NEW ISSUE – FULL BOOK-ENTRY

RATINGS: Fitch: "F1+" / "AAA"
Moody's: "MIG 1" / "Aa2"
(See "MISCELLANEOUS – Ratings" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Tax-Exempt Bonds and the Taxable Bonds. See "TAX MATTERS" herein.

$43,735,000
SAN DIEGO UNIFIED SCHOOL DISTRICT
2017 General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
(Election of 2012, Series H-1)
(Federally Taxable)

$176,265,000
SAN DIEGO UNIFIED SCHOOL DISTRICT
2017 General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
(Election of 2012, Series H-2)

Dated: Date of Delivery

Due: January 1 or July 1, as shown on the inside cover.

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The San Diego Unified School District (the "District") 2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series H-1) (Federally Taxable) (the "Series H-1 Bonds" or the "Taxable Bonds") and the 2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series H-2) (the "Series H-2 Bonds" or the "Tax-Exempt Bonds" and, together with the Series H-1 Bonds, the "Series H Bonds" or the "Bonds") were authorized by the registered voters of the District at an election held on November 6, 2012 at which the requisite 55% or more of the persons voting on the bond proposition ("Proposition Z") voted to authorize the issuance and sale of $2.8 billion principal amount of general obligation bonds of the District (the "2012 Election"). The Series H Bonds are the eighth issuance of general obligation bonds of the District authorized at the 2012 Election.

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT, SECURED AND PAYABLE FROM *AD VALOREM* PROPERTY TAXES ASSESSED UPON ALL PROPERTY SUBJECT TO TAXATION BY THE DISTRICT, WHICH THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO (THE "COUNTY") IS EMPOWERED AND OBLIGATED TO LEVY WITHOUT LIMITATION AS TO RATE OR AMOUNT (EXCEPT FOR CERTAIN PERSONAL PROPERTY WHICH IS TAXABLE AT LIMITED RATES) ALL AS MORE FULLY DESCRIBED UNDER "SECURITY AND SOURCES OF PAYMENT" HEREIN. THE BONDS ARE PAYABLE ON A PARITY WITH ALL OTHER GENERAL OBLIGATION BONDS OF THE DISTRICT PAYABLE FROM *AD VALOREM* TAXES.

The Bonds are being issued as current interest bonds. Interest on the Bonds accrues from their date of delivery, computed on the basis of a 360-day year comprised of twelve (12) 30-day months, such interest being payable on January 1 and July 1 of each year, commencing January 1, 2018.

The Bonds will be issued in book-entry form only, in denominations of $5,000 principal amounts, or any integral multiple thereof. The Bonds will be initially registered in the name of a nominee of The Depository Trust Company ("DTC"). Purchasers will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by the County of San Diego, California, Office of the Treasurer-Tax Collector, as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "APPENDIX G: BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are not subject to redemption prior to maturity.

MATURITY SCHEDULES
(See Inside Cover)

Goldman Sachs & Co. LLC **STIFEL**

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Certain matters will be passed upon for the District by its General Counsel and for the Underwriters by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. KNN Public Finance, LLC, Los Angeles, California, serves as Municipal Advisor to the District, and Norton Rose Fulbright US LLP, Los Angeles, California serves as Disclosure Counsel to the District in connection with the issuance of the Bonds. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about November 1, 2017.

Dated: October 3, 2017

MATURITY SCHEDULES

$43,735,000
SAN DIEGO UNIFIED SCHOOL DISTRICT
2017 General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
(Election of 2012, Series H-1)
(Federally Taxable)

Maturity (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP* (797355)
2018	$43,735,000	1.250%	1.250%	100.000%	5J9

$176,265,000
SAN DIEGO UNIFIED SCHOOL DISTRICT
2017 General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
(Election of 2012, Series H-2)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (797355)
2018	$32,530,000	4.000%	0.900%	102.054%	5K6
2019	87,895,000	5.000	0.990	106.610	5L4
2020	55,840,000	5.000	1.070	110.303	5M2

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* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the holders of the Bonds. Neither the District nor the Underwriters are responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

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

The Bonds have not been registered under the Securities Act of 1933, in reliance upon an exemption contained in such Act. The Bonds have not been registered under the securities laws of any state.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

By placing an order for the Bonds with an Underwriter, you agree that if you are allocated Bonds, the Underwriter may disclose your identity to the District as an initial purchaser of the Bonds, unless you advise your sales representative otherwise.

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

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

SAN DIEGO UNIFIED SCHOOL DISTRICT
County of San Diego, California

BOARD OF EDUCATION

Name	**Position**	**Term Ending**
Richard Barrera	President	December 2020
Kevin Beiser	Vice President	December 2018
Dr. John Lee Evans	Member	December 2020
Dr. Michael McQuary	Member	December 2018
Dr. Sharon Whitehurst-Payne	Member	December 2020

District Administrators

Cynthia Marten, Superintendent of Public Education
Gregory K. Ottinger, Ed.D., Chief Business Officer
Debbie Foster, Executive Director, Financial Planning and Development
Candi Lukat, Controller
Lee Dulgeroff, Chief Facilities Planning and Construction Officer
Andra M. Donovan, General Counsel

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Municipal Advisor

KNN Public Finance, LLC
Los Angeles, California

Paying Agent

Treasurer-Tax Collector of the County of San Diego
San Diego, California

Fiscal Agent

MUFG Union Bank, N.A.
Los Angeles, California

Disclosure Dissemination Agent

Digital Assurance Certification, L.L.C.
Orlando, Florida

DAC Bond®

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(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)	**(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)**
(Election of 2012, Series H-1)	**(Election of 2012, Series H-2)**
(Federally Taxable)	

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, including the cover page, inside cover pages and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT, SECURED AND PAYABLE FROM *AD VALOREM* PROPERTY TAXES ASSESSED ON TAXABLE PROPERTIES WITHIN THE DISTRICT, WITHOUT LIMITATION AS TO RATE OR AMOUNT (EXCEPT FOR CERTAIN PERSONAL PROPERTY WHICH IS TAXABLE AT LIMITED RATES). THE BONDS ARE NOT AN OBLIGATION OF THE COUNTY OR OF THE GENERAL FUND OF THE DISTRICT. SEE "SECURITY AND SOURCES OF PAYMENT" HEREIN.

This Official Statement, which includes the cover and inside cover pages and appendices hereto, is provided to furnish information in connection with the sale of the San Diego Unified School District (the "District") 2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series H-1) (Federally Taxable), in the aggregate principal amount of $43,735,000 (the "Series H-1 Bonds" or the "Taxable Bonds"), and the 2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series H-2), in the aggregate principal amount of $176,265,000 (the "Series H-2 Bonds" or the "Tax-Exempt Bonds" and, together with the Series H-1 Bonds, the "Series H Bonds" or "Bonds"). The issuance of the Bonds was authorized by a resolution adopted on September 12, 2017, by the Board of Education of the San Diego Unified School District (the "District Resolution"). The sale of the Bonds and the Supplemental Paying Agent Agreement for the Bonds were authorized by a resolution adopted on September 26, 2017 by the Board of Supervisors of the County of San Diego (the "County Resolution" and, together with the District Resolution, the "Resolutions"). The Bonds are being delivered pursuant to a Paying Agent Agreement dated as of August 1, 2010, as supplemented and amended, including by an Eleventh Supplemental Paying Agent Agreement dated as of November 1, 2017 (collectively, the "Paying Agent Agreement"), by and between the District and the County of San Diego, as Paying Agent (the "Paying Agent"). The District anticipates that the Bonds will be issued and available for delivery through the facilities of DTC, New York, New York, on or about November 1, 2017.

The District

The District serves an area of 211 square miles, encompassing most of the populated portion of the City of San Diego (the "City"). Approximately 85% of the City's assessed valuation lies within the District. In terms of enrollment, the District is the second largest school district in the State of California with an estimated K-12 enrollment of 129,136 students (including charter school students and excluding preschool students) as of September 16, 2016. Taxable property located in the District has a 2017-18 assessed value of $177,638,674,290, a 6.40% increase from the fiscal year 2016-17 assessed value of

$166,959,935,147. The District's 2017-18 local secured assessed values are comprised of 271,373 residential and non-residential parcels. See "SECURITY AND SOURCES OF PAYMENT – Dedicated Unlimited *Ad Valorem* Property Tax Collection" herein.

The District is governed by a five-member Board of Education (the "Board" or "Board of Education") nominated by District subareas and elected at large within the District to serve alternating four-year terms. The chief executive officer of the District is called the Superintendent of Public Education.

As of June 1, 2017, the District operates 108 elementary schools, 9 K-8 schools, 25 middle/junior high schools, 23 senior high schools, 11 atypical/alternative schools, 46 State preschool sites, 9 child development centers and 4 special education centers. As of Fall 2017, the District authorized 48 operational charter schools. In addition, there is one charter school located on a District site that is authorized by the State. See "APPENDIX B: FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT."

The District's 2017-18 budget for all funds as of September 18, 2017 provides for the employment of approximately 6,626 full-time equivalent certificated staff positions, 5,423 full-time equivalent classified employees and over 5,000 active hourly certificated and classified employees. The District's budget for all funds for the 2017-18 Fiscal Year exceeds $1.80 billion. The District's audited financial statements for the Fiscal Year ended June 30, 2016 are attached hereto as APPENDIX C.

Purpose of the Bonds, Proposition MM, Proposition S and Proposition Z

Purpose of the Bonds. The District intends to use the proceeds from the sale of the Bonds to: (i) construct and improve various school facilities of the District under Proposition Z (as defined below), (ii) pay a portion of the debt service on the Series H-1 Bonds on January 1, 2018, and (iii) pay costs of issuance associated with the Bonds. The Bonds are issued pursuant to certain provisions of the State Education Code, the State Government Code and other applicable law and pursuant to the Resolutions. See "THE BONDS – Authority for Issuance."

Proposition Z. The District received authorization at an election held on November 6, 2012, by more than 62% of the votes cast by eligible voters within the District on the proposition to issue general obligation bonds in an amount not to exceed $2,800,000,000 for the purposes summarized as follows: repairing deteriorating 60-year-old classrooms, libraries, wiring, plumbing, bathrooms and leaky roofs; removing hazardous mold, asbestos, and lead; upgrading fire safety systems/doors; upgrading classroom instructional technology, labs and vocational education classrooms ("Proposition Z").

The District has previously issued $1,155,000,000 aggregate principal amount of general obligation bonds pursuant to Proposition Z. Depending on market conditions, the District anticipates selling approximately $450,000,000 aggregate principal amount of its 2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series I) (the "Series I Bonds") and $50,000,000 aggregate principal amount of its 2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series J) (Green Bonds) (the "Series J Bonds") on or about October 18, 2017. The final debt service schedule for the Series I Bonds and the Series J Bonds will be set forth in the Official Statement to be posted on EMMA after the sale of the Series I Bonds and Series J Bonds. The District expects to issue the Series I Bonds and the Series J Bonds on the same date as the Series H Bonds. Following the issuance of the Series H Bonds, Series I Bonds and the Series J Bonds in the anticipated amounts, the District will have issued approximately $1,875,000,000 of bonds pursuant to Proposition Z and will have $925,000,000 in aggregate remaining general obligation bond authorization under Proposition Z.

Proposition MM. The District received authorization at an election held on November 3, 1998 by more than 2/3 of the votes cast by eligible voters within the District on the proposition known as "Proposition MM" to issue general obligation bonds in an amount not to exceed $1,510,000,000. The District has previously issued all of the bonds pursuant to Proposition MM and has no remaining authorization under such proposition.

Proposition S. The District received authorization at an election held on November 4, 2008, by more than 68% of the votes cast by eligible voters within the District on the measure known as "Proposition S" to issue general obligation bonds in an amount not to exceed $2,100,000,000 for the purposes summarized as follows: improving neighborhood schools by repairing outdated student restrooms, deteriorated plumbing and roofs; upgrading career/vocational classrooms and labs; providing up-to-date classroom technology; improving school safety/security; replacing dilapidated portable classrooms; upgrading fire alarms; and removing hazardous substances.

In November 2017, the District anticipates selling $100,000,000 aggregate principal amount of its 2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2008, Series K) pursuant to its Proposition S authorization. Such bonds are expected to be executed and delivered in December 2017. To date, the District has issued $761,861,156 aggregate principal or issue amount of general obligation bonds pursuant to Proposition S and has $1,338,138,844 in aggregate remaining general obligation bond authorization under such proposition.

All general obligation bonds of the District are payable on parity with one another. See "APPENDIX B: FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT – FINANCIAL INFORMATION - Long Term Obligations" for details regarding the District's general obligation bonds.

Security and Source of Payment for the Bonds

The Bonds are payable from *ad valorem* taxes upon all property subject to taxation by the District, which the County Board of Supervisors is empowered and obligated to levy without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). Pursuant to Section 15250 of the State Education Code, the County is obligated to levy a tax for each year in which general obligation bonds of the District are outstanding, in an amount not less than that sufficient to pay principal of and interest on all outstanding bonds due during that year. See "SECURITY AND SOURCES OF PAYMENT."

Description of the Bonds

Payments. The Bonds are being issued as current interest bonds. Interest on the Bonds accrues from their date of delivery, computed on the basis of a 360-day year comprised of twelve (12) 30-day months, and such interest is payable on January 1 and July 1 of each year (each, an "Interest Payment Date"), commencing January 1, 2018.

Principal of the Bonds is payable when due upon surrender of the Bonds at the office of the Paying Agent. As long as DTC (defined below) is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to Owners only to DTC. The Series H-1 Bonds and the Series H-2 Bonds mature on January 1 and July 1, respectively, in the years indicated on the inside cover pages hereof.

Denomination and Registration. The Bonds will be issued in fully registered form only, without coupons, and will be issued in denominations and amounts of $5,000 principal amounts, or any integral multiple thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The

Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Owners will not receive physical certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. See "THE BONDS – General Provisions" and "APPENDIX G: BOOK-ENTRY ONLY SYSTEM."

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Tax-Exempt Bonds and the Taxable Bonds. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their validity by Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about November 1, 2017.

Continuing Disclosure

The District has covenanted for the benefit of the Owners (including beneficial owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Report") by a date not later than nine months following the end of the District's fiscal year (which ends June 30), commencing with the report for the 2016-17 Fiscal Year (which is due no later than March 31, 2018), and to provide notices of the occurrence of certain enumerated events. See "APPENDIX E: PROPOSED FORM OF DISCLOSURE DISSEMINATION AGREEMENT." The District has entered into a Disclosure Dissemination Agent Agreement (the "Disclosure Dissemination Agreement") for the benefit of the Owners with Digital Assurance Certification, L.L.C. ("DAC") under which the District has designated DAC as Disclosure Dissemination Agent (the "Disclosure Dissemination Agent"). See "LEGAL MATTERS – Continuing Disclosure" herein. These covenants are being made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, is acting as Bond Counsel to the District with respect to the Bonds. Certain matters will be passed upon for the District by its General Counsel. KNN Public Finance, LLC, Los Angeles, California, is acting as Municipal Advisor to the District with respect to the Bonds. Norton Rose Fulbright US LLP, Los Angeles, California, is acting as Disclosure Counsel to the District. Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California is acting as counsel to the Underwriters with respect to the Bonds. The Treasurer-Tax Collector of the County of San Diego, California is acting as Paying Agent with respect to the Bonds. Bond Counsel, Disclosure Counsel and Underwriters' Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

Other Information

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

Copies of documents referred to herein and information concerning the Bonds are available from the San Diego Unified School District, 4100 Normal Street, Room 2214, San Diego, California 92103-2682, Attention: Chief Business Officer. The District may impose a fee for copying, handling and mailing such requested documents.

PLAN OF FINANCE

The Project

Project Description. The District received authorization under Proposition Z to issue general obligation bonds in an amount not to exceed $2,800,000,000 for the general purposes of repairing neighborhood schools and charter schools by: repairing deteriorating 60-year-old classrooms, libraries, wiring, plumbing, bathrooms and leaky roofs; removing hazardous mold, asbestos, and lead; upgrading fire safety systems/doors; and upgrading classroom instructional technology, labs and vocational education classrooms. Proceeds from the sale of the Bonds will be used for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, subject to the limitations set forth in the full text of Proposition Z. See "INTRODUCTION – Purpose of the Bonds, Proposition MM, Proposition S and Proposition Z" herein. Premium received by the District from the sale of the Bonds is required to be deposited in the interest and sinking fund of the District. It is expected that such premium will be applied to pay a portion of the debt service on the Series H-1 Bonds on January 1, 2018.

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ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	Series H-1 Bonds	Series H-2 Bonds	Total
Principal Amount of Bonds	$43,735,000.00	$176,265,000.00	$220,000,000.00
Original Issue Premium	--	12,231,220.90	12,231,220.90
Total Sources	$43,735,000.00	$188,496,220.90	$232,231,220.90
Uses of Funds			
Deposit to Building Fund	$43,735,000.00	$176,265,000.00	$220,000,000.00
Deposit to Interest and Sinking Fund[1]	--	11,656,441.15	11,656,441.15
Underwriters' Discount and Costs of Issuance[2]	--	574,779.75	574,779.75
Total Uses	$43,735,000.00	$188,496,220.90	$232,231,220.90

[1] Deposit to be applied to pay a portion of the debt service on the Series H-1 Bonds on January 1, 2018.

[2] Costs of Issuance include Bond Counsel and Disclosure Counsel fees, rating agency fees, paying agent fees, fiscal agent and escrow agent fees, printing fees, County costs, demographic data and other issuance expenses. See "MISCELLANEOUS – Underwriting" herein, for specific information regarding Underwriters' compensation.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Articles 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code, the State Education Code and other applicable law, and pursuant to the District Resolution adopted by the District Board of Education on September 12, 2017 and the County Resolution adopted by the County Board of Supervisors on September 26, 2017. The District Resolution requests that the County sell the Bonds on behalf of the District and directs that the District enter into a Supplemental Paying Agent Agreement by and between the District and the County, as Paying Agent, under which provisions are made for the registration, transfer, exchange and payment of the Bonds. The Bonds will also be issued pursuant to the Eleventh Supplemental Paying Agent Agreement.

General Provisions

The Bonds shall be issued as current interest bonds. The Bonds shall be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof, shall be dated the date of their delivery, shall accrue interest at the rates and shall mature on January 1, with respect to the Series H-1 Bonds, and July 1, with respect to the Series H-2 Bonds, in the years and in the principal amounts set forth on the inside cover page hereto. Principal of and interest on the Series H-1 Bonds shall be payable at maturity upon surrender of the Series H-1 Bonds to the Paying Agent. The Series H-2 Bonds shall bear interest at the respective rates set forth on the inside cover hereof, payable on January 1 and July 1 of each year, commencing January 1, 2018, until payment of the principal amount thereof. Interest on the Bonds shall be calculated on the basis of a 360-day year comprised of twelve (12) 30-day months.

No Bond shall have principal maturing on more than one principal maturity date. The Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Interest on and principal of the Series H-1 Bonds are payable in lawful money of the United States of America to the Owner thereof, upon surrender of the Series H-1 Bonds at the office of the Paying Agent at maturity. Principal of the Series H-2 Bonds is payable in lawful money of the United States of America to the Owner thereof, upon surrender of the Series H-2 Bonds at the office of the Paying Agent at maturity. So long as Cede & Co. or its registered assigns shall be the registered owner of any of the Bonds, payment shall be made to Cede & Co. by wire transfer as provided in the Paying Agent Agreement. The Paying Agent, the District, the County and the Underwriters 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, or interest in the Bonds. For information about the securities depository and DTC's book-entry system, see "APPENDIX G: BOOK-ENTRY ONLY SYSTEM."

Interest on the Series H-2 Bonds shall be payable to the Owner thereof from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series H-2 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series H-2 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the dated date thereof, or (iii) interest on any Series H-2 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full. The interest on the Series H-2 Bonds is payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered owner thereof as of the close of business on the applicable Record Date for each Interest Payment Date, whether or not such day is a business day, such interest to be paid by check mailed on such Interest Payment Date to such registered owner at such registered owner's address as it appears on such registration books or at such address as the registered owner may have filed with the Paying Agent for that purpose. The interest payments on the Series H-2 Bonds may be made by federal fund wire transfer to any registered owner of at least $1,000,000 of outstanding Series H-2 Bonds who has requested in writing such method of payment of interest on the Series H-2 Bonds prior to the close of business on the applicable Record Date. "Record Date" means (a) the 15th day of the calendar month preceding each Interest Payment Date, whether or not such day is a Business Day and (b) any date established by the Paying Agent pursuant to the Paying Agent Agreement as a Record Date for the payment of defaulted interest on the Series H-2 Bonds, if any.

Registration, Transfer and Exchange of Bonds. The Bonds may be purchased in book-entry form only. See "APPENDIX G: BOOK-ENTRY ONLY SYSTEM." In the event the Bonds are not registered with a securities depository, the Bonds may be transferred, in whole or in part, upon the registration book maintained by the Paying Agent, and any Bond may be exchanged for Bonds of a like principal amount of the same series, interest rate, and maturity in other authorized denominations, upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a request for transfer or exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent.

Redemption

The Bonds shall not be subject to redemption prior to their respective stated maturity dates.

Defeasance

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or Defeasance Securities (defined below), in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the interest and sinking fund of the District, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates. In such event, the Owners of such Bonds shall cease to be entitled to the obligation of the District to levy taxes for the payment thereof, and such obligation and all agreements and covenants of the District and of the County to such Owners under the Resolutions and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the Bonds, but only out of monies on deposit in the interest and sinking fund or otherwise held in trust for such payment.

"Defeasance Securities" means (i) direct, non-callable obligations of the United States Treasury; (ii) direct non-callable and non-prepayable obligations which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest; (iii) non-callable, non-prepayable coupons from the above securities which are stripped pursuant to United States Treasury programs; (iv) non-callable and non-prepayable (or irrevocably called to a specified redemption date) refunded municipal bonds that are backed by an escrow funded with obligations of or guaranteed by the United States of America; (v) Resolution Funding Corporation (REFCORP) securities consisting of interest components stripped by the Federal Reserve Bank of New York; (vi) non-callable, and non-prepayable fixed rate Israel Notes guaranteed as to principal and interest by the United States of America through the United Agency for International Development (provided that, such notes maintain a rating at the same level as obligations of the United States Treasury and mature at least four business days before funds are needed for refunded bond debt service payments); (vii) United States State and Local Government Securities (SLGS); and (viii) the following non-callable, non-prepayable obligations of federal government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Farm Credit System, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration (provided such entities maintain a rating at the same level as obligations of the United States Treasury).

