED VALUE TABLE

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
(Tuolumne County, California)
General Obligation Bonds
Election of 2012, Series C
Premium Capital Appreciation Bonds (PCABs) & Capital Appreciation Bonds (CABs)
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02/01/2039					4,901.20	4,708.10	4,520.85	4,339.35
08/01/2039					5,000.00	4,803.45	4,612.85	4,428.10
02/01/2040						4,900.75	4,706.75	4,518.65
08/01/2040						5,000.00	4,802.50	4,611.05
02/01/2041							4,900.25	4,705.35
08/01/2041							5,000.00	4,801.60
02/01/2042								4,899.75
08/01/2042								5,000.00

SUMMERVILLE UNION HIGH SCHOOL DISTRICT (Tuolumne County, California) General Obligation Bonds Election of 2012, Series C

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