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Annual Debt Service

The annual debt service on the outstanding general obligation bonds of the District following the issuance of the Bonds is shown below:

San Diego Unified School District
Annual Debt Service

		Prop. Z Series H-1 General Obligation Bonds Net Debt Service			Prop. Z Series H-2 General Obligation Bonds Debt Service			
Year Ending (July 1)	Outstanding General Obligation Bonds Total Net Debt Service[1][2][3]	Principal[4]	Interest	Net Debt Service[3]	Principal	Interest	Debt Service	General Obligation Bonds Total Net Debt Service[1][2][3]
2018	$ 152,488,481.25	$43,735,000.00	$91,114.58	$32,169,673.43	$32,530,000.00	$5,658,633.33	$38,188,633.33	$222,846,788.01
2019	127,617,402.75	-	-	-	87,895,000.00	7,186,750.00	95,081,750.00	222,699,152.75
2020	169,273,256.26	-	-	-	55,840,000.00	2,792,000.00	58,632,000.00	227,905,256.26
2021	175,656,306.26	-	-	-	-	-	-	175,656,306.26
2022	179,853,681.26	-	-	-	-	-	-	179,853,681.26
2023	184,622,331.26	-	-	-	-	-	-	184,622,331.26
2024	192,453,956.26	-	-	-	-	-	-	192,453,956.26
2025	205,026,556.26	-	-	-	-	-	-	205,026,556.26
2026	211,860,131.26	-	-	-	-	-	-	211,860,131.26
2027	221,241,031.26	-	-	-	-	-	-	221,241,031.26
2028	215,667,731.26	-	-	-	-	-	-	215,667,731.26
2029	217,422,231.26	-	-	-	-	-	-	217,422,231.26
2030	212,868,531.26	-	-	-	-	-	-	212,868,531.26
2031	203,854,831.26	-	-	-	-	-	-	203,854,831.26
2032	185,899,681.26	-	-	-	-	-	-	185,899,681.26
2033	186,786,906.26	-	-	-	-	-	-	186,786,906.26
2034	188,321,625.00	-	-	-	-	-	-	188,321,625.00
2035	190,701,275.00	-	-	-	-	-	-	190,701,275.00
2036	199,221,225.00	-	-	-	-	-	-	199,221,225.00
2037	203,973,275.00	-	-	-	-	-	-	203,973,275.00
2038	208,839,500.00	-	-	-	-	-	-	208,839,500.00
2039	214,031,475.00	-	-	-	-	-	-	214,031,475.00
2040	266,566,562.50	-	-	-	-	-	-	266,566,562.50
2041	262,644,550.00	-	-	-	-	-	-	262,644,550.00
2042	205,754,137.50	-	-	-	-	-	-	205,754,137.50
2043	158,050,587.50	-	-	-	-	-	-	158,050,587.50
2044	166,112,781.26	-	-	-	-	-	-	166,112,781.26
2045	174,574,768.76	-	-	-	-	-	-	174,574,768.76
2046	111,546,962.50	-	-	-	-	-	-	111,546,962.50
2047	117,664,500.00	-	-	-	-	-	-	117,664,500.00
2048	115,881,030.95	-	-	-	-	-	-	115,881,030.95
2049	65,476,600.00	-	-	-	-	-	-	65,476,600.00
2050	70,483,946.60	-	-	-	-	-	-	70,483,946.60
2051	72,045,000.00	-	-	-	-	-	-	72,045,000.00
Total	**$6,034,482,849.21**	**$43,735,000.00**	**$91,114.58**	**$32,169,673.43**	**$176,265,000.00**	**$15,637,383.33**	**$191,902,383.33**	**$6,258,554,905.97**

(1) Includes Outstanding General Obligation Bonds from Proposition MM, Proposition S and Proposition Z. See "APPENDIX B: FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT – FINANCIAL INFORMATION - Long Term Obligations." Excludes Proposition Z bonds, Series I and Series J, expected to be issued in November 2017 and Proposition S bonds expected to be issued in December 2017. See "INTRODUCTION – Purpose of the Bonds, Proposition MM, Proposition S and Proposition Z" herein.

(2) Interest payments for the Proposition S 2010 General Obligation Bonds (Election of 2008, Series D-1 and Series D-2) Qualified School Construction Bonds (Taxable Direct Subsidy Bonds) are expected to be paid from Subsidy Payments from the United States Department of the Treasury, however, due to the federal budget sequestration, a portion of such interest payments are payable from *ad valorem* taxes. Such portion of those interest payments is included herein, assuming a 6.6% reduction in subsidy payments for each payment through September 30, 2018. Thereafter, net debt service assumes interest payments to be fully covered by subsidy payments and capitalized interest.

(3) Net debt service reflects the use of capitalized interest on portions of certain outstanding series and funded debt service on the Series H-1 Bonds. $11,656,441.15 of premium will be applied to reduce Series H-1 Bonds debt service in part and has been netted out of the Net Debt Service column.

(4) Series H-1 Bonds principal payment due January 1, 2018.

SECURITY AND SOURCES OF PAYMENT

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When collected, the tax revenues are required by law to be deposited by the Treasurer-Tax Collector of the County (the "County Treasurer") in the District's interest and sinking fund, which is required to be maintained by the County and to be used solely for the payment of general obligation bonds of the District.

The District will provide the County Treasurer with a schedule of the debt service on the Bonds for purposes of the County's annual tax levy, as required by Section 15140(c) of the State Education Code. Following receipt of that schedule, the County Auditor and Controller shall levy property taxes in each year in an amount at least sufficient to provide for payment of said debt service in full. See "– Tax Rates, Levies and Collection Procedures" and "– Tax Rate Reserves" herein.

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts levy property taxes for payment of voter-approved bonds and receive property taxes from a portion of the 1% general County levy for general operating purposes as well.

Under California law, the District's funds are deposited with the County Treasurer and invested as provided for under the investment policy of the County. See "APPENDIX F: SAN DIEGO COUNTY INVESTMENT POOL." As long as the County is serving as Paying Agent, the investments under the Paying Agent Agreement will be governed by the Investment Management Agreement between the County and the District.

Constitutional and Statutory Basis for the Levy of *Ad Valorem* Taxes

Article XIIIA of the California Constitution. On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the California Constitution ("Article XIIIA"). Article XIIIA limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIIIA approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and (as a result of a constitutional amendment approved by California voters on November 7, 2000) on bonded indebtedness incurred for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the bond measure. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-1976 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." Assessed value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. As a result, property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than the market value of the property. Similar property that has recently been acquired may have a substantially higher assessed value reflecting the recent acquisition price. Increases in assessed value in a taxing area due to the change in ownership of property may occur even when the rate of inflation or consumer price index do not permit an increase in assessed valuation of property that does not change ownership. Proposition 13 has had the effect of stabilizing assessed valuation such that it does not fluctuate as significantly as the market value of property, but instead gradually changes as longer owned residential properties are transferred and reassessed upon such transfer. On June 18, 1992, the United States Supreme Court issued a decision upholding the constitutionality of Article XIIIA (*Nordlinger v. Hahn*, 112 S. Ct. 2326, 120 L. Ed. 2d 1 (1992)).

Article XIIIA permits 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. Proposition 8, approved by the voters in November of 1978, provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds.

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 one percent 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 two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years. All taxable property is shown at full assessed value on the tax rolls. Consequently, the one percent tax rate is expressed as $1 per $100 of taxable value.

Prospective purchasers of the Bonds should be aware that, notwithstanding any decrease in assessed valuation for any fiscal year, the County is required to levy sufficient taxes to pay debt service on the Bonds. The consequence of any decrease in assessed valuation is a concomitant increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to cover debt service on the Bonds in full.

Pledge of Tax Revenues

Pursuant to the District Resolution, the District pledges all revenues from the property taxes collected from the levy by the County Board of Supervisors for the payment of the Bonds and amounts on deposit in the interest and sinking fund of the District to the payment of the principal or redemption price of and interest on the Bonds. This pledge is valid and binding from the date of adoption of the District Resolution for the benefit of the owners of the Bonds and successors thereto. The District Resolution provides that the property taxes and amounts held in the interest and sinking fund of the District are immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the interest and sinking fund of the District to secure the payment of the Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. "Bonds" for purpose of this pledge means all bonds of the District heretofore or hereafter issued pursuant to voter approved measures of the District, including Proposition MM, Proposition S and Proposition Z, as all such Bonds are required by State law to be paid from the interest and sinking fund of the District.

The District Resolution provides that the pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

Statutory Lien for General Obligation Bonds

State Government Code Section 53515 provides that general obligation bonds issued by California local agencies, like the District, are secured by a statutory lien on the *ad valorem* taxes levied and collected to pay principal of and interest on the bonds, regardless of whether the bond issuer or bondholders take any steps to pledge, record, or take possession of the taxes. See "LEGAL MATTERS – Possible Limitations on Remedies; Bankruptcy – *Statutory Lien*" herein.

Tax Rate Reserves

In order to avoid fluctuating tax rates in connection with District general obligation bonds, the County, at the request of the District has established certain reserve accounts where excess *ad valorem* property taxes collected by the County are deposited and held by the County (each a "Tax Rate Reserve"). The amounts in the Tax Rate Reserves may only be applied to pay, redeem and defease outstanding bonds. The County may discontinue the accumulation of excess *ad valorem* property taxes held in its Tax Rate Reserves at any time, at its discretion.

Memoranda of Understanding. The District and the County executed a Memorandum of Understanding, dated as of March 1, 2012 (the "2012 MOU"), with respect to establishing an annual reserve for bonds issued under Proposition MM and Proposition S for the purpose of avoiding a fluctuating tax levy in accordance with Section 15250 of the Education Code. The District and the County executed a Memorandum of Understanding, dated as of October 1, 2013 (the "2013 MOU"), with respect to establishing an annual reserve for bonds issued under Proposition Z for the purpose of avoiding a fluctuating tax levy in accordance with Section 15250 of the Education Code. The District executed Memoranda of Understanding, each dated as of July 1, 2017, (collectively, the "2017 MOU") with the County with respect to the tax rate reserves for bonds issued under Proposition Z and bonds issued under Proposition MM and Proposition S, respectively, which 2017 MOU supersedes the 2012 MOU and the 2013 MOU. Pursuant to the 2017 MOU, the District and the County agreed to limit the amounts held in the tax rate reserves. The Proposition MM/S Tax Rate Reserve (defined herein) has an upper limit of $50,000,000 and the Proposition Z Tax Rate Reserve (defined herein) has an upper limit of $25,000,000. Once those tax rate reserve thresholds are met, the District is obligated under the 2017 MOU to apply any excess over and above such limits to execute a defeasance plan or provide for payment of specific bonds or interest payments, as well as certain short term scheduled debt service payments, all as contemplated by the 2017 MOU.

County Tax Rate Reserve – Proposition MM and Proposition S. Pursuant to Proposition S, the District may only issue general obligation bonds if the projected annual tax rate to pay debt service on the proposed Proposition S bonds, when combined with the projected annual tax rate necessary to pay debt service on the then outstanding Proposition MM and Proposition S bonds of the District will not exceed $66.70 per $100,000 of assessed valuation. The District can only issue general obligation bonds under

Proposition S if projected tax rates necessary to pay debt service on the Proposition S bonds would remain at or below $60.00 per $100,000 of assessed valuations of taxable property within the District. On September 5, 2017, the District defeased $9,925,000 of its prior outstanding Proposition MM bonds, resulting in reduced debt service in 2018 and 2019 (see below).

SCHEDULE OF DEFEASED PROPOSITION MM BONDS

SAN DIEGO UNIFIED SCHOOL DISTRICT
2000 GENERAL OBLIGATION BONDS
(ELECTION OF 1998, SERIES B)

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP* (797355)
2019	$9,925,000.00	6.00%	JT2

PROPOSITION MM SCHEDULE OF DEFEASED AMOUNTS

Date	Principal	Interest	Total Debt Service
01/01/18	--	$297,750.00	$297,750.00
07/01/18	--	297,750.00	297,750.00
01/01/19	--	297,750.00	297,750.00
07/01/19	$9,925,000.00	297,750.00	10,222,750.00
Total	$9,925,000.00	$1,191,000.00	$11,116,000.00

This reduction in debt service in the near term allowed the accumulation of a tax rate reserve held and collected by the County (the "Proposition MM/S Tax Rate Reserve"), which as of September 7, 2017, held approximately $48,185,061. The Proposition MM/S Tax Rate Reserve is expected to be utilized over the term of the Proposition MM and Proposition S bonds to avoid a fluctuating tax rate and to allow the District to continue implementing its capital improvement program through the issuance of additional Proposition S general obligation bonds within the tax rate parameters identified in Proposition S.

The District continues to pursue refundings and defeasances in order to manage its tax rate levels. If future refundings of Proposition MM or Proposition S bonds cause the required tax rate necessary to pay debt service on the Proposition MM bonds and Proposition S bonds to fall below a level of $66.70 per $100,000 of assessed valuation, the District has requested that the County continue levying at the rate of $66.70 per $100,000 of assessed valuation until all the Proposition S bonds have been issued. Any taxes in excess of the amount necessary to pay debt service on the Proposition MM bonds and the Proposition S bonds in any year would be set aside in the Proposition MM/S Tax Rate Reserve to reduce the likelihood of future fluctuations in the tax rate. Though the District and the County have executed the 2017 MOU in connection with the Proposition MM/S Tax Rate Reserve, the County is not obligated to continue levying at the full tax rate in order to maintain or replenish the Proposition MM/S Tax Rate Reserve.

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* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the holders of the Bonds. Neither the District nor the Underwriters are responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

The aggregate principal amount of outstanding Election of 1998 (Proposition MM) Bonds is $1,038,804,932. The aggregate principal or issue amount of outstanding Election of 2008 (Proposition S) Bonds is $794,973,074.20. See "APPENDIX B – FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT – FINANCIAL INFORMATION – Long Term Obligations."

County Tax Rate Reserve – Proposition Z. With the goal of minimizing the likelihood of future tax rate fluctuations in connection with the District's Proposition Z bond program, a separate tax rate reserve is held by the County for the District's Proposition Z bonds (the "Proposition Z Tax Rate Reserve"). Should the tax rate of $60.00 per $100,000 of assessed valuations of taxable property within the District provide amounts in excess of debt service requirements in connection with the District's Proposition Z bond program, the County shall set aside such excess amounts in the Proposition Z Tax Rate Reserve to be held for future years in order for the District to maintain the $60.00 per $100,000 of assessed valuation tax rate on Proposition Z bonds. On September 5, 2017, the District defeased a portion of the principal and interest payments of its prior outstanding Proposition Z bonds, resulting in reduced debt service in 2018 and 2019 (see below).

Though the District and the County have executed a MOU in connection with the Propositions Z Tax Rate Reserve, the County is not obligated to continue levying at the full tax rate in order to build up the Proposition Z Tax Rate Reserve. As of September 7, 2017, the Proposition Z Tax Rate Reserve account held approximately $25,134,880.

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SCHEDULE OF DEFEASED PROPOSITION Z BONDS

SAN DIEGO UNIFIED SCHOOL DISTRICT
2013 GENERAL OBLIGATION BONDS
(ELECTION OF 2012, SERIES C)

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP* (797355)
2019	$905,000.00	2.0%	S62

PROPOSITION Z SCHEDULE OF DEFEASED AMOUNTS

SAN DIEGO UNIFIED SCHOOL DISTRICT
2013 GENERAL OBLIGATION BONDS
(ELECTION OF 2012, SERIES C)

Date	Principal	Interest	Total Debt Service
01/01/18	--	$9,050.00	$9,050.00
07/01/18	--	9,050.00	9,050.00
01/01/19	--	8,596,950.00	8,596,950.00
07/01/19	$905,000.00	8,596,950.00	9,501,950.00
Total	$905,000.00	$17,212,000.00	$18,117,000.00

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the holders of the Bonds. Neither the District nor the Underwriters are responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

SAN DIEGO UNIFIED SCHOOL DISTRICT
2016 GENERAL OBLIGATION BONDS
(ELECTION OF 2012, SERIES F)

Date	Principal	Interest	Total Debt Service
07/01/19	--	$2,513,018.92	$2,513,018.92
Total	--	$2,513,018.92	$2,513,018.92

SAN DIEGO UNIFIED SCHOOL DISTRICT
2016 GENERAL OBLIGATION BONDS
(ELECTION OF 2012, SERIES G)

Date	Principal	Interest	Total Debt Service
01/01/19	--	$2,088,490.63	$2,088,490.63
07/01/19	--	2,088,490.63	2,088,490.63
Total	--	$4,176,981.26	$4,176,981.26

Following the issuance of the Bonds, the aggregate principal amount of outstanding Election of 2012 (Proposition Z) Bonds will be $1,096,740,000. See "APPENDIX B – FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT – FINANCIAL INFORMATION – Long Term Obligations."

Dedicated Unlimited *Ad Valorem* Property Tax Collection

Factors Affecting Assessed Valuation. The annual tax rate will be based on the assessed value of taxable property in the District. Changes in the annual debt service on the District's outstanding general obligation 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, relocation of businesses 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, drought, fire or other natural disaster, could cause a reduction in the assessed value of taxable property in the District and, all other factors being equal, necessitate a corresponding increase in the annual tax rate. Conversely, factors such as increased assessed value of taxable property and/or an increase in the numbers of property taxpayers within the District could, all other factors being equal, cause a corresponding decrease in the annual tax rate.

In order to avoid fluctuating tax rates, the District has established certain tax rate reserves. See "SECURITY AND SOURCES OF PAYMENT - Tax Rate Reserves" herein.

As required by State Law, the District utilizes the services of the County for the assessment and collection of taxes for District purposes. District taxes are collected at the same time and on the same tax rolls as County, City and other special district taxes.

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Shown in the following two tables are the District assessed valuations and their tax roll components in the last five years, and a history of assessed valuations.

SAN DIEGO UNIFIED SCHOOL DISTRICT
Assessed Valuations
2013-14 through 2017-18

Fiscal Year July 1 – June 30	Net Assessed Valuation	State-Reimbursed Exemption	Gross Assessed Valuation
2013-14			
Local Secured	$132,691,514,788	$1,054,679,200	$133,746,193,988
Utility	20,001,306	-0-	20,001,306
Unsecured	6,364,611,552	1,743,560	6,366,355,112
Total	$139,076,127,646	$1,056,422,760	$140,132,550,406
2014-15			
Local Secured	$141,084,464,038	$1,042,925,927	$142,127,389,965
Utility	19,368,918	-0-	19,368,918
Unsecured	6,692,017,171	1,523,282	6,693,540,453
Total	$147,795,850,127	$1,044,449,209	$148,840,299,336
2015-16			
Local Secured	$149,918,524,921	$1,028,557,966	$150,947,082,887
Utility	20,998,958	-0-	20,998,958
Unsecured	6,894,647,859	1,541,094	6,896,188,953
Total	$156,834,171,738	$1,030,099,060	$157,864,270,798
2016-17			
Local Secured	$158,963,078,144	$1,022,595,878	$159,985,674,022
Utility	11,401,517	-0-	11,401,517
Unsecured	6,961,367,414	1,492,194	6,962,859,607
Total	$165,935,847,075	$1,024,088,072	$166,959,935,147
2017-18			
Local Secured	$169,100,385,710	$1,014,446,858	$170,114,832,568
Utility	14,878,958	-0-	14,878,958
Unsecured	7,507,503,893	1,458,871	7,508,962,764
Total	$176,622,768,561	$1,015,905,729	$177,638,674,290

Source: San Diego County Auditor and Controller.

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SAN DIEGO UNIFIED SCHOOL DISTRICT
History of Assessed Valuations
2008-09 through 2017-18

Fiscal Year July 1 – June 30	Assessed Valuation[1]	% Change from Previous Year
2008-09	$138,537,419,084	5.44
2009-10	137,384,713,473	(0.83)
2010-11	134,714,145,620	(1.94)
2011-12	134,993,695,091	0.21
2012-13	134,786,052,020	(0.15)
2013-14	140,132,550,406	3.97
2014-15	148,840,299,336	6.21
2015-16	157,864,270,798	6.06
2016-17	166,959,935,147	5.76
2017-18	177,638,674,290	6.40

(1) Valuations include local secured and unsecured property at full market value and reimbursable exemptions.
Source: San Diego County Auditor and Controller.

The *ad valorem* property tax levy to provide for debt service on the Bonds is in addition to the general property tax levied by the County under Proposition 13. See "SECURITY AND SOURCES OF PAYMENT – Constitutional and Statutory Basis for the Levy of *Ad Valorem* Taxes."

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Shown in the following table is a summary of the 2017-18 local secured assessed valuation of the District by land use, displaying the number of parcels and the percentages of the total parcels in the District in each category.

SAN DIEGO UNIFIED SCHOOL DISTRICT
Local Secured Assessed Valuation and Parcels by Land Use(1)

	2017-18 Assessed Valuation(1)	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial/Office	$30,215,142,713	17.76%	10,411	3.84%
Vacant Commercial	451,199,491	0.27	3,978	1.47
Industrial	9,270,955,094	5.45	3,650	1.35
Vacant Industrial	267,843,038	0.16	4,117	1.52
Recreational	695,742,721	0.41	1,769	0.65
Government/Social/Institutional	210,923,788	0.12	1,184	0.44
Subtotal Non-Residential	$41,111,806,845	24.17%	25,109	9.25%
Residential:				
Single Family Residence	$ 71,261,553,954	41.89%	169,834	62.58%
Condominium/Townhouse	18,643,765,439	10.96	31,784	11.71
Mobile Home Park	38,422,698	0.02	28	0.01
Timeshare	37,009,471	0.02	5,530	2.04
2+ Residential Units/Apartments	38,089,809,728	22.39	26,814	9.88
Vacant Residential	864,139,933	0.51	10,897	4.02
Subtotal Residential	$128,934,701,223	75.79%	244,887	90.24%
Unknown Use	$68,324,500	0.04%	1,377	0.51%
Total	$170,114,832,568	100.00%	271,373	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Shown in the following table is a summary of the 2017-18 per parcel assessed valuation of single-family homes within the District.

SAN DIEGO UNIFIED 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	169,834	$71,261,553,954	$419,595	$307,723

2017-18 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	4,715	2.776%	2.776%	$ 184,476,957	0.259%	0.259%
$50,000 - $99,999	20,382	12.001	14.777	1,469,591,229	2.062	2.321
$100,000 - $149,999	13,299	7.831	22.608	1,659,119,345	2.328	4.649
$150,000 - $199,999	14,668	8.637	31.245	2,567,272,867	3.603	8.252
$200,000 - $249,999	15,459	9.102	40.347	3,481,733,636	4.886	13.138
$250,000 - $299,999	14,307	8.424	48.771	3,920,721,565	5.502	18.640
$300,000 - $349,999	12,433	7.321	56.092	4,027,622,502	5.652	24.292
$350,000 - $399,999	11,000	6.477	62.569	4,115,648,405	5.775	30.067
$400,000 - $449,999	9,621	5.665	68.234	4,079,980,011	5.725	35.792
$450,000 - $499,999	8,770	5.164	73.398	4,151,700,180	5.826	41.618
$500,000 - $599,999	13,804	8.128	81.525	7,518,834,071	10.551	52.169
$600,000 - $699,999	9,183	5.407	86.933	5,924,759,005	8.314	60.483
$700,000 - $799,999	6,327	3.725	90.658	4,711,635,069	6.612	67.095
$800,000 - $899,999	3,993	2.351	93.009	3,374,814,552	4.736	71.831
$900,000 - $999,999	2,573	1.515	94.524	2,432,377,220	3.413	75.244
$1,000,000 - $1,099,999	1,566	0.922	95.446	1,635,473,301	2.295	77.539
$1,100,000 - $1,199,999	1,241	0.731	96.177	1,420,155,879	1.993	79.532
$1,200,000 - $1,299,999	976	0.575	96.752	1,214,305,062	1.704	81.236
$1,300,000 - $1,399,999	794	0.468	97.219	1,067,788,097	1.498	82.735
$1,400,000 - $1,499,999	585	0.344	97.564	844,949,049	1.186	83.920
$1,500,000 - $1,599,999	442	0.260	97.824	682,725,614	0.958	84.878
$1,600,000 - $1,699,999	451	0.266	98.089	742,454,611	1.042	85.920
$1,700,000 - $1,799,999	330	0.194	98.284	575,994,754	0.808	86.729
$1,800,000 - $1,899,999	308	0.181	98.465	568,029,782	0.797	87.526
$1,900,000 - $1,999,999	253	0.149	98.614	493,404,789	0.692	88.218
$2,000,000 and greater	2,354	1.386	100.000	8,395,986,402	11.782	100.000
Total	169,834	100.000%		$71,261,553,954	100.000%	

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

Tax Rates, Levies and Collection Procedures

Taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change occurs or the construction is completed. The current year property tax rate is applied to the reassessed value, and the taxes are then adjusted by a proration factor that reflects the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing real property the taxes on which have a lien sufficient, in the opinion of the county assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of ten percent attaches immediately to all delinquent payments. Properties on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the County notifies the State Controller, and the property may be sold at public auction by the County Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A ten percent penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a 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.

A portion of the property tax in the District is derived from utility property subject to assessment by the State Board of Equalization (the "SBE"). State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed as part of a "going concern" rather than as individual parcels of real or personal property. Unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues are distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

San Diego County has adopted, subject to future discontinuance, the "Teeter Plan," as discussed herein, allocating 100% of the District's total secured tax and general obligation bond taxes. See "SECURITY AND SOURCES OF PAYMENT – Teeter Plan."

Shown in the following table are the District's past ten years' secured roll tax levies, combining the District's shares of the 1% County tax levies and the District's own debt service levies.

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SAN DIEGO UNIFIED SCHOOL DISTRICT
Secured Tax Levies

	Secured Tax Levy[1]		
Fiscal Year	**1%[2]**	**Debt Service**	**Total**
2007-08	$502,434,144	$78,557,767	$580,991,911
2008-09	526,396,581	85,692,466	612,089,047
2009-10	522,748,235	92,029,537	614,777,772
2010-11	515,874,655	92,119,990	607,994,645
2011-12	520,587,528	93,080,498	613,668,026
2012-13	520,305,576	91,886,581	612,192,157
2013-14	539,208,858	177,999,518	717,208,376
2014-15	570,685,396	190,196,626	760,882,022
2015-16	604,990,676	202,083,596	807,074,272
2016-17	636,569,283	214,615,264	851,184,547

(1) Excludes State Reimbursed Exemptions. District's share of 1% County Levy.
(2) Includes secured property and unitary property.
Source: San Diego County Auditor and Controller, Property Tax Services Division.

Tax Rates

The following table sets forth typical tax rates for property within the District for fiscal years 2013-14 through 2017-18:

SAN DIEGO UNIFIED SCHOOL DISTRICT
Historical Tax Rates[1]
Typical Tax Rate per $100 of Assessed Valuation

	2013-14	**2014-15**	**2015-16**	**2016-17**	**2017-18**
General Tax Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Metropolitan Water District	.00350	.00350	.00350	.00350	.00350
City of San Diego	.00500	.00500	.00500	.00500	.00500
San Diego Community College District	.04760	.04381	.03939	.03912	.03447
San Diego Unified School District	.12667	.12670	.12670	.12670	.12670
Total	1.18277	1.17901	1.17459	1.17432	1.16967

(1) Tax Rate Area 8-001; 2017-18 Assessed Valuation: $92,599,836,987.
Source: California Municipal Statistics, Inc.

Largest Taxpayers

The twenty largest local secured taxpayers in the District and their assessed valuations for 2017-18 are shown in the following table.

SAN DIEGO UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers
Fiscal Year 2017-18

	Property Owner	Primary Land Use	2017-18 Assessed Valuation	Percentage of Total[1]
1.	Qualcomm Inc.	Office Building	$ 1,944,929,650	1.14%
2.	The Irvine Company	Office Building	1,432,739,578	0.84
3.	Host Hotels and Resorts LP	Hotel	785,875,176	0.46
4.	H.G. Fenton Property Co.	Apartments/Industrial	715,283,271	0.42
5.	UTC Venture LLC	Commercial	602,252,364	0.35
6.	Fashion Valley Mall LLC	Shopping Center	504,284,417	0.30
7.	One Park Boulevard LLC	Hotel	486,276,880	0.29
8.	La Jolla Crossroads 1 LLC	Apartments	458,027,591	0.27
9.	Scripps Mesa Developers II LLC	Apartments	449,411,699	0.26
10.	Solar Turbines Inc.	Industrial	408,557,736	0.24
11.	John Hancock Life Insurance Co.	Office Building	403,608,471	0.24
12.	Village Mission Valley LLC	Apartments	402,041,296	0.24
13.	Illumina Inc.	Industrial	398,666,767	0.23
14.	Pacific Gateway Ltd.	Hotel	368,986,223	0.22
15.	LHO Mission Bay Hotel LP	Hotel	345,240,393	0.20
16.	Seaworld Parks and Entertainment	Theme Park	338,178,598	0.20
17.	HSPF La Jolla Commons Investors	Office Building	337,318,148	0.20
18.	Conrad Prebys Trust	Apartments	317,934,002	0.19
19.	Pfizer Inc.	Industrial	299,487,129	0.18
20.	Host San Diego Hotel LLC	Hotel	275,485,496	0.16
			$11,274,584,885	6.63%

[1] 2017-18 Local Secured Assessed Valuation: $170,114,832,568.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") for the District prepared by California Municipal Statistics, Inc. on August 31, 2017 for debt outstanding as of September 5, 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 representations 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 from the general fund or other revenues of such public agency. The top portion of the table reflects direct and overlapping tax and assessment debt, while the bottom portion of the table reflects overlapping general fund debt.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

SAN DIEGO UNIFIED SCHOOL DISTRICT
Direct and Overlapping Debt Statement
(as of September 5, 2017)

2017-18 Assessed Valuation: $177,638,674,290

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/5/17
Metropolitan Water District	6.479%	$ 4,852,885
Palomar Community College District	0.686	4,333,711
San Diego Community College District	99.481	1,290,086,318
San Diego Unified School District	**100.000**	**2,710,518,007**[1]
City of La Mesa	0.061	12,664
Grossmont Healthcare District	7.215	18,854,839
Palomar Pomerado Health Systems	1.813	7,911,184
City of San Diego Community Facilities District No. 1	100.000	10,160,000
City of San Diego Community Facilities District No. 3	100.000	13,820,000
Special District 1915 Act Bonds	100.000	55,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$4,060,604,608
OVERLAPPING GENERAL FUND DEBT:		
San Diego County General Fund Obligations	35.817%	$104,291,941
San Diego County Pension Obligation Bonds	35.817	200,046,899
San Diego County Superintendent of Schools Obligations	35.817	4,104,628
Community College District Certificates of Participation	0.686–0.850	126,754
City of La Mesa General Fund Obligations	0.061	1,979
City of San Diego General Fund Obligations	75.526	428,579,840
San Miguel Consolidated Fire Protection District Certificates of Participation	0.800	47,304
TOTAL OVERLAPPING GENERAL FUND DEBT		$737,199,345
OVERLAPPING TAX INCREMENT DEBT:		
San Diego Redevelopment Agency (Successor Agency)	96.731-100.000%	$379,870,352
TOTAL OVERLAPPING TAX INCREMENT DEBT		$379,870,352
COMBINED TOTAL DEBT		$5,177,674,305[2]

(1) Excludes the Bonds, Proposition Z bonds, Series I and Series J, expected to be issued in November 2017 and Proposition S bonds expected to be issued in December 2017.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:
Direct Debt ($2,710,518,007) 1.53%
Total Direct and Overlapping Tax and Assessment Debt............2.29%
Combined Total Debt..2.91%

Ratios to Successor Agency Redevelopment Incremental Valuation ($23,307,404,239):
Total Overlapping Tax Increment Debt.......................................1.63%

Source: California Municipal Statistics, Inc.

Secured Tax Charges and Delinquencies

The County levies and collects all property taxes for property located within the County's taxing boundaries. The following table shows secured tax charges and delinquencies for the portion of the District within the County. Note that the District receives 100% of its *ad valorem* property taxes levied irrespective of actual delinquencies in the collection of property taxes by the County while the Teeter Plan is in place. See "Teeter Plan" below.

SAN DIEGO UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquency Rates
Fiscal Years 2012-13 through 2016-17

Fiscal Year	Total Secured Tax Charges (1)	Amount Delinquent	Delinquency Rate
2012-13	$529,387,992.05	$1,447,732.40	0.27%
2013-14	551,495,689.89	1,007,952.02	0.18
2014-15	583,505,415.19	818,828.55	0.14
2015-16	617,668,023.45	581,160.92	0.09
2016-17	653,039,956.85	1,046,677.79	0.16

(1) Includes Current Secured, Current Unsecured, Current Secured Homeowners' Exemption, Current Unsecured Homeowners' Exemption.
Source: County of San Diego Auditor and Controller Department – Property Tax Services.

Teeter Plan

The County, since the 1993-94 Fiscal Year, has operated under provisions of Revenue and Taxation Code Sections 4701-4716 (commonly referred to as the "Teeter Plan") pursuant to which public agencies in the County will receive their total secured tax levies and special assessments irrespective of actual collections and delinquencies. Pursuant to such provisions, the County establishes a delinquency reserve and assumes responsibility for all secured delinquencies.

Because of this method of tax collection, the District is allocated 100% collection of its total secured tax levies. Under County policy, assessments for general obligations bonds are covered by the Teeter Plan. This method of tax collection and distribution is, however, subject to future discontinuance if demanded by the participating entities or upon action by the County Board of Supervisors. Further, the County may take action to discontinue the Teeter Plan with respect to any tax levying agency in the County if the rate of secured tax delinquency in any year exceeds 3% of the total of all taxes and assessments of that agency. The County has reported that the delinquency rate for taxes collected in the District are currently under 3%. See "Secured Tax Changes and Delinquencies" herein.

The Teeter Plan of the County is to remain in effect unless the Board of Supervisors of the County 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 of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors of the County orders discontinuance of its Teeter Plan, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

The District is not aware of any plans for the discontinuance of the Teeter Plan now pending in the County.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Beneficial Owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of Tax-Exempt Bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Taxable Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the opinion that interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix D hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as "capital assets" within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Taxable Bonds other than investors that are U.S. Holders.

As used herein, "U.S. Holder" means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Taxable Bonds is less than the amount to be paid at maturity of such Taxable Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Taxable Bonds), the difference may constitute original issue discount ("OID"). U.S. Holders of Taxable Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

Sale or Other Taxable Disposition of the Taxable Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, defeasance, retirement (including pursuant to an offer by the District) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 28% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act ("FATCA")

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Taxable Bonds and sales proceeds of Taxable Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current Treasury Regulations, will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016 and (ii) certain "passthru" payments no earlier than January 1, 2017. However, the U.S. Treasury Department recently stated its intention to revise the current U.S. Treasury Regulations regarding FATCA to provide that withholding under FATCA generally will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2018 and (ii) certain "passthru" payments no earlier than January 1, 2019. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

LEGAL MATTERS

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of school districts. See "APPENDIX B: FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT – FINANCIAL INFORMATION - AB 1200 Budget Requirements; County and State Oversight; Reports and Certifications." If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent of Public Instruction (the "State Superintendent"), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the

District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission, except as described below in the case of "special revenues." In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair, equitable, not unfairly discriminatory and is in the best interests of creditors and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a political subdivision of the state in the exercise of its political or governmental powers, including expenditures for the exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of a political subdivision debtor, unless the political subdivision approves a plan of adjustment to that effect or consents to that action. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the District should become a debtor in a Chapter 9 proceeding, then it must propose a plan of adjustment of its debts. The plan may not become effective until confirmed by the bankruptcy court. The court may not approve a plan unless it finds, among other conditions, that the District is not prohibited by law from taking any action necessary to carry out the plan and that the plan is in the best interests of creditors and is feasible. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* tax revenue in excess of the District's share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Senate Bill 222 (2015) ("SB 222") that became effective on January 1, 2016, all general obligation bonds issued by local agencies, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless such taxes are "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate..

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District's other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that any consensual lien on special revenues "derived" from a project or system is subject to necessary operating expenses of the project or system. This rule applies regardless of the provisions of transaction documents. If a bankruptcy court were to conclude that the District's tax collections are "derived" from a District project or system, then the court could determine that bondholders may not compel use of debt service *ad valorem* tax revenues to pay debt service to the extent the revenues are needed to pay necessary operating expenses of the District and its schools.

Possession of Tax Revenues; Remedies. If the County or the District goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County or the District, as applicable, does not voluntarily pay such tax revenues to the owners of the Bonds, it is not clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

Amounts Held in County Treasury Pool. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's Treasury Pool, as described in "SECURITY AND SOURCES OF PAYMENT – General" and "APPENDIX F: SAN DIEGO COUNTY INVESTMENT POOL." Should those investments suffer losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified. The proposed form of opinion of Bond Counsel, attached hereto as APPENDIX D, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Legality for Investment in California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2016-17 Fiscal Year (which is due no later than March 31, 2018), and to provide notices of the occurrence of certain enumerated events, if material, in a timely manner not in excess of ten business days after the occurrence of the event.

The District has entered into the Disclosure Dissemination Agent Agreement for the benefit of the Bond Owners with DAC, under which the District has designated DAC as Disclosure Dissemination Agent. The Annual Report and any notices of material events will be filed by DAC on behalf of and after receipt from the District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System ("EMMA"). The specific nature of the information to be contained in the Annual Report or certain Notice Events (each as defined herein) is set forth below under the caption "APPENDIX E: PROPOSED FORM OF DISCLOSURE DISSEMINATION AGREEMENT." These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

Litigation

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

There are a number of lawsuits and claims pending against the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the finances of the District.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Compensation to be paid to Bond Counsel and Disclosure Counsel is contingent upon the issuance of the Bonds.

MISCELLANEOUS

Ratings

Fitch Ratings, Inc. ("Fitch") has assigned its municipal bond ratings of "AAA" and "F1+" (short-term) to the Bonds. Moody's Investors Service ("Moody's" and together with Fitch, the "Rating Agencies") has assigned its municipal bond ratings of "MIG 1" to the Series H-1 Bonds and the Series H-2 Bonds maturing on July 1, 2018 and "Aa2" to the Series H-2 Bonds maturing on July 1, 2019 and July 1, 2020. **The District has furnished to the Rating Agencies certain materials and information with respect to itself, and the Bonds. Generally, rating agencies base their ratings on such information and materials and on their own investigations, studies and assumptions.** Each rating reflects only the view of the rating agency and any explanation of the significance of such rating may be obtained only from the rating agency furnishing the same, at the following addresses: Fitch, 33 Whitehall Street, New York, New York 10004, telephone: (212) 908-0800; and Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone: (212) 553-0300. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

Underwriting

The Bonds are being purchased by Goldman Sachs & Co. LLC ("Goldman Sachs") and Stifel, Nicolaus & Company, Incorporated (together, the "Underwriters"), for whom Goldman Sachs is acting as representative (the "Representative"). The Underwriters have agreed, pursuant to the purchase contract for the Bonds, to purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by Bond Counsel and certain other conditions.

The purchase price payable to the District for the Bonds will be $231,656,441.15. The Underwriters' discount will be $275,595.75. The Representative shall deposit $299,184.00 with MUFG Union Bank, N.A., as Fiscal Agent, to pay the costs of issuance pursuant to the purchase contract.

The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

Municipal Advisor

KNN Public Finance, LLC ("KNN") has been employed by the District to perform municipal advisory services in connection with the sale and delivery of the Bonds. KNN will not participate in the underwriting of the Bonds. Fees charged by KNN are not contingent upon the issuance of the Bonds.

Financial Statements

The audited financial statements of the District for the Fiscal Year ended June 30, 2016 (the "2016 Audit"), included in APPENDIX C to this Official Statement, have been examined by Crowe Horwath LLP, independent certified public accountants, to the extent and for the periods indicated in its report. Crowe Horwath LLP has not consented to the inclusion of its report as APPENDIX C hereto. Crowe Horwath LLP has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Crowe Horwath LLP with respect to any event subsequent to its report dated November 28, 2016.

Additional Information

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

Any statement 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.

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The delivery of this Official Statement has been duly authorized by the District.

SAN DIEGO UNIFIED SCHOOL DISTRICT

By: /s/ Cynthia Marten
Superintendent of Public Education

APPENDIX A

DISTRICT ECONOMY

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DISTRICT ECONOMY

The following information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District, the Underwriters or the Municipal Advisor.

Prospective purchasers of the Bonds should be aware that the area served by the District follows the downturns and upward trends of the general national economy and thus, a number of the tables below, which demonstrate historical income, employment, sales and other figures, are not an accurate predictor of future trends, nor are they an entirely current report of economic circumstances as of the date of printing of this Official Statement. The historical data displayed in this section is derived from a number of third-party sources from data accumulated over time, and thus cannot be presented on a real-time basis.

The San Diego Unified School District (the "District") serves an area of approximately 211 square miles, embracing most of the populated portion of the City of San Diego (the "City").

City of San Diego

The City is located 125 miles south of Los Angeles, 525 miles south of San Francisco, and 17 miles north of the Mexican border. It grew out of the first California mission – Mission San Diego de Alcala – founded in 1769. The City was incorporated in 1850, the year California became the 31st State of the United States. The City is the county seat for the County of San Diego (the "County") and is the County's business and financial center.

The City covers approximately 330 square miles in the southwestern coastal area of the County of San Diego, including 72 square miles of water. The City limits extend to the Mexican border, contiguous in places to the boundaries of the cities of Chula Vista, National City, and Imperial Beach.

Population

The City is the second most populous city in California. It contains 42% of the total population of the County.

CITY OF SAN DIEGO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA
Population*

Year	City	Growth Rate	County	Growth Rate	State	Growth Rate
1990	1,110,623	- -%	2,498,016	- -%	29,760,021	- -%
2000	1,223,415	10.16	2,813,833	12.64	33,873,086	13.82
2001	1,228,432	0.4	2,849,238	1.3	34,256,789	1.1
2002	1,236,616	0.7	2,890,256	1.4	35,725,516	1.43
2003	1,251,700	1.2	2,927,216	1.3	35,163,609	(1.6)
2004	1,257,358	0.5	2,953,703	0.9	35,570,847	1.2
2005	1,261,035	0.3	2,966,783	0.4	35,869,173	0.8
2006	1,261,633	0.1	2,976,492	0.3	36,116,202	0.7
2007	1,266,978	0.4	2,998,477	0.7	35,399,676	(2.0)
2008	1,279,505	1.0	3,032,689	1.1	36,704,375	3.7
2009	1,294,031	1.1	3,064,436	1.0	36,966,713	0.7
2010	1,301,617	0.6	3,095,313	1.0	37,223,900	0.7
2011	1,309,784	0.6	3,115,810	0.7	37,427,946	0.5
2012	1,315,173	0.4	3,128,734	0.4	37,678,563	0.7
2013	1,328,073	1.0	3,154,574	0.8	37,984,138	0.8
2014	1,347,954	1.5	3,192,457	1.2	38,357,121	1.0
2015	1,368,061	1.5	3,227,496	1.1	38,714,725	0.9
2016	1,390,878	1.7	3,288,717	1.9	39,189,035	1.2
2017	1,406,318	1.1	3,316,192	0.9	39,523,613	0.9

*For 2001-09 and 2011-17, population statistics are as of January 1. For 1990, 2000 and 2010, population statistics are as of April 1.
Source: California State Department of Finance for 2001-09 and 2011-17; U.S. Department of Commerce, Bureau of Census, for 1990, 2000 and 2010.

Income

Effective Buying Income ("EBI"), or disposable personal income, includes personal income (wages, salaries, interest, dividends, profits, rental income and pension income) minus federal, state, local taxes and nontax payments (such as personal contributions for social security insurance). The following table summarizes the EBI and the median household EBI for the City, the County, the State, and the nation for the years 2013 through 2017.

CITY AND COUNTY OF SAN DIEGO, CALIFORNIA, AND UNITED STATES
Effective Buying Income

Year and Area	Estimated Aggregate Effective Household Buying Income (in thousands)	Estimated Median Effective Buying Income
2013		
City of San Diego	$33,637,960	$48,371
San Diego County	74,593,405	48,634
California	864,088,828	47,307
United States	6,737,867,730	41,358
2014		
City of San Diego	$33,267,120	$49,613
San Diego County	73,266,155	49,302
California	858,676,636	48,340
United States	6,982,757,379	43,715
2015		
City of San Diego	$35,103,155	$52,311
San Diego County	76,880,343	51,447
California	901,189,699	50,072
United States	7,357,153,421	45,448
2016		
City of San Diego	$38,953,172	$56,614
San Diego County	84,949,558	55,146
California	981,231,666	53,589
United States	7,757,960,398	46,738
2017		
City of San Diego	$42,364,301	$60,219
San Diego County	91,727,879	58,408
California	1,036,142,723	55,681
United States	8,132,748,136	48,043

Source: Claritas, LLC.

Employment

The civilian labor force in the County increased in 2016, reaching an average of 1,570,400 workers for the year. The total employment component of the labor force increased to 1,497,000. City residents seeking employment averaged 31,400 during 2016 and County residents seeking employment averaged 73,500.

CITY AND COUNTY OF SAN DIEGO, CALIFORNIA, AND UNITED STATES
Labor Force, Employment, and Unemployment[1][2]

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate[3]
2013				
City of San Diego	709,800	656,200	53,500	7.5%
San Diego County	1,590,000	1,470,000	120,000	7.5
California	18,596,800	16,933,300	1,663,500	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2014				
City of San Diego	691,500	649,300	42,200	6.1%
San Diego County	1,546,400	1,447,100	99,200	6.4
California	18,811,400	17,397,100	1,414,300	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City of San Diego	702,500	667,800	34,700	4.9%
San Diego County	1,563,800	1,482,500	81,300	5.2
California	18,981,800	17,798,600	1,183,200	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City of San Diego	705,700	674,300	31,400	4.4%
San Diego County	1,570,400	1,497,000	73,500	4.7
California	19,102,700	18,065,000	1,037,700	5.4
United States	159,187,000	151,436,000	7,751,000	4.9
2017[4]				
City of San Diego	701,500	672,600	28,900	4.1%
San Diego County	1,562,500	1,494,700	67,800	4.3
California	19,145,700	18,208,300	937,400	4.9
United States	160,145,000	153,168,000	6,977,000	4.4

(1) Data reflects employment status of individuals by place of residence.
(2) Data not seasonally adjusted.
(3) Unemployment rate is based on unrounded data.
(4) 2017 figures as of June.
Source: California State Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

City Economy

A factor in the City's growth is a diversified economy. Expansion has been concentrated in four major areas: high tech manufacturing and research (including electronics, communications equipment, scientific instruments, drugs, and biomedical equipment); professional services; tourism; and international trade. In addition to these industries, the City benefits from an economic foundation composed of basic manufacturing (ship building, industrial machinery, television and video equipment, and printing and publishing), public and private higher education, health services, military, and local government.

The United States armed forces represent a substantial economic presence within the District, including several United States Navy and Marine Corps bases. Civilian employees of military establishments and service members are among the largest groups of employees within the District and their children attend many District schools under the subsidy known as "Impact Aid Funds." See "APPENDIX B: FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT – FINANCIAL INFORMATION - Impact Aid Funds" herein.

Expansion in the high tech manufacturing and research component of the City's economic base has been led by the emergence of telecommunications. Major participants in the City's telecommunications industry include manufacturers of personal communications equipment, radio/TV communications equipment, network communications equipment/systems, satellite communications equipment, and military surveillance/guidance systems. The City is a major location for telecommunications firms in the County, with the Sorrento Valley area emerging as a center in the development and manufacturing of products using wireless and digital technology.

Another component of the City's high tech industry is the biotechnology sector, which includes companies involved in developing chemical and biological products for use in the treatment and diagnosis of diseases and various medical conditions. As with telecommunications, the biotechnology industry is concentrated in the City, with the highest concentration in the area around the University of California at San Diego. Growth in both biotechnology and other high tech industries has been facilitated by the City's various research organizations. Among the more important research facilities located in the City are the Scripps Research Institute, the Salk Institute for Biological Studies, and the San Diego Super Computer Center.

The City is also home to a software industry. Components within this industry include basic computer programming services, prepackaged software, systems integration services, and development of multimedia products.

Largest Employers

The County is host to a diverse mix of major employers representing industries ranging from education and health services, to diversified manufacturing, financial services, retail trade and amusement and recreation. The following table lists the County's major employers.

COUNTY OF SAN DIEGO
Largest Employers
(Ranked by Number of Local Employees as of July 1, 2016)

	Employer	Organization Description	Number of Employees[(1)]
1.	University of California, San Diego	Higher education, research, healthcare	30,671[(2)]
2.	Sharp HealthCare	Health care, hospitals, medical groups, health services, health plans	17,809
3.	Scripps Health	Hospitals, hospice, home health care services, outpatient centers and clinics, physicians offices	14,863
4.	City of San Diego	Municipal government, public agency	11,347
5.	Kaiser Permanente	Nonprofit health maintenance hospital, outpatient medical, urgent care, medical offices	8,406
6.	UC San Diego Health	Academic health system	7,438
7.	San Diego Community College District	Higher education institution that includes City, Mesa and Miramar colleges and continuing education	5,902
8.	General Atomics Aeronautical Systems Inc.	Remotely piloted aircraft systems, radars and electro-optic and related missions systems solutions	5,480
9.	Rady Children's Hospital – San Diego	Health care for children of all ages – newborns to young adults; regional pediatric center	5,129
10.	YMCA of San Diego County	Programs and services focused on youth development, healthy living and social responsibility	5,102
11.	San Diego State University	Higher education	5,037
12.	Sempra Energy	Energy services holding company	5,025
13.	Palomar Health	Inpatient hospital services, outpatient services, home care, health education	4,467
14.	Northrop Grumman Corp.	Unmanned systems, Cyber solutions, C4ISR, Logistics	4,324
15.	SeaWorld San Diego	Marine park	4,190
16.	General Dynamics NASSCO	Design, construction, repair of oceangoing vessels for the U.S. Navy and commercial customers	3,576
17.	University of San Diego	Private university	3,483
18.	BD (Becton, Dickinson and Co.)[(3)]	BD is a medical technology company helping to advance discover, diagnostics and delivery of care	3,300
19.	Solar Turbines, Inc.	Manufacturer of gas turbine engines, gas compressors, mechanical-drive package and generator sets	3,129
20.	Veterans Affairs San Diego Healthcare System	Health care for veterans in inpatient, outpatient settings	3,121

Source: San Diego Business Journal's Book of Lists (whose sources are the companies and the Employment Development Department. Some organizations and companies declined to participate or did not return a survey by press time.)

(1) Because industries use different standards for what is considered an employee, totals may include contract, per diem and other classifications.

(2) Total local employee count is as of April 1, 2016.

(3) Listed last year as CareFusion, a BD Co.

Industry

Annual wage and salary workers in the County by industry for 2012 through 2016 are shown below.

COUNTY OF SAN DIEGO
Non-Agricultural Labor Force and Industry Employment
Annual Averages
2012 through 2016 by Class of Work

	2012	2013	2014	2015	2016
Mining and Logging	400	300	400	300	300
Construction	57,000	61,000	63,900	69,900	76,100
Manufacturing	98,200	99,400	102,200	106,200	107,800
Trade, Transportation and Public Utilities	208,000	212,400	215,000	219,200	221,600
Information	24,500	24,300	24,400	23,800	23,600
Financial Activities	69,800	70,800	69,400	71,200	73,000
Professional and Business Services	213,400	221,100	224,300	230,200	234,000
Educational & Health Services	174,500	181,000	186,000	192,700	198,500
Leisure & Hospitality	161,700	168,600	177,000	183,900	190,700
Other Services	49,200	49,300	52,000	53,200	54,900
Government	227,800	229,500	231,900	236,200	242,100
Non Agriculture Total	1,284,500	1,317,700	1,346,500	1,386,800	1,422,600

Source: California Employment Development Department.

Building Permits

The table below provides a summary of the building permit valuations, and the number of new dwelling units authorized in the City, for the years 2012 through 2016. The valuation of non-residential permits includes both private commercial construction and publicly funded, non-tax generating projects.

CITY OF SAN DIEGO
Building Permit Valuations
and Number of Dwelling Units
2012 through 2016

	2012	2013	2014	2015	2016
Valuation (in 000s)					
Residential	$772,750	$1,190,100	$678,295	$1,415,107	$1,354,480
Nonresidential	979,147	1,056,989	1,450,401	1,353,053	1,224,465
Total	$1,751,897	$2,247,089	$2,128,696	$2,768,160	$2,578,945
Number of New Dwelling Units					
Single Family	547	819	722	1,306	882
Multiple Family	3,299	4,603	1,823	5,097	5,154
Total	3,846	5,422	2,545	6,403	6,036

Source: Construction Industry Research Board, California Homebuilding Foundation CHF|CIRB.

Median Home Sale Prices

The table below provides a summary of the median home sale prices in the City of San Diego from 2001 through March of 2017.

CITY OF SAN DIEGO
Median Home Sale Prices

Year	Median Home Sale Prices	Percentage Change
2001	$262,000	--
2002	325,000	24.05%
2003	380,000	16.92
2004	450,000	18.42
2005	485,000	7.78
2006	486,000	0.21
2007	465,000	(4.32)
2008	373,000	(19.78)
2009	296,000	(20.64)
2010	340,000	14.86
2011	350,000	2.94
2012	350,000	0.00
2013	418,000	19.43
2014	447,000	6.94
2015	483,500	8.17
2016	495,000	2.38
2017*	530,000	7.07

*Figure as of March 2017. Sourced from CoreLogic (acquired DataQuick Information Systems)
Historical Data Source: DataQuick Information Systems.

Commerce

As the major trade and service center within the County, the City accounted for approximately 41.5% of the County's total taxable transactions in 2015. Taxable transactions from 2011 through 2015 are summarized below.

CITY OF SAN DIEGO
Taxable Transactions
(in thousands)[1]

	2011	2012	2013	2014	2015
Retail and Food Services					
Motor Vehicle and Parts Dealers	$1,884,077	$2,124,016	$2,293,742	$2,422,829	$2,580,830
Home Furnishings and Appliance Stores	1,132,638	1,137,855	1,199,791	1,198,020	1,226,012
Bldg. Mat'l. and Garden Equip. and Supplies	795,649	848,388	904,729	920,113	957,041
Food and Beverage Stores	909,541	950,005	1,007,085	1,057,719	1,124,079
Gasoline Stations	1,850,576	1,916,674	1,916,253	1,939,188	1,593,127
Clothing and Clothing Accessories Stores	1,608,393	1,719,615	1,837,605	1,860,941	1,876,406
General Merchandise Stores	1,571,106	1,612,806	1,638,426	1,660,870	1,498,487
Food Services and Drinking Places	2,888,953	3,168,490	3,305,281	3,534,412	3,871,361
Other Retail Group	1,550,568	1,549,302	1,634,088	1,668,503	1,714,791
Total Retail and Food Services	14,191,502	15,027,152	15,737,000	16,262,595	16,442,138
All Other Outlets	5,306,003	5,517,501	5,757,505	6,009,464	6,056,004
Total All Outlets	$19,497,504	$20,544,652	$21,494,505	$22,272,059	$22,498,142

[1] Detail may not compute to total due to rounding.
Source: "Taxable Sales in California," California State Board of Equalization.

Transportation

Excellent surface, sea and air transportation facilities serve County residents and businesses. Interstate 5 parallels the coast from Mexico to the Los Angeles area and points north. Interstate 15 runs inland, leading to Riverside-San Bernardino, Las Vegas and Salt Lake City. Interstate 8 runs eastward to Phoenix, Arizona.

San Diego's International Airport (Lindbergh Field) is located approximately one mile west of the downtown area at the edge of the San Diego Bay. The airport is the third most active commercial airport in California, served by 16 airline carriers. A west terminal of the airport was expanded in 1998, approximately doubling terminal capacity. In addition to San Diego International Airport, there are two military air stations and seven general aviation airports located in the county.

San Diego is the terminus of the Santa Fe Railway's main line from Los Angeles. Amtrak passenger service is available at San Diego with stops at Solana Beach and Oceanside in the north County. San Diego's harbor is one of the world's largest natural harbors. The harbor, a busy commercial port, has also become an extremely popular destination for cruise ships. The Port of San Diego is administered by the San Diego Unified Port District, which includes the cities of San Diego, National City, Chula Vista, Imperial Beach and Coronado.

Public transportation through the City and surrounding communities is provided by the San Diego Metropolitan Transit Development Board ("MTDB"). The San Diego Trolley, Inc. operates a fleet of electric trolleys that provides transportation for commuters and tourists from downtown San Diego to San Ysidro (adjacent to Tijuana), and from downtown San Diego to the southern part of the County and East County. The East Line extension to Santee was completed in 1996. This 3.6-mile extension connects the cities of El Cajon and Santee. The trolley also provides service from downtown San Diego to the waterfront area, including the Convention Center. An extension providing additional service from downtown to the historical Old Town section of the City was completed in 1996. In addition, the Mission Valley extension, which connects Old Town with Qualcomm Stadium, ending at the Mission San Diego, opened in 1997. In May 1998, the U.S. Congress approved a transportation bill that earmarked $325 million for a 6-mile trolley extension connecting the Mission Valley Line with the East Line in La Mesa. This extension, completed in 2004, extends east from Qualcomm Stadium connecting Mission Valley with San Diego State University, La Mesa, and East County.

A 43-mile Coaster Commuter rail line from Oceanside to downtown San Diego came into service in 1995. This line links communities along the coast from Oceanside to Del Mar with downtown San Diego and is operated by North County Transit District.

Research and Development

Research and development activity plays an important role in the area's economy. Construction of a major campus of the University of California at San Diego ("UCSD") in 1964 gave significant impetus to this development.

The County is a leading health sciences and biomedical center. Approximately 35,000 persons are engaged in life sciences-related activities in the metropolitan area, with over 28,000 employed directly in health services. In addition to UCSD, other established research institutions in the La Jolla area of the City include the Salk Institute for Biological Studies, the Scripps Clinic and Research Foundation, and the Scripps Institution of Oceanography.

Visitor and Convention Activity

An excellent climate, proximity to Mexico, extensive maritime facilities, and such attractions as the San Diego Zoo and Wild Animal Park, Sea World, Cabrillo National Monument, and Palomar Observatory allow San Diego to attract visitor and convention business each year. The development of the 4,600-acre Mission Bay Park at San Diego and the construction of meeting and convention facilities at the San Diego community concourse have contributed to the growth in tourism.

The visitor industry is the City's third largest in terms of income generation, behind manufacturing and the military. The following table depicts total visitor spending in San Diego County since 2007.

SAN DIEGO COUNTY
Total Visitor Spending
2007 – 2016
($ billions)

Year	Amount
2007	$7.90
2008	7.91
2009	6.96
2010	7.08
2011	7.49
2012	7.98
2013	8.39
2014	9.21
2015	9.92
2016	10.40

Source: San Diego Tourism Authority.

Contributing to the growth in total visitor spending has been an increase in convention activity, as displayed in the table below. The convention center has hosted the annual Comic-Con International Convention, the 1996 Republican National Convention and the 2007 California Democratic Party Convention.

SAN DIEGO CONVENTION CENTER
2007 – 2016

Calendar Year	Estimated Spending	Number of Conventions	Total Delegate Attendance
2007	$700,394,264	66	655,819
2008	666,328,990	68	633,883
2009	541,904,169	71	519,418
2010	567,413,270	64	543,931
2011	578,931,514	74	566,658
2012	621,304,790	67	561,523
2013	559,947,727	75	524,448
2014	593,105,421	76	527,621
2015	620,092,228	71	553,283
2016	721,000,000	67	697,518

Note: Table includes only primary events held at the San Diego Convention Center, it does not include other sources of convention activity in the San Diego region.
Source: San Diego Tourism Authority.

The City is the focal point for tourism in the County. Major attractions located in the city include the world-renowned San Diego Zoo, the San Diego Wild Animal Park, and Sea World. The San Diego Padres play home games at PETCO Park, a $449.4 million project, located on 18 acres, with a capacity of 46,000. Other attractions include the Cabrillo National Monument on Point Loma, Balboa Park, home to the Zoo and a host of other cultural and recreational activities, downtown's historic Gaslamp Quarter, and the Old Town State Park. The City's cruise ship industry is another important sector of the local visitor industry.

Education

As noted previously, the San Diego Unified School District serves most of the City. Additionally, certain portions of the City lie within two other unified school districts, four high school districts, and 14 elementary school districts.

There are 38 colleges and universities offering four-year and graduate degrees and five community college districts offering two-year programs in the County. Among the four-year institutions of higher education in the County are the University of California at San Diego, San Diego State University, the University of San Diego, California State University at San Marcos, Point Loma Nazarene University and National University.

Utilities

The San Diego Gas and Electric Company provides electric power and natural gas in the City and most communities in the western half of the County. Water service is supplied by the City. An adequate supplemental water supply is available from the Metropolitan Water District of Southern California via the San Diego County Water Authority. The Metropolitan Sewer System of the City of San Diego furnishes sewer service in the City and surrounding developed areas.

Community Facilities and Recreation

The City has constructed the Downtown Community Concourse, with its Convention and Performing Arts Center, the downtown Sports Arena, and the San Diego Stadium, located at the intersection of two interstate freeways. The City's Park and Recreation Department offers a comprehensive program of activities for all ages.

Balboa Park covers 1,400 acres in the city and includes museums, art galleries, theaters and recreation areas, in addition to miles of garden walks. Covering 128 acres within the park is the San Diego Zoo, famous for its innovative methods of displaying animals. The San Diego Planetarium Authority has constructed a Planetarium and Hall of Science on a three-acre site in Balboa Park. Mission Bay Park is a 4,600-acre public and private development including hotels and motels, marinas, restaurants and Sea World.

There are over 90 golf courses in the County, including the La Costa Golf Course, scene of the Tournament of Champions in 2006 and the championship Torrey Pines Golf Course, where the U.S. Open was held in 2008 and is scheduled to return in 2021.

The San Diego region benefits greatly from its natural geography and from its proximity to Mexico, with its sporting attractions such as Jai Alai, thoroughbred racing and ocean fishing, as well as the shopping and entertainment venues of Tijuana. Tijuana may be reached from downtown San Diego by the Red Trolley, and within a short drive from the center of the City, visitors may take in the many beaches, mountains and desert areas within the County.

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APPENDIX B

FINANCIAL AND ECONOMIC INFORMATION FOR THE DISTRICT

TABLE OF CONTENTS

FINANCIAL INFORMATION

This APPENDIX B provides information concerning the operations and finances of the San Diego Unified School District (the "District"). The Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County or of the general fund of the District. Prospective purchasers of the Bonds should be aware that the following discussion of the District's financial condition, its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal or interest on the Bonds is dependent in any way upon the District's financial condition. The District neither receives nor accounts for ad valorem tax revenues collected by the County to pay debt service on the Bonds (or its other general obligation bonds). Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the interest and sinking fund of the District. The Bonds are, and will continue to be, payable solely from ad valorem taxes collected by the County within the boundaries of the District. See the body of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT."

The San Diego Unified School District provides elementary and secondary educational services to residents of a 211-square-mile area that includes most of the City of San Diego and a small adjoining unincorporated area. The District has operated as a unified school district under the laws of the State of California (the "State") continuously since 1936. The District is the second largest school district in the State in terms of enrollment.

District Organization

The District is governed by an independent Board of Education (the "Board") consisting of five members elected at large for overlapping four-year terms.

Cynthia Marten, Superintendent of Public Education. The District appointed Cynthia Marten Superintendent effective July 1, 2013. Ms. Marten has served as a teacher and administrator for more than 25 years, including her most recent position as Principal at Central Elementary School ("Central") for six years prior to her appointment as Superintendent. She began her career as a teacher in the Poway Unified School District, moving to Central, a District school, in 2003. During her tenure at Central, the school's Academic Performance Index score rose from 631 to 788. Ms. Marten is a product of the District, having attended Hardy Elementary School and Horace Mann Middle School before moving to La Jolla Country Day School for high school. She received her Bachelor's Degree from the University of Wisconsin La Crosse and holds a Master's Degree from the University of California San Diego in curriculum and instruction. Since beginning in her role as Superintendent, Ms. Marten has brought a District-wide singular focus on creating quality schools in every neighborhood. A clear direction for implementing the Board of Education's Vision 2020 is now at the center of every decision. This alignment allows for greater coherence and efficiencies.

Gregory K. Ottinger, Ed.D., Chief Business Officer. Greg Ottinger was appointed Chief Business Officer effective July 25, 2017. Prior to that time, Dr. Ottinger served as the Executive Director of the District's Integrated Technology Division and Information Technology Department. Dr. Ottinger has also served as Executive Director and Senior Information Technology Officer, Director of Online Blended Learning, and Technology Integration Architect at the San Diego County Office of Education. He also is a K-12 Online Program Reviewer for the Colorado Department of Education and a Board Member of The Raptor Institute, a non-profit focused on conservation through education and inspiration. Dr. Ottinger received his Bachelor's Degree from the University of California, San Diego, Teaching Credential, and Administrative Credential and Ed.D. in Educational Leadership from San Diego State University, and is currently earning a CORe Credential of Business from the Harvard Business School.

Candi Lukat, Controller. Candi Lukat joined the District as Controller in December 2016. Ms. Lukat is responsible for the management and oversight of Accounts Payable, Financial Accounting, Fiscal Control, and Materiel Control. With more than seventeen years in public school finance, she has extensive experience managing multimillion-dollar accounting, finance, and revenue operations and is accomplished in developing financial strategies and partnerships that enhance organizational growth and maximize financial sustainability. Ms. Lukat holds a Master's of Public Administration and Bachelor of Arts degree from The Ohio State University. She also holds a Five Year School Treasurers License issued by the State of Ohio Department of Education.

Andra M. Donovan, General Counsel. Andra M. Donovan was appointed the District's General Counsel effective July 1, 2013. Ms. Donovan is an experienced school attorney specializing particularly in finance, land use, facilities and labor/personnel matters. With more than twenty-one years of experience in the practice of law, she has represented and advised school districts throughout in a wide array of legal matters; including tax-related litigation, bond measures, state funding audits, redevelopment claims and election-related litigation. Since October 2009, Ms. Donovan has served as the District's lead legal counsel in complex cases and is responsible for negotiating several high value interagency, multi-party facilities development agreements. Additionally, she serves as the San Diego County Office of Education's representative on the San Diego Redevelopment Oversight Board. Ms. Donovan has a juris doctor from the University of San Diego School of Law.

Facilities, Staff and Enrollment

As of June 1, 2017, the District operated 108 elementary schools, 9 K-8 schools, 25 middle/junior high schools, 23 senior high schools, 11 atypical/alternative schools, 46 State preschool sites, 9 child development centers and 4 special education centers. As of Fall 2017, the District authorizes 48 operational charter schools. In addition, there is one charter school located on a District site that is authorized by the State. The District's 2017-18 budget for all funds as of September 18, 2017 provides for the employment of approximately 6,626 full-time equivalent certificated staff positions, 5,423 full-time equivalent classified employees and over 5,000 active hourly certificated and classified employees. As of September 16, 2016, the District's K-12 enrollment including charter schools (and excluding preschool students) totaled 128,767 students, representing more than 15 different ethnic groups. The District's racial/ethnic distribution of students is as follows: 44.6% Latino, 23.7% White, 8.1% African-American, 4.9% Filipino, 5.2% Indochinese, 3.9% Asian, 0.5% Pacific Islander, 0.2% Native American and 8.9% Multiracial. It is currently estimated that 58.5% of District students are eligible for free or reduced price meals, and estimated data for Fiscal Year 2016-17 shows that approximately 382 foster youth are enrolled and 23.7% of students are English learners, whose native languages constitute more than 56 different languages and dialects.

Employment

The District negotiates agreements with seven bargaining units under the Educational Employment Relations Act. These bargaining units and their approximate number of members budgeted for Fiscal Year 2017-18 are as set forth in the table below. The table and information summarizes the current state of affairs with respect to the District's bargaining units and non-represented employees. Each bargaining unit may have additional proposed changes to compensation and other terms and conditions with cost factors that are unique to such units, the costs of which are included in these figures, but the details may not be included herein.

Certain of the District's contracts with its bargaining units have expired, and others are eligible for wage reopeners. The District has begun the process of negotiations and currently expects that any additional compensation agreed to with the employee bargaining units would be offset with adjustments to other items in its current budget. Any agreements would be subject to approval not only by the District Board and the respective union but is required to be submitted to the County Board of Education for review.

BARGAINING UNITS
San Diego Unified School District

Employees[1]	Bargaining Unit	Expiration Date
6,305	San Diego Education Association (SDEA)	June 30, 2017[3]
1,366	Office-Technical and Business Services (OTBS)(CSEA) San Diego Chapter 788	June 30, 2016[3]
1,772	Operations-Support Services (OSS) (CSEA) San Diego Chapter 724	June 30, 2016[3]
1,906	Paraeducators (CSEA) San Diego Chapter 759	June 30, 2017[3]
239	Administrators' Association of San Diego (AASD) - Classified	June 30, 2017[3]
289	Administrators' Association of San Diego (AASD) – Certificated	June 30, 2017[3]
43	Police Officers' Association (POA)	June 30, 2018[2]
	Non-Represented Employees	
29	Confidential Employees	N/A
71	Management Employees	N/A

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[1] Approximate number of full-time equivalent employees budgeted as of Fiscal Year 2017-18.
[2] Eligible for wage reopener discussions in 2017-18.
[3] Negotiations have begun related to a successor agreement (including salaries); such unit continues to operate under the expired contract during negotiations with the District.
Source: The District.

The District entered into bargaining agreements (the "Agreements") that call for the following:

Salary Increases. SDEA, AASD Classified, AASD Certificated and POA negotiated, in Fiscal Year 2016-17, for salary rates to be increased by 3% retroactive to July 1, 2016, and increased by 1% effective January 1, 2017.

The CSEA OTBS, CSEA PARA and CSEA OSS Agreements specify equity clauses by which their bargaining unit was awarded the same increases as the bargaining units mentioned in this section above. Confidential and non-represented employees were awarded the same increases.

Work Year Reduction. AASD negotiated a permanent work year reduction effective July 1, 2017 for both certificated and classified. The terms of the agreement are as follows:

<u>Certificated</u>
Vice Principals, traditional and year-round calendars, reduced by 3 days
Special Education Site Administrator, calendars reduced by 11 days

Principals, Elementary and Middle Level, traditional and year-round calendar, reduced by 11 days
Principals, High School, calendar reduced by 12 days
Central Office Management, 12 month calendar, reduced by 14 days
Central Office Management, 228-day work-year, reduced by 12 days

<u>Classified</u>
Traditional and Year-Round work-year calendars, 10-month reduced by 11 days; 11-month reduced by 13 days, and 12-month reduced by 14 days.

Furlough Days. OTBS, PARA, and POA negotiated furlough days effective July 1, 2017 through June 30, 2019. The terms of the agreements are as follows:

<u>OTBS</u>
Traditional and Year-Round calendars, 11-month reduced by 13 days and 10-month reduced by 11 days. 12-month employees reduced by 14 days

<u>PARA</u>
Traditional and Year-Round calendars, 11-month, reduced by 13 days, 10-month reduced by 11 days, and 163-day work-year calendar, reduced by 8 days. 12-month work-year calendar reduced by 14 days, 12-month Early Childhood Education calendar reduced by 6 days, and 12-month Modified work-year calendar reduced by 8 days.

<u>POA</u>
12-Month work-year calendar reduced by 14 days. Police dispatchers and lead police dispatchers were not subject to furloughs.

Restoration of Furlough Days. There are provisions to negotiate the restoration of the furlough days if the structural deficit is resolved for the 2018-19 fiscal year such that the furlough days are not needed as solutions to resolve the deficit. Furthermore, agreements with OTBS, PARA and POA expire on June 30, 2019, when all furlough days are removed and salaries adopted unless the parties negotiate otherwise.

Supplementary Early Retirement Plan (SERP). The District and all bargaining units agreed to the implementation of a 2017-18 SERP, through Public Agency Retirement Services. In order for the SERP to go into effect, the requirement was that the SERP must generate net savings, or no net cost, to the District's General Fund Unrestricted, in the initial year of implementation and cumulatively over five years. The SERP went into effect for Fiscal Year 2017-18 on July 1, 2017. The following table provides the number of employees by bargaining unit who elected the early retirement.

Supplementary Early Retirement Plan
San Diego Unified School District

Bargaining Unit	**Employees**
San Diego Education Association (SDEA)	528
Office-Technical and Business Services (OTBS) (CSEA) San Diego Chapter 788	177
Operations-Support Services (OSS) (CSEA) San Diego Chapter 724	171
Paraeducators (PARA) (CSEA) San Diego Chapter 759	149
Administrators' Association of San Diego (AASD) – Classified	53
Administrators' Association of San Diego (AASD) – Certificated	31
Police Officers' Association (POA)	7
Non-Represented Employees	
Confidential Employees	5
Management Employees	7

Charter Schools of the District

Charter schools are public schools that provide grades K-12 instruction but are operated as or by nonprofit public benefit corporations. As of Fall 2017, the District authorized 48 operational charter schools. In addition, there is one charter school located on a District site that is authorized by the State. The District's charter schools have a combined average daily attendance ("ADA") as of the 2016-17 second principal apportionment reporting period of 21,738. The growth of charter schools within the District may represent an encroachment upon the District's own enrollment figures when District students transfer to charter schools, with a resulting decrease in ADA and concomitant operating revenues. In Fiscal Year 2016-17, approximately 19.0% of current charter school students came from, or would otherwise be attending, schools outside of the District, which results in no loss of ADA funding for the District. The District is also required to transfer "in lieu of property taxes" to its authorized charter schools, and for the Fiscal Year 2016-17, the estimated total is $118.5 million. See table below for the District's Charter School ADA.

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San Diego Unified School District
Charter School Average Daily Attendance

Fiscal Year	Charter School Average Daily Attendance
2009-10	13,129
2010-11	14,873
2011-12	15,845
2012-13	16,923
2013-14	18,489(1)
2014-15	20,002(1)
2015-16	21,248(1)
2016-17	21,738(2)

(1) The Charter School ADA for Fiscal Year 2013-14 is based on the third revision to annual ADA counts certified in June, 2016, for Fiscal Year 2014-15, the ADA amount is based on the second revision to annual ADA, and for Fiscal Year 2015-16, the ADA amount is based on the annual ADA, both certified in February, 2017.
(2) As of June 2017.
Source: The District

State Funding of Education

The State Constitution requires that from all State revenues there will first be set apart the moneys to be applied by the State for support of the public school system and public institutions of higher education. As discussed below, school districts in the State receive a significant portion of their funding from State appropriations. Accordingly, the State's economic condition can affect the economic condition of California school districts.

Local Control Funding Formula (LCFF). As part of the 2013-14 State Budget, State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97") was enacted to establish a new system for funding school districts, charter schools and county offices of education by the implementation of the Local Control Funding Formula or LCFF, to replace the revenue limit funding system for determining State apportionments and the majority of categorical program funding. Subsequently, AB 97 was amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49). The LCFF consists primarily of base, supplemental and concentration funding that focuses resources based on a school district's student demographics. Each school district and charter school will receive a per pupil base grant used to support the basic costs of instruction and operations. The implementation of the LCFF is to occur over a period of several years (and by 2021 or earlier), beginning in Fiscal Year 2013-14 when an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the 2013-14 State Budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. The Governor's Department of Finance estimates the LCFF funding targets could be achieved in eight years, with LCFF being fully implemented by 2020-21. School districts will have the same proportion of their respective funding gaps closed in each year, with funding amounts that vary in accordance with the size of each district's funding gap.

The LCFF includes the following components:

- An average base grant for each local education agency equivalent to $7,643 per unit of average daily attendance ("ADA") (by the end of the implementation period). This amount includes an adjustment to the base grant to support lowering class sizes in grades K-3, and an adjustment to reflect the cost of operating career technical education programs in high schools. The authorizing LCFF statute, AB 97, provides for differentiated base grant amounts according to four different grade spans: K-3, 4-6, 7-8, and 9-12. Unless otherwise collectively bargained for, following full implementation of the LCFF, school districts must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site so as to continue receiving its adjustment to the

K-3 base grant. Such K-3 school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period.

- A 20% supplemental grant for students classified as English learners ("EL"), those eligible to receive a free or reduced price meal ("FRPM") and foster youth, to reflect increased costs associated with educating those students. These supplemental grants are only attributed to each eligible student once, and the total student population eligible for the additional funding is known as an "unduplicated count."

- An additional concentration grant equal to 50% of a local education agency's base grant, based on the number of unduplicated EL, FRPM and foster youth served by the local agency that comprise more than 55% of the school district's or charter school's total enrollment. Because the District's unduplicated count is above the 55% threshold, the District will be eligible for the concentration grant for eligible students above 55%.

- 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.

Of the more than $25 billion in funding to be invested through the LCFF over an eight year period, the vast majority of new funding will be provided for base grants. Specifically, of every dollar invested through the LCFF, 84 cents will go to base grants, 10 cents will go to supplemental grants, and 6 cents will go to concentration grants. Base grants are to be adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among base grants are linked to differentials in Statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in Fiscal Year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in Fiscal Years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the eight-year implementing period of the LCFF. The District does not qualify for the ERT add-on.

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

The LCFF legislation includes a "hold harmless" provision which provides that a school district or charter school will maintain total revenue limit and categorical funding at its Fiscal Year 2012-13 level, unadjusted for changes in ADA, or cost of living adjustments

LCFF and the District

The District has received increased revenues as a result of the LCFF due to the District's high proportion of students who are EL, FRPM eligible or foster youth. The LCFF funds the District receives may be spent on a District-wide basis, provided the District identify the District-wide services and describe how these services meet the District's goals for the targeted students. The District is aware of certain risks associated with the LCFF, including future State budget challenges in the event of an economic recession and the impact of Proposition 30 revenues after the temporary sales tax expired at the end of 2016; the inability to collect all income eligibility survey forms to determine student demographics and student free and reduced priced meal status, as well as shifts in student demographic and enrollment counts, transition year expenses, and intervention by the California Department of Education in connection with school districts that are unable to demonstrate increased and improved services for students targeted by the LCFF.

Actual funding is based on the difference between the District's funding floor and its LCFF target (the LCFF gap). For the 2015-16 Fiscal Year, the District received $828.9 million in its funding floor amount plus a portion of its LCFF gap, which was equivalent to $99 million, for a total 2015-16 Annual LCFF Allocation of $927.9 million. (See table entitled, "SAN DIEGO UNIFIED SCHOOL DISTRICT LCFF Implementation" herein.)

The following table sets forth the District's projected ADA of unduplicated EL, FRPM, and foster youth for Fiscal Years 2014-15 through 2021-22, the District's projected target LCFF funding amounts at full implementation (which represents a combined total of base grant, K-3 class size reduction and grades 9-12 adjustments, supplemental and concentration grant funding, each calculated by grade span), projected annual LCFF allocation and gap funding for Fiscal Years 2014-15 through 2021-22. The ADA figures are dependent upon the District's collection of "Income Eligibility" and other survey forms from District students. Note that such data assumes an unduplicated count of EL, FRPM and foster youth as a percentage of enrollment for each of the Fiscal Years, based on current survey form collections. The following information consists of projections only, based on unaudited actuals, budget reports and current survey collections, and is subject to change.

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SAN DIEGO UNIFIED SCHOOL DISTRICT
LCFF Implementation
(Assumes Unduplicated % Indicated of Free Reduced Price Meal (FRPM),
English Learner (EL) and Foster Youth Students ADA)
Fiscal Years 2014-15 Through 2021-2022[(1)(2)]
As of June 30, 2017

Fiscal Year	ADA[(3)]	LCFF Target at Full Implementation[(4)]	LCFF Floor	Gap Funding Included in Annual LCFF Allocation	Annual LCFF Allocation	Remaining Gap[(4)(5)]	Gap Funding %	COLA %	Unduplicated %
2014-15[(6)]	104,663	$1,028,825,985	$763,933,733	$79,891,931	$(843,825,664)	$185,000,321	30.16%	0.85%	63.26%
2015-16	102,324	1,017,219,978	828,874,826	98,989,722	(927,864,548)	89,355,430	52.56	1.02	63.37
2016-17	101,080	1,003,346,160	918,710,631	47,460,896	(966,171,527)	37,174,633	56.08	0.00	62.93
2017-18	100,944	1,013,990,757	965,108,643	21,112,185	(986,220,828)	27,769,929	43.19	1.56	62.48
2018-19	99,868	1,021,143,667	977,571,674	28,809,802	(1,006,381,476)	14,762,191	66.12	2.15	61.91
2019-20	98,354	1,028,725,900	993,774,237	22,690,620	(1,016,464,857)	12,261,043	64.92	2.35	61.91
2020-21	96,863	1,038,396,409	1,003,702,337	34,694,072	(1,038,396,409)	-	100.00	2.57	61.91
2021-22	95,394	1,023,778,093	1,023,778,093	-	(1,023,778,093)	-	-	-	61.91

(1) Preliminary and projected figures for Fiscal Years 2016-17 through 2021-22.
(2) This table assumes 61.91% of District enrollment is comprised of unduplicated EL, FRPM, and foster youth students for Fiscal Years 2018-19 through 2021-22. Beginning in Fiscal Year 2015-16, a school district's percentage of unduplicated EL, FRPM and foster youth students will be based on a rolling average of such district's EL, FRPM, and foster youth enrollment for the then-current Fiscal Year and the two immediately preceding Fiscal Years. If the unduplicated count in Fiscal Year 2013-14 is less than the unduplicated count for Fiscal Year 2014-15, for purposes of the three-year rolling average, the count for Fiscal Year 2014-15 will be used twice and the count for Fiscal Year 2015-16 will only be used once.
(3) ADA as of the second principal reporting period (P-2 ADA). Excludes charter schools.
(4) The LCFF Target at Full Implementation and Remaining Gap are subject to COLA adjustments.
(5) Remaining Gap is calculated by subtracting Annual LCFF Allocation from LCFF Target at Full Implementation ("LCFF Target"). As each year's LCFF Target is compiled and incorporates changes in ADA and COLA, the Remaining Gap figure will be subject to increases or decreases in the LCFF Target.
(6) Excludes grade-span adjustment penalty.
Source: San Diego Unified School District.

Local Control and Accountability Plan ("LCAP"). As part of the LCFF, school districts, county offices of education, and charter schools are required to develop, adopt and annually update a three-year Local Control and Accountability Plan or "LCAP," beginning on July 1, 2014, using a template adopted by the California State Board of Education ("SBE"). The SBE is required to adopt evaluation rubrics to assist school districts and oversight entities in evaluating strengths, weaknesses, areas that require improvement, technical assistance needs, and where interventions are warranted. Subsequent revisions to the template or evaluation rubrics are required to be approved by the SBE by January 31 before the Fiscal Year when the template or rubric would be used. The LCAP is required to identify goals and measure progress for student subgroups across multiple performance indicators.

Education Funding Prior to Fiscal Year 2013-14. Historically, annual State apportionments of basic and equalization aid to school districts for general purposes were computed up to a revenue limit per unit of average daily attendance ("ADA"). Such apportionments generally amounted to the difference between the District's revenue limit and the District's local property tax allocation. Revenue limit calculations were adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all of the same type of California school districts. As described above, with the implementation of the LCFF, commencing in Fiscal Year 2013-14, school districts will 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 District's ADA record in kindergarten through grade 12 and revenue limit per ADA under the prior education funding model from 2009-10 through 2013-14 are set forth in the table below. One of the factors in the decrease in ADA displayed in the following table was the transfer of District elementary students to charter middle schools. Pursuant to Senate Bill 319 ("S.B. 319"), State Education Code Section 47660 was amended and Section 42241.3 was added, to revise the calculation of revenue limit funding by excluding the ADA of conversion charter schools established on or after July 1, 2005 and excluding the ADA of all charter schools effective 2006-07, respectively.

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Average Daily Attendance and Revenue Limit for the District
Under Prior Education Funding Model

Fiscal Year	Revenue Limit Per ADA[(1)]	District Average Daily Attendance[(2)]	Charter School Average Daily Attendance
2009-10	$6,377	110,836	13,129
2010-11	6,374	110,357	14,873
2011-12	6,517	109,241	15,845
2012-13	6,730	107,487	16,923
2013-14	7,277	106,132[(3)]	18,489[(3)]
2014-15	N/A	106,167[(4)]	20,002[(4)]
2015-16	N/A	104,018[(4)]	21,604[(4)]
2016-17	N/A	102,272[(5)]	21,738[(5)]

(1) Through 2013-14, the amounts indicated represent final certification by the State. Revenue Limit amounts were reduced by a deficit factor applied by the State to school districts Statewide as listed below. The deficit factor was a percentage by which an allocation of funds to a school district was reduced when the appropriation was insufficient based on the funding formulas specified by law:

2009-10	18.355%
2010-11	17.963
2011-12	20.602
2012-13	22.360
2013-14	N/A[(6)]
2014-15	N/A[(6)]

(2) Excludes Charter Schools.
(3) The Charter School ADA for Fiscal Year 2013-14 is based on the third revision to annual ADA counts certified June 2016.
(4) The Charter School ADA for Fiscal Year 2014-15 is based on the second revision to annual ADA counts, and for Fiscal Year 2015-16 is based on annual ADA counts certified February 2017.
(5) As of February 2017.
(6) As of Fiscal Year 2013-14 the State of California changed methodologies for determining revenue allocation to local education agencies (LEA's) using the Local Control Funding Formula. The quoted per ADA figure as of Fiscal Year 2013-14 is an average for the District as a whole encompassing Grade Span, Supplemental, Concentration, and Career Technical Education (CTE) grants per ADA. Each student's ADA could differ by grade level and whether they are captured in the District's unduplicated count to receive any of these additional monies.

Source: San Diego Unified School District.

Impact Aid Funds

In Fiscal Year 2015-16, the District received $12,704,697 in Impact Aid funds which included close-out amounts owed for Section 8002 for Fiscal Years 2009-10 and 2010-11 and for Section 8003 for Fiscal Years 2011-12 and 2012-13. Additionally, the District received an interim payment for Fiscal Year 2011-12 for Section 8002 and interim payments for Fiscal Year 2014-15 for both Sections 8002 and 8003. The final Impact Aid application for Fiscal Year 2015-16 was submitted in September 2016. In Fiscal Year 2016-17, the District received $12,052,022 in Impact Aid funds which included close-out amounts owed for Section 7002 (formerly 8002) for Fiscal Years 2012-13 and 2013-14 and for Fiscal Year 2013-14 for Section 7003 (formerly 8003). The District also received initial payments for Fiscal Year 2015-16 for both Sections 7002 and 7003. The final application for Fiscal Year 2016-17 was submitted in June 2017.

State Budget Process

General. The District's operating income consists primarily of two components: a State portion funded from the State's general fund and a locally-generated portion derived from the District's share of the 1% local ad valorem property tax authorized by the State Constitution. School districts may be eligible for other special categorical funding, including for State and federal programs. The District receives approximately 43.6% of its general fund revenues from the State, budgeted at approximately $573.2 million in Fiscal Year 2016-17 and $536.2 million in Fiscal Year 2017-18. As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations.

State funding is guaranteed to a minimum level for school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs under "Proposition 98," a constitutional and statutory initiative amendment adopted by the State's voters in 1988, and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution). See "CONSTITUTIONAL AND STATUTORY INITIATIVES - Proposition 98" herein.

The State's Proposition 98 funding mandate normally commands about 45% of all State general fund revenues. Because education funding constitutes such a large part of the State's general fund expenditures, it is at the heart of annual budget negotiations and adjustments.

Adoption of Annual State Budget. According to the State Constitution, the Governor of the State (the "Governor") must propose a budget to the State Legislature no later than January 10 of each year. Under an initiative constitutional amendment approved by the State's voters on November 2, 2010 as "Proposition 25," a final budget must be adopted by a simple majority vote (rather than a two-third majority, as was the case prior to the passage of Proposition 25) of each house of the Legislature no later than June 15, although this deadline has been routinely breached in the past. (Tax increases continue to require a two-thirds majority vote.) The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget.

Prior to the passage of Proposition 25, there were instances where the State Legislature failed to pass a budget in a timely fashion, and the District cannot predict what circumstances may cause a similar failure in future years. In each year where the State budget lags adoption of the District's budget, it will be necessary for the District's staff to review the consequences of the changes, if any, at the State level from the proposals in the Governor's May Revision for that year, and determine whether the District's budget will have to be revised. The District cannot predict the final outcome of State budget negotiations, the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control.

Court Decision on State Payments Pending Budget Adoption. When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each district's State funding are affected differently. Under the rule of White v. Davis (also referred to as Jarvis v. Connell), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected state officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: www.sco.ca.gov (such website is not incorporated herein by reference). Should the Legislature fail to pass the budget or emergency appropriation before the start of any Fiscal Year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the White decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the Fiscal Year. The District does not expect the White decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given Fiscal Year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as more accurate information regarding the various factors becomes available. The guaranteed amount will generally increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as a "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the State Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as a "maintenance factor."

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds one Fiscal Year to the next; by permanently deferring the year-end apportionment from June 30 to July 2; by suspending Proposition 98, and by proposing to amend the Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. **The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the Underwriters, Bond Counsel and Disclosure Counsel nor the Owners of the Notes to provide State budget information to the District or the owners of the Notes. Additional information regarding State budgets is available at various State-maintained websites including www.dof.ca.gov, which website is not incorporated herein by reference.**

2017-18 State Budget. On June 27, 2017, the Governor signed the 2017-18 Budget into law (the "Final 2017-18 Budget"). The Final 2017-18 Budget includes total general fund spending of $125 billion, with a funding increase of more than $3 billion for K-14 education (approximately $1 billion more than the Governor proposed in the proposed 2017-18 State budget) and an expanded tax credit for low-wage workers. The Final 2017-18 Budget allocates $2.8 billion (expected from increases in the gas tax and vehicle registration fees) to be applied to road repairs, transit and other transportation infrastructure projects and proposes to spend portions of more than $1 billion the State expects to receive each year from the tobacco tax (approved by California voters in November of 2016) that would allow raising reimbursement rates for doctors and dentists who provide publicly funded care ($465 million) and for other providers, including those working in women's health ($81 million). While the Final 2017-18 Budget also includes $1.8 billion to the State's reserve fund, it does not include an extension of the State's program for the regulation of climate-warming greenhouse gases known as "cap and trade," which is set to expire in 2020.

The Final 2017-18 Budget includes total funding of $92.5 billion ($54.1 billion General Fund and $38.4 billion other funds) for all K-12 education programs, plus Proposition 98 funding of $74.5 billion for Fiscal Year 2017-18, an increase of $2.6 billion over the level in the adopted State budget for Fiscal Year 2016-17. Significant features of the Final 2017-18 Budget affecting K-12 schools include the following:

- ***Local Control Funding Formula*** — An increase of almost $1.4 billion in Proposition 98 General Fund monies to continue the State's transition to the LCFF, an increase that will bring the LCFF to 97% of full implementation.

- ***One Time Discretionary Grants*** — An increase of $877 million in Proposition 98 General Fund monies to provide school districts, county offices of education, and charter schools with discretionary resources to support critical investments at the local level to be used for activities such as deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and implementation of new educational standards.

- ***After School and Education Safety (ASES) Program*** — An increase of $50 million in Proposition 98 General Fund monies to increase provider reimbursement rates for the ASES program, bringing the total spending on the program to $600 million.

- ***Teacher Workforce*** — A combined increase of $41.3 million in one-time ($30 million in one-time Proposition 98 General Fund monies and $11.3 million in one-time federal Title II funds) to fund several programs aimed at recruiting and developing additional teachers and school leaders, with particular emphasis on key shortage areas such as special education, math, science, and bilingual education.

- ***California Educator Development Program*** — An increase of $11.3 million in one-time federal Title II funds for a competitive grant program that assists local educational agencies in attracting and supporting the preparation and continued learning of teachers, principals, and other school leaders in high-need subjects and schools.

- ***Classified School Employees Credentialing Program*** — An increase of $25 million in one-time Proposition 98 General Fund monies, available for five years, to support a second cohort of the California Classified School Employees Credentialing Program established in the 2016 Budget Act.

- ***Bilingual Professional Development Program*** — An increase of $5 million in one-time Proposition 98 General Fund monies for one-time competitive grants to support professional development for teachers and paraprofessionals seeking to provide instruction in bilingual and multilingual settings.

- ***Charter School Facility Grant Program*** — An increase in the per student funding rate to $1,117 for Fiscal Year 2017-18 and an ongoing cost-of-living adjustment for the program moving forward.

- ***Refugee Student Support*** — An increase of $10 million in one-time Proposition 98 General Fund monies to provide additional services for refugee students transitioning to a new learning environment.

For additional information regarding the Final 2017-18 Budget, see the State Department of Finance website at www.ebudget.ca.gov. However, the information presented on such website is not incorporated herein by reference. The District cannot predict how State income or State education funding will vary over the term of the Series A Notes, and the District takes no responsibility for informing owners of the Series A Notes as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget" or www.ebudget.ca.gov. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Sanctuary Jurisdictions and Federal Funding. On January 25, 2017, President Trump issued an Executive Order (the "Executive Order") aimed at enhancing public safety in the interior of the United States. The Executive Order includes a provision directing the Attorney General and the Secretary of Homeland Security, in their discretion, to ensure that state and local jurisdictions that willfully refuse to comply with 8 U.S.C. 1373 (a federal law concerning the provision of information on individuals' immigration status), will not be eligible to receive federal grants except as deemed necessary for law enforcement purposes. Although the District has neither adopted, nor plans to adopt, a resolution declaring itself a sanctuary jurisdiction, it could, nevertheless, be deemed to be a sanctuary jurisdiction if an agent of the federal government determines that the District willfully refuses to comply with any provision of 8 U.S.C. 1373, for example, if the District or an official of the District were to restrict the sending to or receipt from the United States Citizenship and Immigration Services ("USCIS") of any information regarding the citizenship or immigration status of a student or employee. The Executive Order states that it is the policy of the executive branch to ensure that jurisdictions that fail to comply with applicable federal law do not receive federal funds, except as mandated by law. The County of Santa Clara and the City and County of San Francisco, California (the "Counties") challenged the Executive Order arguing that the defunding provisions included in the Executive Order violated the Fifth Amendment's due-process protections and the Tenth Amendment's ban on federal usurpation of state powers. On April 25, 2017, a United States District Judge issued a nationwide preliminary injunction against the Executive Order. The injunction will remain in place until the underlying lawsuits brought by the Counties are resolved. The District is unable to predict the extent to which this threat will be enforced by the federal government, the extent of the impact that enforcement of the Executive Order would have on the District's financial condition, or what other actions, if any, the District might take in response to the Executive Order or any action under it.

Federal funding comprises a portion of the District's general fund revenue. A loss of all federal revenues may have a material effect on the overall fiscal health of the District and on the District's ability to meet its financial obligations in each budget year.

Proposition 30. The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012 ballot resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raising taxes on individuals after their first $250,000 in income and on couples after their first $500,000 in earnings. These increased tax rates affect approximately 1 percent of California personal income tax filers and went into effect starting in the 2012 tax year, ending at the conclusion of the 2018 tax year. The LAO estimates that, as a result of Proposition 30, additional state tax revenues of about $6 billion annually from Fiscal Years 2012–13 through 2016–17 will be received by the State with lesser amounts of additional revenue available in Fiscal Years 2011–12, 2017–18, and 2018–19. Proposition 30 also placed into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Proposition 30 also provides for additional tax revenues aimed at balancing the State's budget through Fiscal Year 2018–19, providing several billion dollars annually through Fiscal Year 2018–19 available for purposes including funding existing State programs, ending K–14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers could impact potential State revenue and complicate State budgeting in future years. After the proposed tax increases expire, the loss of the associated tax revenues could also create additional budget pressure in subsequent years.

New revenues generated from Proposition 30 are deposited into a newly created State account called the Education Protection Account ("EPA"). School districts, county offices of education, and charter schools ("LEAs") will receive funds from the EPA based on their proportionate share of the Statewide revenue limit amount. A corresponding reduction is made to an LEA's revenue limit equal to the amount of their EPA entitlement. LEAs receive EPA payments quarterly, which began with the 2013-14 Fiscal Year. LEAs received their 2012-13 Fiscal Year EPA entitlement in one lump sum payment at the end of June 2013. Beginning Fiscal Year 2013-14, the California Department of Education will allocate EPA revenues on a quarterly basis through the 2018-19 Fiscal Year. Payments will equal 25 percent of the annual EPA entitlement and future payments may be adjusted for ADA changes and previous over and under payments of EPA funds.

Proposition 55. The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Tax revenue received under Proposition 55 is allocated 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales tax rate increase enacted under Proposition 30.

Proposition 2. Proposition 2, also known as The Rainy Day Budget Stabilization Fund Act ("Proposition 2") was approved by California voters on November 4, 2014. Proposition 2 provides for changes to State budgeting practices, including revisions to certain conditions under which transfers are made into and from the State's Budget Stabilization Account (the "Stabilization Account") established by the California Balanced Budget Act of 2004 (also known as Proposition 58). Commencing in Fiscal Year 2015-16 and for each Fiscal Year thereafter, the State is required to make an annual transfer to the Stabilization Account in an amount equal to 1.5% of estimated State general fund revenues (the "Annual Stabilization Account Transfer"). For a Fiscal Year in which the estimated State general fund revenues allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues, supplemental transfers to the Stabilization Account (a "Supplemental Stabilization Account Transfer") are also required. Such excess capital gains taxes, which are net of any portion thereof owed to K-14 school districts pursuant to Proposition 98, are required to be transferred to the Stabilization Account.

In addition, for each Fiscal Year, Proposition 2 increases the maximum size of the Stabilization Account to 10% of estimated State general fund revenues. Such excess amounts are to be expended on State infrastructure, including deferred maintenance, in any Fiscal Year in which a required transfer to the Stabilization Account would result in an amount in excess of the 10% threshold. For the period from Fiscal Year 2015-16 through Fiscal Year 2029-30, Proposition 2 requires that half of any such transfer to the Stabilization Account (annual or supplemental), shall be appropriated to reduce certain State liabilities, including repaying State interfund borrowing, reimbursing local governments for State mandated services, making certain payments owed to K-14 school districts, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. After Fiscal Year 2029-30, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the Stabilization Account to the reduction of such State liabilities and any amount not so applied shall be transferred to the Stabilization Account or applied to infrastructure, as set forth above.

Accordingly, the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the Stabilization Account are impacted by Proposition 2. Unilateral discretion to suspend transfers to the Stabilization Account are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the Stabilization Account for any reason, as was previously provided by law. Instead, the Governor must declare a "budget emergency" (defined as an emergency within the meaning of Article XIIIB of the Constitution) or a determination that estimated resources are inadequate to fund State general fund expenditure, for the current or ensuing Fiscal Year, at a level equal to the highest level of State spending within the three immediately preceding Fiscal Years, and any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the Stabilization Account are limited to the amount necessary to address the budget emergency, and no draw in any Fiscal Year may exceed 50% of the funds on deposit in the Stabilization Account, unless a budget emergency was declared in the preceding Fiscal Year.

Proposition 2 also provides for the creation of a Public School System Stabilization Account (the "Public School System Stabilization Account") into which transfers will be made in any Fiscal Year in which a Supplemental Stabilization Account Transfer is required, requiring that such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. Transfers to the Public School System Stabilization Account are only to be made if certain additional conditions are met, including that: (i) the minimum funding guarantee was not suspended in the immediately preceding Fiscal Year, (ii) the operative Proposition 98 formula for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the Fiscal Year in which a Public School System Stabilization Account transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is higher than the immediately preceding Fiscal Year, as adjusted for ADA growth and cost of living.

Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any Fiscal Year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, in any Fiscal Year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living, Proposition 2 also mandates draws on the Public School System Stabilization Account.

Prohibitions on Diverting Local Revenues for State Purposes; Proposition 1A and Proposition 22. Beginning in Fiscal Year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies. Redevelopment agencies, through the California Redevelopment Association ("CRA") engaged in litigation to block the transfer of payments and recoup certain payments already made under certain legislation passed in July 2009 that is beyond the reach of Proposition 22, known as "ABX4 26." 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.

Redevelopment Agency Dissolution. On December 30, 2011, the California Supreme Court issued its decision in the case of California Redevelopment Association v. Matosantos, finding Abx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that Abx1 27, a companion bill to Abx1 26, violated the California Constitution, as amended by Proposition 22. Abx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide. The District is unable to predict what affect the implementation of Abx1 26 will have on the District's future receipt of tax increment revenues.

As a result of the dissolution of California redevelopment agencies and Abx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue. The California Department of Finance estimates the amount the District is expected to receive once the pass-through payments are made and enforceable obligations paid, then reduces its funding allocation to the District by such amount. See the table below for the District's receipts from redevelopment agency tax increment distributions for Fiscal Years 2011-12 through 2016-17.

San Diego Unified School District
Receipts from Redevelopment Agency Tax Increment Distributions
As of June 30, 2017

Fiscal Year	Amount Received
2011-12	$43,646,758
2012-13	61,543,084
2013-14	98,172,497
2014-15	33,813,407
2015-16	20,110,396
2016-17	40,087,241[1]

[1] Unaudited.
Source: The District

District's Response to the 2017-18 State Budget

On June 13, 2017, the District Board conducted the First Reading of the District's 2017-18 Budget. The District's 2017-18 Proposed Total General Fund Budget is $1.38 billion and its current projected general fund unrestricted deficit for 2017-18 is $124.4 million based on the May revision to the proposed Fiscal Year 2017-18 State budget. In addition to the continued advocacy efforts, operational efficiency solutions with key District programs, such as Special Education and Early Childhood Education, are identified in an amount sufficient to address the projected deficit. The District's general fund unrestricted multi-year budget also identifies projected deficits of $46.4 million in 2018-19 and an additional $22 million in 2019-20 if 2018-19 solutions are ongoing. This information is preliminary and subject to change based on the State Budget adopted on June 27, 2017 and numerous other factors. See "State Budget Process – 2017-18 State Budget" herein. The District is required to revise and submit its adopted budget to the San Diego County Office of Education within 45 days of State Budget adoption, if there are significant changes.

The chart below sets forth the District's Fiscal Year 2017-18 proposed response to solving the estimated $124.4 million deficit. The District Board of Education adopted the 2017-18 Budget on June 27, 2017.

2017-18 General Fund Unrestricted
Budget Solutions
As of June 13, 2017
(dollars in millions)

Description	Amount (in millions)
Projected Deficit at 3rd Interim	**$124.4**
Ongoing Solutions	6.0
Department Reductions	64.2
Program Reductions	17.2
Funding Alignment	16.4
Revenue Generation	6.0
Reduced Work year	14.6
Budget Deficit Solution Opportunities Surplus/(Deficit)	**$0.0**

Significant Accounting Policies and Audited Financial Statements

The California State Department of Education imposes uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the contemporary California School Accounting Manual. Independent auditing services are being conducted by Crowe Howarth LLP, Sacramento, California (the "Auditor"). The District's audit for the Fiscal Year ended June 30, 2016 is attached hereto as APPENDIX C. The financial statements for prior years are available on the EMMA website (such website is not incorporated herein by reference) and by contacting the District. A fee may be imposed for copying, shipping and handling. The District has not requested the consent of the Auditor regarding the inclusion of their report in this Official Statement. The Auditor has not undertaken to update its report or to review this Official Statement and expresses no opinion with respect to any events subsequent to the date of its report.

Financial Statements

The following tables contain accounting data abstracted from financial statements prepared by the District's independent auditors for the Fiscal Years 2013-14 through 2015-16, unaudited actuals for Fiscal Year 2016-17, and budget information for 2017-18. For the audited statement of revenues, expenditures and changes in fund balances for the Fiscal Years 2011-12 through 2015-16 in the format reported in the District's annual audited financial statements, see the following page.

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SAN DIEGO UNIFIED SCHOOL DISTRICT
General Fund Budgets Comparison
Revenues, Expenditures and Changes in Fund Balances[1]
For Fiscal Years Ending June 30

	Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18
	Adopted Budget[2]	Audit	Adopted Budget[3]	Audit	Adopted Budget[4]	Unaudited Actuals[5]	Proposed Budget[5]
BEGINNING BALANCE	$126,620,856[6]	$128,239,658[7]	$162,318,205	$164,194,104	$161,912,644	$161,912,644	$82,718,069
Revenues and Other Sources							
Local Control Funding Formula (LCFF)[7]	$853,534,574	$851,976,638	$938,589,711	$943,847,632	$974,630,585	$970,604,541	$991,476,899
Federal Sources	86,900,383	95,814,822	130,124,985	101,510,317	102,143,599	110,835,040	93,859,716
Other State Sources	120,557,902	220,120,129	122,503,963	189,070,296	168,190,441	171,930,470	162,323,189
Other Local Sources	28,347,281	40,398,685	26,090,283	39,450,993	24,671,383	35,656,835	32,119,378
TOTAL REVENUES	1,089,340,140	1,208,310,274	1,217,308,942	1,273,879,238	1,269,636,008	1,289,026,886	1,279,779,182
TOTAL BEGINNING BALANCE AND REVENUES	$1,215,960,996	$1,336,549,932	$1,379,627,147	$1,438,073,342	$1,431,548,652	$1,450,939,530	$1,362,497,251
Expenditures and Other Uses							
Certificated Salaries	$529,766,879	$544,291,481	$582,658,557	$575,629,754	$576,775,524	$602,466,912	$562,557,942
Classified Salaries	205,556,819	200,346,189	216,586,090	216,443,286	220,818,456	226,818,356	200,775,561
Employee Benefits	294,762,635	317,433,049	331,043,442	353,852,280	401,208,047	395,140,082	418,384,727
Books and Supplies	43,246,178	41,570,381	42,435,165	32,924,873	46,089,178	40,255,624	34,893,125
Services and Other Operating Expenses	83,457,707	93,488,302	97,607,774	96,775,285	89,123,622	92,063,310	87,580,681
Capital Outlay	7,987,376	3,940,879	1,021,116	1,145,077	2,948,000	13,886,035	878,986
Other Outgo	(3,016,918)[8]	693,389	(899,568)[8]	937,888	(66,969)	(879,944)	(638,233)
TOTAL EXPENDITURES	$1,161,760,676	$1,201,763,670	$1,270,452,575	$1,277,708,443	$1,336,895,858	$1,369,750,375	$1,304,432,789
EXCESS (DEFICIENCY) OF TOTAL BEGINNING BALANCE AND REVENUES OVER TOTAL EXPENDITURES	$54,200,320	$134,786,262	$ 109,174,572	$160,364,899	$94,652,794	$81,189,155	$58,064,462
TOTAL OTHER FINANCING SOURCES(USES)	29,115,429	29,407,842	(57,654)	3,711,221	876,476	1,528,913	9,214,369
NET ENDING FUND BALANCE	$83,315,749	$164,194,104	$ 109,116,918	$164,076,120	$95,529,270	$82,718,069	$67,278,831

(1) Totals may not add due to rounding.
(2) Data from the District's Revised Adopted Budget for Fiscal Year 2014-15 as of September 9, 2014.
(3) Data from the District's Adopted Budget for Fiscal Year 2015-16 as of September 15, 2015.
(4) Data from the District's Adopted Budget for Fiscal Year 2016-17 as of September 13, 2016.
(5) District's 2016-17 Unaudited Actuals and 2017-18 Proposed Budget as of September 12, 2017.
(6) Reflects unaudited actuals ending fund balance from prior year.
(7) Beginning balance figure ties to Governmental Activities, which combines General Fund with financial activity of the Special Revenue Fund for Postemployment Benefits.
(8) Includes two categories of "Other outgo – Excluding transfers of indirect costs and –Transfers of indirect costs."

Sources: District Audited Financial Statements for Fiscal Year 2014-15 and 2015-16 data from the District's Audited Financial Statements General Fund – Budgetary Comparison Schedule – Actual (Budgetary Basis). District's 2014-15 revised Adopted Budget as of September 9, 2014. District's 2015-16 Adopted Budget as of September 15, 2015. District's 2016-17 Adopted Budget as of June 28, 2016. District's 2016-17 Unaudited Actuals and 2017-18 Proposed Budget as of September 12, 2017.

SAN DIEGO UNIFIED SCHOOL DISTRICT
General Fund
Revenues, Expenditures and Changes in Fund Balances
For Fiscal Years Ending June 30[(1)(2)]

	2012	2013	2014
Revenues			
Revenue Limit/LCFF Sources		$574,422,513	$777,393,443
State Aid	$154,746,492	-	-
Local Sources	480,682,709	-	-
Transfers	(54,422,103)	-	-
Federal Sources	118,431,588	116,012,148	97,257,592
Other State Sources	314,221,554	302,477,085	172,925,157
Other Local Sources	48,396,134	63,146,218	44,410,339
Total Revenues	1,062,056,374	1,056,057,964	1,091,986,531
Expenditures			
Instruction	700,257,809	709,089,254	728,927,663
Instruction-related services:			
Supervision of instruction	46,245,105	44,195,616	43,647,891
Instr. library, media and technology	10,714,743	10,018,725	9,675,823
School site administration	79,154,032	76,203,932	78,651,748
Pupil Support Services			
Home-to-school transportation	39,153,728	39,869,162	36,134,838
Food services	332,687	284,737	331,257
All other pupil services	88,073,481	88,649,278	95,533,109
General Administration Services:			
Data processing services	20,526,680	20,467,337	21,020,345
Other general administration	25,082,101	25,556,920	27,184,611
Plant Services	63,798,986	70,689,667	85,886,138
Facility acquisition and construction	5,600,647	1,974,838	2,560,414
Ancillary services	3,071,301	3,059,896	3,236,728
Community services	521,971	653,188	997,391
Enterprise activities	406,751	183,477	670,067
Other outgo:			
Transfers between agencies	1,681,553	1,398,329	1,182,873
Debt service – principal, interest and other[(3)]	4,378,169	3,470,906	4,825,025
Total Expenditures	1,088,999,744	1,095,765,262	1,140,465,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,943,370)	(39,707,298)	(48,479,390)
OTHER FINANCING SOURCES (USES)			
Interfund transfers in	8,275,000	33,868,032	111,230,079
Interfund transfers out	(7,843,979)	(9,595,265)	(10,609,759)
All Other Financing Sources	--	--	--
Total Other Financing Sources and Uses	431,021	24,272,767	100,620,320
Net Change in Fund Balance	(26,512,349)	(15,434,531)	52,140,930
Fund Balances, July 1 as originally stated	118,045,608	91,533,259	76,098,728
Adjustment for restatement			
Fund Balances, July 1 as restated			
Fund Balances, June 30	$ 91,533,259	$ 76,098,728	$128,239,658

(1) For information related to the District's Fiscal Years 2014-15 and 2015-16 Audited Financial Statements, see table presented on the following page (based on Audited Financial Statements prepared by Crowe Horwath LLP).
(2) In the Fiscal Year 2014-15, the District changed auditors. Prior to Fiscal Year 2014-15, the District's audit was prepared by Christy White Associates. For Fiscal Years 2014-15 through 2015-16, the District's audit has been prepared by Crowe Horwath LLP. Due to the change, the line items presented in the statement of Revenues, Expenditures and Changes in Fund Balances differs among the audited financial statements prepare before and after Fiscal Year 2014-15. As a result, the statements of Revenues, Expenditures and Changes in Fund Balances for the Fiscal Years 2011-12 through 2013-14 are not comparable to the statements of Revenues, Expenditures and Changes in Fund Balances for the Fiscal Year 2014-15 onward.
(3) Debt service represents the District's tax and revenue anticipation notes ("TRANs") interest as well as any interest that was paid for interfund borrowing. For Fiscal Year 2014-15, the amount represents TRANs interest as well as a final payment for the new San Diego Central Library.
Source: District Audited Financial Statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
General Fund
Revenues, Expenditures and Changes in Fund Balances
For Fiscal Years Ending June 30[1]

	2015	2016
Revenues		
Local Control Funding Formula (LCFF)		
State Apportionment	$ 352,071,420	$ 403,297,131
Local Sources	499,905,218	540,550,501
Total LCFF	851,976,638	943,847,632
Federal Sources	95,814,822	101,510,317
Other State Sources	220,120,129	189,070,296
Other Local Sources	40,398,685	39,450,993
Total Revenues	1,208,310,274	1,273,879,238
Expenditures		
Current:		
Certificated salaries	544,291,481	575,629,754
Classified salaries	200,346,189	216,443,286
Employee benefits	317,433,049	353,852,280
Books and supplies	41,570,381	32,924,873
Contract services and operating expenditures	93,488,302	96,775,285
Other outgo	693,389	937,888
Capital outlay	3,940,879	1,145,077
Debt service:	-	-
Payment to refunding escrow	-	-
Principal retirement	-	-
Interest	-	-
Total expenditures	1,201,763,670	1,277,708,443
Excess (deficiency) of revenues over (under) expenditures	6,546,604	(3,829,205)
OTHER FINANCING SOURCES (USES)		
Interfund transfers in	40,203,110	15,559,204
Interfund transfers out	(10,795,268)	(11,847,983)
Payment to refunding escrow	-	-
Proceeds from issuance general obligation bonds	-	-
Premium on issuance general obligation bonds	-	-
Proceeds from sale of building/land	-	-
Total other financing sources (uses)	29,407,842	3,711,221
Net change in fund balance	35,954,446	(117,984)
Fund Balances, July 1	128,239,658	164,194,104
Fund Balances, June 30	$ 164,194,104	$ 164,076,120

[1] In the Fiscal Year 2014-15, the District changed auditors. Prior to Fiscal Year 2014-15, the District's audit was prepared by Christy White Associates. For Fiscal Years 2014-15 through 2015-16, the District's audit has been prepared by Crowe Horwath LLP. Due to the change, the line items presented in the statement of Revenues, Expenditures and Changes in Fund Balances differs among the audited financial statements prepare before and after Fiscal Year 2014-15. As a result, the statements of Revenues, Expenditures and Changes in Fund Balances for the Fiscal Years 2011-12 through 2013-14 are not comparable to the statements of Revenues, Expenditures and Changes in Fund Balances for the Fiscal Year 2014-15 onward.
Source: District Audited Financial Statements.

AB 1200 Budget Requirements; County and State Oversight; Reports and Certifications

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. Since the adoption of specific legislation related to school district budget review, known as "AB 1200," in 1991, there has been no California school district that has filed for bankruptcy.

Under current law, a school district governing board must file with the county superintendent of schools a tentative budget by July 1 in each Fiscal Year and an adopted budget by September 8 of each Fiscal Year. After approval of the adopted budget, the school district's administration may submit budget revisions for governing board approval.

School districts in California must also conduct a review of their budgets according to certain standards and criteria established by the State Department of Education. A written explanation must be provided for any element in the budget that does not meet the established standards and criteria. The district superintendent or designee must certify that such a review has been conducted and the certification, together with the budget review checklist and a written narrative, must accompany the budget when it is submitted to the governing board for approval. The balanced budget requirement makes appropriations reductions necessary to offset any revenue shortfalls.

Furthermore, county superintendent of schools offices ("COE") are required to review district budgets, complete the budget review checklist and conduct an analysis of any budget item that does not meet the established standards. A copy of the completed checklist, together with any comments or recommendations, must be provided to the school district and its governing board by November 1. By November 30, every school district must have an adopted and approved budget, or the county superintendent of schools will impose a budget.

The Education Code of the State (Section 42130 et seq.) requires each school district to certify to the COE at two points during the Fiscal Year whether it is able to meet its financial obligations for the remainder of such Fiscal Year, and, based on current forecasts, for the subsequent Fiscal Year. The first report covers the period ending October 31 and the second report covers the period ending January 31. Such certifications are based on the governing board's assessment based on standards and criteria for fiscal stability adopted by the State Board of Trustee and the State Superintendent of Public Instruction (the "Superintendent"). Each certification is required to be classified as positive, qualified, or negative on the basis of a review of the respective report against such criteria, but may include additional financial information known by the governing board to exist at the time of each certification. Such certifications are to be filed with the COE within forty-five days after the close of the period being reported and, in the event of a negative or qualified certification, to the State Controller and the Superintendent. A positive certification is assigned to any school district that, based on then-current projections, 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, based on then-current projections, will be unable to meet its financial obligations for the remainder of the Fiscal Year or the subsequent Fiscal Year, or for which existing expenditure practices jeopardize the ability of the school district to meet its multi-year financial commitments. A qualified certification is assigned to any school district, based on then-current projections, which may not meet its financial obligations for the current Fiscal Year or two subsequent Fiscal Years. The COE reviews the interim reports and certifications made by school districts and may change certification to qualified or negative, if necessary.

The governing board of a school district that files a qualified or negative certification for the second report is required to provide to the county superintendent of schools, the State Controller and the Superintendent by June 1 a third report for the period ending April 30.

Any school district 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 and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent of schools determines that the school district's repayment of indebtedness is probable.

Since Fiscal Year 2011-12, the District has annually self-certified its budget plan with a "qualified" certification. On May 16, 2017, the Board of Education approved a revised budget (the "3rd Interim Report") selfcertifying its budget plan with a "qualified" certification. On May 8, 2017, the San Diego County Office of Education (the "SDCOE") issued a letter to the District stating that in accordance with California Education Code sections 42131 and 42133(a), and the California Department of Education's Management Advisory No. 92-04 dated June 17, 1992, the SDCOE has reviewed the District's financial condition, cash flow projections and projected budget for Fiscal Year 2017-18 as they relate to the 2017-18 Tax and Revenue Anticipation Notes, and has determined that the repayment of principal and interest on the Notes is probable.

For school districts under fiscal distress, the county superintendent of schools is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent of schools, receive an emergency appropriation from the State, the acceptance of which constitutes an agreement to submit to management of the school district by a Superintendent appointed administrator.

In the event the State elects to provide an emergency appropriation to a school district, such appropriation may be accomplished through the issuance of "State School Fund Apportionment Lease Revenue Bonds" to be issued by the California Infrastructure and Economic Development Bank, on behalf of the school district. State law provides that so long as such bonds are outstanding, the recipient school district (via its State-appointed administrator) cannot file for bankruptcy.

Copies of the District's reports and certifications, as well as audited financial statements, may be obtained upon request from the District's Business Office located at 4100 Normal Street, San Diego, California 92103-2682. A fee may be imposed for copying, mailing and handling.

Long Term Obligations

QZAB. The District participated in a Qualified Zone Academy Bond through the issuance on November 26, 2003, by the San Diego City Schools Financing Authority of $5,000,000 in Lease Revenue Bonds (Qualified Zone Academy Bond Projects), Series 2003 (the "QZAB"). The QZAB comprises a District lease obligation, payable solely from the General Fund of the District. The QZAB matures November 26, 2018, but has been economically defeased.

The debt service payments on the District's General Obligation Bonds listed below are secured by voter-approved ad valorem taxes from taxable property within the District.

General Obligation Bonds – Proposition MM. The District received authorization at an election held on November 3, 1998 by more than 2/3 of the votes cast by eligible voters within the District on the proposition known as "Proposition MM" to issue general obligation bonds in an amount not to exceed $1,510,000,000. With the issuance of the 2005 General Obligation Bonds (Election of 1998, Series G) on September 8, 2005, all of the Proposition MM authorization have been issued, and the District has also effected the refunding of a number of its Proposition MM bond issues. Proposition MM proceeds were applied to fund the modernization of 161 existing schools and construction of 12 new and three rebuilt schools. In addition to the repair of aging schools, Proposition MM projects included ensuring the health and safety of school playground equipment, access to the physically disabled, fire alarm/security systems and climate controls, upgrading electrical systems for technology, building libraries, science classrooms and outdoor lunch court shelters, maintaining school buildings and grounds and improving the teaching and learning environment. The District has $1,038,804,932 total principal amount of Proposition MM bonds outstanding. See the table below for a summary of the District's bond issuances under Proposition MM.

November 3, 1998 Election
Proposition MM $1,510,000,000

Series	Aggregate Principal Amount	Issue Date
A	$139,995,085	May 27, 1999
B	149,999,084	December 14, 2000
C	199,995,712	November 21, 2001
D	274,995,346	September 12, 2002
E	349,993,599	August 19, 2003
F	199,996,373	September 2, 2004
G	195,024,802	September 8, 2005

Remaining Authorization: $0

Proposition S. The District received authorization at a Proposition 39 election held on November 4, 2008, by more than 68% of the votes cast by eligible voters within the District on the measure to issue general obligation bonds in an amount not to exceed $2,100,000,000 for the purposes summarized as follows: repairing outdated student restrooms, deteriorated plumbing and roofs; upgrading career/vocational classrooms and labs; providing up-to-date classroom technology; improving school safety/security; replacing dilapidated portable classrooms; upgrading fire alarms; and removing hazardous substances ("Proposition S"). The District has $794,973,074.20 total principal amount of Proposition S bonds outstanding. See the table below for a summary of the District's bond issuances under Proposition S.

November 4, 2008 Election
Proposition S $2,100,000,000

Series	Aggregate Principal Amount(3)	Issue Date
A	$131,157,581	May 7, 2009
B (QSCB Tax Credit Bonds)	38,840,000	May 7, 2009
C	163,869,783	August 18, 2010
D-1 (QSCB Taxable Direct Subsidy Bonds)	16,130,000	August 18, 2010
D-2 (QSCB Taxable Direct Subsidy Bonds)	20,000,000	August 18, 2010
E	149,998,824	May 24, 2012
F	15,095,000	April 16, 2014
G	50,000,726	April 16, 2014
H-1 (Federally Taxable)	2,150,000	June 29, 2015
H-2	29,620,000	June 29, 2015
I	99,999,241	January 5, 2016
J-1 (Federally Taxable)	5,605,000	May 19, 2016
J-2	39,395,000	May 19, 2016
K	100,000,000(1)(2)	December 12, 2017(1)(2)

Total Aggregate Principal or Issue Amount: $861,861,156(1)(2)

Remaining Authorization: $1,238,138,844(1)(2)

(1) Preliminary; subject to change.
(2) The District expects to issue approximately $100,000,000 Election of 2008, Series K General Obligation Bonds on or about December 12, 2017.
(3) Totals may not add due to rounding.

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Proposition Z. The District received authorization at a Proposition 39 election held on November 6, 2012, by more than 62% of the votes cast by eligible voters within the District on the proposition to issue general obligation bonds in an amount not to exceed $2,800,000,000 for the purposes summarized as follows: repairing deteriorating 60-year-old classrooms, libraries, wiring, plumbing, bathrooms and leaky roofs; removing hazardous mold, asbestos, and lead; upgrading fire safety systems/doors; upgrading classroom instructional technology, labs and vocational education classrooms ("Proposition Z"). Following the issuance of the Series H-1 Bonds and Series H-2 Bonds, the District will have $1,096,740,000 total principal amount of Proposition Z bonds outstanding. See the table below for a summary of the District's bond issuances under Proposition Z.

November 6, 2012 Election
Proposition Z $2,800,000,000

Series	Aggregate Principal Amount	Issue Date
A (Taxable)	$52,500,000	April 30, 2013
A-1 (Taxable)	3,000,000	April 30, 2013
B	60,500,000	April 30, 2013
C	414,000,000	April 30, 2013
D	75,400,000	October 14, 2015
E	78,955,000	October 14, 2015
F	370,645,000	January 5, 2016
G (Green Bonds)	100,000,000	January 5, 2016
H-1 (Federally Taxable)	43,735,000	November 1, 2017
H-2	176,265,000	November 1, 2017
I	450,000,000[1]	November 1, 2017[1][2]
J (Green Bonds)	50,000,000[1]	November 1, 2017[1][2]

Total Aggregate Principal Amount Issued: $1,875,000,000[1][2]

Remaining Authorization: $925,000,000[1][2]

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[1] Preliminary; subject to change.
[2] The District expects to issue approximately $450,000,000 Election of 2012, Series I General Obligation Bonds and $50,000,000 Election of 2012, Series J General Obligation Bonds (Green Bonds) on or about November 1, 2017.

General Obligation Refunding Bonds. The District has issued general obligation refunding bonds over the years to restructure the District's outstanding bonds, take advantage of interest rate savings, reduce debt service, establish tax rate reserves and maintain certain tax rates. See "SECURITY AND SOURCES OF PAYMENT – Tax Rate Reserves." The District continues to pursue refundings and defeasances in order to manage its tax rate levels.

Bonding Capacity. Following the issuance of the Series H-1 Bonds and Series H-2 Bonds, the District will have $2,930,518,006.20 total principal amount of bonds outstanding. The District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. The District's fiscal year 2017-18 gross bonding capacity is approximately $4,440,966,857 and its net bonding capacity is approximately $1,510,448,851 (taking into account current outstanding indebtedness, including the Series H-1 Bonds and Series H-2 Bonds).

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Long-Term Obligations. A schedule of changes in long-term debt, excluding claims payable on self-insurance activities, for the fiscal year ended June 30, 2016 is as follows:

Long Term Debt
As of June 30, 2016

	Balance July 1, 2016 as Restated	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 2,204,545,591	$1,042,049,241	$260,298,108	$2,986,296,724	$133,428,533
Unamortized premium	131,983,940	98,634,026	11,487,737	219,130,229	16,588,118
Accreted Interest	195,835,188	46,562,748	43,237,603	199,160,333	10,201,467
Total General Obligation Bonds	2,532,364,719	1,187,246,015	315,023,448	3,404,587,286	160,218,118
Net pension liability	924,884,083	169,436,917	-	1,094,321,000	-
Compensated absences	26,386,950	912,768	-	27,299,718	-
SERP liability	30,776,786	994,358	7,942,663	23,828,481	7,942,827
Net OPEB obligation	12,667,126	7,294,979	2,995,739	16,966,366	-
Totals	$3,527,079,664	$1,365,885,037	$ 325,961,850	$4,567,002,851	$ 168,160,945

Source: The District's Audited Financial Statements June 30, 2016.

Tax and Revenue Anticipation Notes. On July 29, 2017, the District issued $195,000,000 of its 2017-18 Tax and Revenue Anticipation Notes, Series A (the "2017 Notes"), maturing June 30, 2018. The District is required to fund the repayment fund with respect to the 2017 Notes in full from General Fund revenues as provided in the authorizing resolution for the 2017 Notes.

Investment Policy

Under State law, the District's funds are deposited with the San Diego County Treasurer-Tax Collector and invested as provided for by State law and the investment policy of the County. See "APPENDIX E: SAN DIEGO COUNTY INVESTMENT POOL."

Pension Plans

The following information on CalPERS and CalSTRS (as defined below) has been obtained from publicly available sources and has not been independently verified by the District, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriters or the Municipal Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent losses on investments made by the retirement systems generally may have increased the unfunded actuarial accrued liabilities stated below.

The assets and liabilities of the funds administered by CalPERS and CalSTRS, as well as certain other retirement funds administered by the State, are included in the financial statements of the State for the year ended June 30, 2016, as fiduciary funds. Both CalPERS and CalSTRS have unfunded actuarial accrued liabilities in the tens of billions of dollars. The amount of unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

CalSTRS and CalPERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275 and copies of the CalPERS annual financial report and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in these reports is not incorporated by reference in this Official Statement.

CalSTRS. The District participates in the California State Teachers' Retirement System ("CalSTRS"). This defined benefit plan covers all certificated District employees who are employed at least fifty percent of the school year and some classified District employees. Employees and the District contributes a percentage of gross salary receipts or expenditures to CalSTRS. The State also contributes to CalSTRS funding, As of July 1, 2017, employees hired before January 1, 2013 contribute 10.250%, employees hired after January 1, 2013 contribute 9.205% and the District contributes 14.43%, respectively, of gross salary receipts or expenditures to CalSTRS. The District estimates that its Fiscal Year 2017-18 CalSTRS contribution will increase by approximately $8.9 million. For Fiscal Year 2017-18, the State's contribution rate will increase by 0.5% of covered payroll (the maximum rate increase allowed per year under current law) to 6.828%. See "CalSTRS 2014 Funding Plan" herein.

CalSTRS 2014 Funding Plan. While the 2012 pension reform law lowered long-term costs at CalSTRS by reducing benefit levels and extending retirement ages for new teachers, CalSTRS has nonetheless required significant funding on an annual basis. To address the shortfall, Assembly Bill 1469 ("AB 1469"), signed into law by the Governor as part of the 2014-15 Budget, includes a comprehensive funding solution based on shared responsibility among the State, schools, and teachers, designed to put CalSTRS on a sustainable path and eliminate the unfunded liability in approximately 30 years. AB 1469 increased member, employer and State contributions over the next several years as part of a plan to eliminate CalSTRS's unfunded liability.

For many years prior to Fiscal Year 2014-15 and unlike typical defined benefit programs such as those administered by CalPERS, neither the CalSTRS employer rate nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In 2014, to address a then-projected depletion of CalSTRS Defined Benefit Program assets, the Legislature enacted AB 1469 (Chapter 47, Statutes of 2014) ("AB 1469"), a comprehensive funding solution intended to eliminate the projected CalSTRS unfunded liability on the CalSTRS Defined Benefit Program by 2046. Under AB 1469, the funding plan began in Fiscal Year 2014-15 and will be phased in over several years. The employer contribution rate increased by 1.85% of covered payroll annually beginning July 1, 2015 and will continue to increase until the employer contribution rate is 19.10% of covered payroll. Beginning in Fiscal Year 2021-22 through Fiscal Year 2045-46, AB 1469 authorizes the CalSTRS Teachers' Retirement Board (the "CalSTRS Board") to adjust the employer contribution up or down 1 percentage point each year, but no higher than 20.25% total and no lower than 8.25%, to eliminate the remaining unfunded obligation that existed on July 1, 2014 by June 30, 2046. The employer contribution rate for Fiscal Year 2016-17 was 12.58% of covered payroll. The employer contribution rate for Fiscal Year 2017-18 is 14.43% of covered payroll. The employee contribution rate for CalSTRS members first hired on or before December 31, 2012 to perform CalSTRS creditable activities (*i.e.*, CalSTRS 2% at 60 members) was 10.25% for Fiscal Year 2016-17 and will remain at that level for Fiscal Year 2017-18. The employee contribution rate for CalSTRS members first hired on or after January 1, 2013 to perform CalSTRS creditable activities (*i.e.*, CalSTRS 2% at 62 members) was 9.205% for Fiscal Year 2016-17 and will remain at 9.205% for Fiscal Year 2017-18. In addition, the CalSTRS Board is authorized to modify the percentages paid by employers and employees for Fiscal Year 2021-22 and each fiscal year thereafter in order to eliminate CalSTRS' unfunded liability by June 30, 2046 based upon actuarial recommendations.

In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the CalSTRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the unfunded obligation that existed on July 1, 2014.

The State also contributes to CalSTRS. In Fiscal Year 2016-17, the State contributed an amount equal to 6.328% of teacher payroll. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for Fiscal Year 2017-18 and each fiscal year thereafter, the CalSTRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. For the first time, in Fiscal Year 2017-18, the State contribution will increase 0.5% of covered payroll (the maximum rate increase allowed per year under current law) to 6.828%.

The CalSTRS Defined Benefit Program is the largest component of State Teachers' Retirement Plan ("STRP"). The 2016 CalSTRS Actuarial Valuation is the most recent actuarial valuation for the CalSTRS plan. The 2016 CalSTRS Actuarial Valuation states that, as of June 30, 2016, the future revenues from contributions and appropriations for the CalSTRS Defined Benefit Program are projected to be sufficient to finance its obligations, except for a small portion of the unfunded actuarial obligation (the "UAO") attributable to the new benefits and post-2014 service (the "New Benefits) described below, which is not actuarially funded. A level contribution rate of 38.140% beginning on the valuation date is projected to be needed to amortize the unfunded actuarial obligation by June 30, 2046. This is compared to the current projected revenue equivalent to 34.467% of payroll. The revenue calculation assumes no changes in the contribution rates specified in the Education Code once contribution rates grade to the ultimate rates, although State and employer contribution rates will increase or decrease depending primarily on the relevant funded status.

The actuarial assumptions and methods adopted by the CalSTRS Board for funding the CalSTRS Defined Benefit Program include: the "Entry Age Normal Cost Method", with the actuarial gains/losses and the unfunded actuarial obligation amortized over a closed period ending June 30, 2046, an assumed 7.25% investment rate of return (net of investment and administrative expenses) for Fiscal Year 2015-16 and a 7.00% investment rate of return (net of investment and administrative expenses) for Fiscal Year 2016-17, an assumed 3.00% interest on member accounts (based on the CalSTRS Board's short-term interest crediting policy), projected 3.50% general wage growth, of which 2.75% is due to inflation and 0.75% is due to expected gains in productivity, and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The actuarial assumptions and methods used in the 2016 CalSTRS Actuarial Valuation were based on the Experience Analysis July 1, 2010 – June 30, 2015 adopted by the CalSTRS Board in February 2017. CalSTRS' unfunded liability will vary from time to time depending upon actuarial assumptions, actual rates of return on investment, salary scales and levels of contribution.

The calculations underlying the 2016 CalSTRS Actuarial Valuation employ an asset smoothing method to lessen the impact of short-term fluctuations in the value of assets. The method utilized to value program assets for actuarial valuation purposes is the expected actuarial value of assets adjusted for one-third of the difference between the expected actuarial value and the actual market value to arrive at the actuarial value of assets. Due to the asset smoothing method, there are investment losses of $4.86 billion that have not yet been recognized (the difference between the actuarial and fair market value of assets). Absent investment returns in future years less than the assumed rate to offset the deferred investment losses, the current deferred losses will gradually be reflected in the actuarial value of assets. If the future returns on the Fair Market Value of Assets are 7.25% each year, then as the current deferred losses flow through the smoothing method and are recognized, future valuations will show an actuarial loss. The result will be a gradual decrease in the CalSTRS Defined Benefit Program's funded status, ultimately decreasing the UAO by the $4.86 billion of currently deferred investment losses.

The funding legislation included actuarial funding (within certain constraints) for most of the benefits provided by CalSTRS. The one exception is that there is no provision for the state, employers, or members to fund any UAO arising for New Benefits (*i.e.*, those not included in the 1990 Benefit Structure) attributable to service after June 30, 2014, which is also referred to by the CalSTRS actuary as the "Orphan UAO". Under the valuation policy, a portion of each year's total contributions, equal to the normal cost of the New Benefits, is allocated to fund these benefits. Because there is no contribution in excess of the Normal Cost Rate, the Orphan UAO will go up or go down based on future experience.

The Orphan UAO (based on assets at market value) has evolved over time increased from $0 as of June 30, 2014, to $213 million as of June 30, 2015, to $639 million as of June 30, 2016. The two primary causes for the increase are investment returns that are less than assumed since 2014 and the actuarial assumptions adopted based on the recent experience analysis which both increased the UAO. As members continue to accrue benefits for service after June 30, 2014, there is the potential for the Orphan UAO to increase significantly if actual experience differs materially from that assumed or if further changes in assumptions occur.

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

Effective Date	K-14 school districts	District Projected Cumulative General Fund and Special Education Contribution Increase (in millions)
July 1, 2014	8.88%	--
July 1, 2015	10.73	$ 3.2
July 1, 2016	12.58	13.5
July 1, 2017	14.43	26.4
July 1, 2018	16.28	38.7
July 1, 2019	18.13	51.5
July 1, 2020	19.10	64.2

Source: AB 1469; the District.

The District estimates that its Fiscal Year 2017-18 CalSTRS contribution will increase by approximately $8.9 million over its Fiscal Year 2016-17 CalSTRS contribution.

The following sets forth the District's regular annual contributions to CalSTRS for Fiscal Years 2011-12 through 2015-16, its budgeted contribution for Fiscal Year 2016-17, and estimated contribution for Fiscal Year 2017-18. Historically, the District has paid all required CalSTRS annual contributions.

SAN DIEGO UNIFIED SCHOOL DISTRICT
Annual Regular CalSTRS Contributions
Fiscal Years 2011-12 through 2017-18

Fiscal Year	District Contributions
2011-12	$42,099,065
2012-13	42,199,685
2013-14	42,920,415
2014-15	47,882,107
2015-16(1)	61,306,467
2016-17(2)	73,254,939
2017-18(3)	82,166,025

(1) Unaudited actuals.
(2) Approved original budget.
(3) Estimated.
Source: The District.

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of State general fund contributions of approximately $29 million to CalSTRS (5.678848% allocation factor using the 2012-13 creditable compensation subject to CalSTRS).

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CalPERS. The District also participates in the State Public Employees' Retirement System ("CalPERS"). CalPERS is a defined benefit plan that covers classified personnel who work four or more hours per day. Benefit provisions are established by State legislation in accordance with the Public Employees' Retirement Law. The contribution requirements of the plan members are established by State statute. The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of CalPERS (the "CalPERS Board").

The benefits for the CalPERS pension plans are funded by contributions from members and employers, and earnings from investment. Member and employer contributions are a percentage of applicable member compensation. Member contributions rates are established pursuant to the Public Employees' Retirement Law and depend on the respective employer's benefit formulas. In certain circumstances, a portion of member contributions are paid for by the employer. Employer paid member contributions are reported as member contributions. Employer contribution rates are determined by periodic actuarial valuations or by statue. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions are credited with a market value adjustment in determining contribution rates. For Fiscal Year 2017-18, active plan miscellaneous members hired on or before December 31, 2012 will be required to contribute 7.0% of their monthly salary and those hired on or after January 1, 2013 are required to contribute 6.5% of their monthly salary. The required contribution rate is the difference between the actuarially determined rate and the contribution rate of employees. The actuarial methods and assumptions used for determining the rates are based on those adopted by CalPERS Board.

In November 2015, the CalPERS Board adopted a funding risk mitigation policy that incrementally lowers the discount rate in years of good investment returns to help pay down the pension fund's unfunded liability and provide greater predictability and less volatility in contribution rates for employers. Under the policy adopted by the CalPERS Board, a mechanism will be established to reduce the assumed rate of return by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.5 percent, by at least four percentage points. The four percentage point threshold is expected to offset increases to employer contribution rates that would otherwise increase when the discount rate is lowered, and help pay down PERS' unfunded liability.

Pursuant to the CalPERS Annual Review of Funding Levels and Risks, dated September 20, 2016, employers are exposed to a considerable amount of contribution rate volatility and a risk of significant changes in funded status. In addition, CalPERS expects contribution rates to remain high for an extended period unless there is a period of exceptional returns in the market.

On December 21, 2016, the CalPERS Board voted to lower the CalPERS discount rate to 7.0% over the next three years in accordance with the following schedule: 7.375% in Fiscal Year 2017-18, 7.25% in Fiscal Year 2018-19 and 7.00% in Fiscal Year 2019-20. The new discount rate will go into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the CalPERS discount rate means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under PEPRA will also see their contribution rates rise. The three-year reduction of the discount rate to 7.0% is expected to result in average employer rate increases of approximately 1-3% of normal cost as a percent of payroll for most miscellaneous retirement plans and a 2-5% increase for most safety plans.

Although the full actuarial report for Fiscal Year 2015-16 is not expected to be completed until later this year, the CalPERS Board has approved school employer contribution rates and certain member contribution rates based on the results of its June 30, 2016 valuation. According to the April 18, 2017 agenda for the CalPERS Finance and Administration Committee, such valuation reflects a market value of assets of $55,784,854,423, an accrued liability of $77,543,827,270, unfunded accrued liabilities of $21,758,972,847 and a funded status of 71.9%. Based in part on the foregoing results and the lowering of the discount rate assumption previously adopted by the CalPERS Board, the projected schools' employer contribution rates are expected to be 18.1%, 20.8%, 23.8%, 25.2%, 26.1%, 26.8% and 27.3% of covered payroll for the seven fiscal years beginning Fiscal Year 2018-19, respectively.

The following table sets forth the District's annual contributions to CalPERS for Fiscal Years 2011-12 through 2015-16, budgeted amounts for Fiscal Year 2016-17, and estimated contribution for Fiscal Year 2017-18. Historically, the District has paid all required CalPERS annual contributions.

SAN DIEGO UNIFIED SCHOOL DISTRICT
Annual CalPERS Regular Contributions
Fiscal Years 2011-12 through 2017-18

Fiscal Year	District Contributions[(1)(2)]
2011-12	$25,242,243
2012-13	25,881,704
2013-14	26,165,377
2014-15	28,198,294
2015-16[(3)]	28,817,068
2016-17[(4)]	37,273,888
2017-18[(5)]	39,407,044

(1) Includes regular contributions and employee contributions paid by the District and the "PERS Recapture." Pursuant to State law, the State is allowed to recapture the savings corresponding to a lower CalPERS rate by reducing a school district's revenue limit apportionment by the amount of the school district's CalPERS savings in that year. Such recapture has occurred with respect to the District in each Fiscal Year from 1982-83 through 2012-13. With the implementation of LCFF, the PERS Recapture was eliminated in Fiscal Year 2013-14.
(2) Includes PERS contributions for the District's Police Officers Association members.
(3) Unaudited actuals.
(4) Approved original budget.
(5) Estimated.
Sources: The District

STATE PENSION TRUSTS

The following information on the State Pension Trusts has been obtained from publicly available sources and has not been independently verified by the District, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriters or the Municipal Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent losses on investments made by the retirement systems generally may have increased the unfunded actuarial accrued liabilities stated below.

The assets and liabilities of the funds administered by CalPERS and CalSTRS, as well as certain other retirement funds administered by the State, are included in the financial statements of the State for the year ended June 30, 2016, as fiduciary funds. Both CalPERS and CalSTRS have unfunded actuarial accrued liabilities in the tens of billions of dollars. The amount of unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

CalSTRS and CalPERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275 and copies of the CalPERS annual financial report and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in these reports is not incorporated by reference in this Official Statement.

Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. However, in recent years, the combined employer, employee and State contributions to CalSTRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investments losses, the unfunded actuarial liability of CalSTRS has increased significantly and is expected to continue to increase in the absence of legislation changing required employer or employee contributions. The District is unable to predict what the CalSTRS program liabilities will be in the future, or whether the Legislature may elect to require the District to make larger contributions in the future.

STATE OF CALIFORNIA
FUNDING STATUS OF STATE RETIREMENT SYSTEMS

Name of Plan	Unfunded Liability
Public Employees' Retirement Fund (CalPERS)	\$21.7 billion (1)
State Teachers' Retirement Fund Defined Benefit Program (STRS)(2)	\$96.7 billion (2)

(1) The schools portion of CalPERS is 71.9% funded as of June 30, 2015.
(2) As of June 30, 2016, the CalSTRS Defined Benefit Program had approximately 626,259 active and inactive program members and 288,195 benefit recipients.
Source: CalPERS information based on the April 18, 2017 agenda for the CalPERS Finance and Administration Committee; CalSTRS Defined Benefit Program Actuarial Valuation.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "Reform Act" or "PEPRA") into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "Implementation Date"). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in social security.

Governmental Accounting Standards Board. In June 2012, the Governmental Accounting Standards Board ("GASB") approved two related statements that change how State and local governments report and account for the pension benefits provided to their employees. Statement No. 67, "Financial Reporting for Pension Plans," addresses financial reporting for state and local government pension plans and Statement No. 68, "Accounting and Financial Reporting for Pensions," establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these Statements will change how governments calculate and report the costs and obligations associated with pensions and are designed to improve the reporting of pension information while increasing the transparency, consistency, and comparability of pension information across governments. The Statements relate only to accounting and financial reporting and do not extend to how governments approach pension plan funding. Governments will now report a pension liability on the face of their financial statements. Previously, the difference between a government's total pension obligation and assets available for benefits — often called the unfunded liability — was disclosed in notes, but does not appear on the face of the financial statements. Statement No. 67 took effect for pension plans in Fiscal Years ended June 30, 2014 or later. Statement No. 68 took effect for employers and governmental nonemployer contributing entities in Fiscal Years ended June 30, 2015 or later. The District began reporting its CalSTRS obligations in its audited financial statements for Fiscal Year ended June 30, 2015. See "APPENDIX C: AUDITED FINANCIAL STATEMENTS FOR THE DISTRICT FOR THE YEAR ENDED JUNE 30, 2016."

Post-Retirement Programs

In June 2004, the Governmental Accounting Standards Board ("GASB") pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.* The pronouncement required public agency employers providing other postemployment benefits ("OPEB") to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. Employers that participate in *defined contribution* plans are required to recognize OPEB expense/expenditures for their required contributions to the plan and a liability for unpaid required contributions on the accrual or modified accrual basis, as applicable. The implementation date for this pronouncement will be staggered in three phases based upon the entity's annual revenues, similar to the implementation for GASB Statement Nos. 34 and 35. GASB Statement No. 45 ("GASB 45") became effective for the District in the 2007-08 Fiscal Year.

The District provides a partial contribution toward the monthly premiums for postretirement health care benefits to employees who retire from the District and meet certain age and service requirements. Employees must have a minimum of 17 years of service to the District prior to retirement, must be receiving a monthly benefit from CalPERS or STRS and must elect to participate in the program. (The program ceases once the retired employee reaches the age of 67.) As of July 1, 2016, 1,077 retirees met those eligibility requirements. The provisions and obligations to contribute are established through collective bargaining agreements between the District and various unions. The District's contributions are advance funded each year based on a specific amount agreed upon through union negotiations. The amount deposited is calculated using a base amount, plus salary increases, less any advance deposits made in the prior year. The contributions are deposited into a fund designated to account for District monies used to reduce medical contributions paid by retirees participating in a District-sponsored group medical plan for medical insurance. Contributions of approximately $586,600 were reimbursed to the General Fund from the Postemployment Benefits Fund in the Fiscal Year ended June 30, 2011, $513,900 in the year ended June 30, 2012, $435,315 in the year ended June 30, 2013, $393,435 in the year ended June 30, 2014, $330,846 in the year ended June 30, 2015, $359,880 in the year ended June 30, 2015, and $314,419 in the year ended June 30, 2016 for postretirement health care costs. The total amount expended from all resources for this purpose was $2,864,677 in 2012-13 (the same amount as in 2011-12), $2,931,168 in 2013-14, $3,089,783 in 2014-15, $3,270,641 for 2015-16, $3,350,721 for 2016-17, and $3,350,721 for 2017-18 (Projected).

Based on an actuarial valuation of the District's post-retirement health care benefits dated July 1, 2016 (which valuation assumed that the District has not pre-funded any portion of the obligation), the District had an estimated outstanding unfunded actuarial accrued liability ("UAAL") of $84,615,710 and an annual required contribution ("ARC") of $7,359,426. The District made no contribution toward the ARC in 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 or 2016-17 as the UAAL is associated entirely with the implicit subsidy associated with retirees paying a discounted rate for their medical premiums. The implicit subsidy does not represent a true liability that requires funding.

Self-Insurance and Commercial Insurance

The District self-funds vision benefits for all eligible employees (those categorized as 0.5 full-time equivalent). The Vision Self-Insurance Fund balance was $2,110,931 as of July 1, 2013, $2,286,255 as of June 30, 2014, $929,796 as of June 30, 2015, $840,244 as of June 30, 2016, and $963,996 as of June 30, 2017 (unaudited). The District also self-funds dental benefits for those eligible employees that participate in the Dental PPO plan. The Dental Self-Insurance Fund balance was $2,987,390.63 as of June 30, 2017 (unaudited).

The District is fully self-insured for workers' compensation claims and appropriates moneys in each Fiscal Year to a fund for the payment of such claims, based on a rate set by an independent insurance consultant. The ending fund balance to be used for the payment of workers' compensation claims was $70,115,626 as of June 30, 2014, $78,426,169 as of June 30, 2015, $81,609,327 as of June 30, 2016, and $28,394,038 as of June 30, 2017 (unaudited).

In addition, the District appropriates each Fiscal Year moneys sufficient to fund the premiums for its comprehensive property and public liability insurance policies and to fund a reasonable reserve for the payment of the deductible amounts under such policies. The decision concerning the amount of such reserves is made by a risk manager, who is an employee of the District.

CONSTITUTIONAL AND STATUTORY INITIATIVES

Article XIIIA of the California Constitution. On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the California Constitution ("Article XIIIA"). Article XIIIA limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIIIA approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and (as a result of a constitutional amendment approved by California voters on November 7, 2000) on bonded indebtedness incurred for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the bond measure. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-1976 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." Assessed value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. As a result, property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than the market value of the property. Similar property that has recently been acquired may have a substantially higher assessed value reflecting the recent acquisition price. Increases in assessed value in a taxing area due to the change in ownership of property may occur even when the rate of inflation or consumer price index do not permit an increase in assessed valuation of property that does not change ownership. Proposition 13 has had the effect of stabilizing assessed valuation such that it does not fluctuate as significantly as the market value of property, but instead gradually changes as longer owned residential properties are transferred and reassessed upon such transfer. On June 18, 1992, the United States Supreme Court issued a decision upholding the constitutionality of Article XIIIA (Nordlinger v. Hahn, 112 S. Ct. 2326, 120 L. Ed. 2d 1 (1992)).

Article XIIIA permits 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. Proposition 8, approved by the voters in November of 1978, provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds.

Proposition 26. On November 2, 2010, California voters approved Proposition 26 as an amendment to Section 3 of Article XIIIA (and Section 1 of Article XIIIC) of the State Constitution that requires a two-thirds vote in the Legislature to pass certain State fees, levies, charges and tax revenue allocations that under the State's previous rules could be enacted by a simple majority vote. Certain local fees must also be approved by two-thirds of voters. Proposition 26 expanded the scope and definition of a State or local tax to include many payments previously considered to be fees or charges, so that more proposals would require approval by two-thirds of the State Legislature or by local voters.

Article XIIIB of the California Constitution. An initiative to amend the California Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979 thereby adding Article XIIIB to the California Constitution ("Article XIIIB"). Under Article XIIIB state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the appropriations limit. Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain 1978-1979 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District's 2015-16 "appropriations limit" was $632,368,332 and the "appropriations limit" for 2016-17 is estimated to be $720,119,304 (as of September 12, 2017). Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Articles XIIIC and XIIID of the California Constitution (Proposition 218). On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, 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. Among other things, 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. Article XIIIC also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

Proposition 98. On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act" or "Proposition 98"). 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 as "K-14 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 1986-1987, which percentage is equal to 40.9%, or (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 40.9% guarantee has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of General Fund revenues to be allocated to K-14 districts than the 35% percentage, or to apply the relevant percentage to the State's budgets in a different way than is provided for in the current budget. In any event, the Accountability Act potentially may place increasing pressure on the State's budget in future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

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 districts. Such transfer would be excluded from the Appropriations Limit for K-14 districts and the K-14 districts' Appropriations Limits for the next year would automatically be increased by the amount of such transfer. The maximum amount of excess tax revenues which could be transferred to K-14 districts is four percent of the minimum State spending for education mandated by the Accountability Act, as described above.

On March 18, 2003, State Senate Bill X1 18 ("SBX1 18") was signed into law. SBX1 18 reduced certain Proposition 98 appropriations for the 2002-03 Fiscal Year by shifting apportionments historically made by the State to schools in June to July, so that the June apportionment did not count toward the Fiscal Year 2002-03 Proposition 98 allocations.

Unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues are distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Because the District is not a basic aid district, any taxes lost due to a reduction in, or transfer to another jurisdiction of, utility property assessed valuation will be compensated by the State as equalization aid under the State's school financing formula.

Proposition 111 – Revisions to Proposition 98 and Article XIIIB. On June 5, 1990, the voters approved the "Traffic Congestion Relief and Spending Limitation Act of 1990," hereafter "Proposition 111," which modified the Constitution to alter the spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

The most significant provisions of Proposition 111 are summarized below:

Annual Adjustments. The annual adjustments to the spending limit will be 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 measured by the change in California per capita personal income. The definition of "change in population" will specify that a portion of the State's spending limit is adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues will be 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 were under its limit. In addition, the Proposition 98 provision regarding excess tax revenues is modified. After any two-year period, if there are excess State tax revenues, 50% of the excess will be transferred to K-14 districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 districts, but only up to a cap of four percent of the K-14 districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 districts is 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 will not be increased by this amount.

Exclusions from Spending Limit. Two new exceptions were added to the calculation of appropriations that are subject to the 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 their current nine cents per gallon level, sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect in January 1, 1990. These latter provisions were needed to make effective the transportation funding package approved by the Legislature and the Governor, previously.

Recalculation of Appropriations Limit. The Appropriations Limit for each unit of government, including the State, was recalculated beginning in the 1990-1991 Fiscal Year. It is based on the actual limit for the 1986-1987 Fiscal Year, adjusted forward to 1990-1991 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 that guarantees K-14 districts a certain amount of State General Fund revenues. Under prior law, K-14 districts were guaranteed the greater of (a) 35% of State General Fund revenues (the "first test") or (b) 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 (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita State General Fund revenues from the prior year was less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor (the "third test"). If the third test is used in any year, the difference between the third test and the second test becomes a "credit" to schools that will be paid in future years when State General Fund revenue growth exceeds personal income growth.

Application of Proposition 98. The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under the first test and the second test described herein are dependent on State General Fund revenues. In past Fiscal Years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels. The State determined that there were loans to K-14 districts of $1.3 billion during Fiscal Year 1990-1991, $1.1 billion during Fiscal Year 1991-1992, $1.3 billion during Fiscal Year 1992-93 and $787 million during Fiscal Year 1993-94. These loans have been combined with the K-14 1992-93 loans into one loan totaling $1.76 billion. The State proposed that repayment of this loan would be from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

In 1992, a lawsuit, *California Teachers' Association et al. v. Gould*, was filed, which challenged the validity of the off-budget loans. As part of the negotiations leading to the 1995-96 Budget Act, an agreement was reached to settle this case. The agreement provides that both the State and K-14 schools share in the repayment of prior years' emergency loans to schools. Of the total $1.76 billion in loans, the State repaid $935 million, while schools repaid $825 million. Repayments were spread over the eight-year period of 1994-95 through 2001-02 to mitigate any adverse fiscal impact.

Because of the complexities of Proposition 98, the ambiguities and possible inconsistencies in its terms, the applicability of its exceptions and exemptions and the impossibility of predicting future appropriations, the District cannot predict the impact of this or related legislation on the District's Revenues. Other Constitutional amendments affecting State and local taxes and appropriations have been proposed from time to time. If any such initiatives are adopted, the State could be pressured to provide additional financial assistance to local governments or appropriate revenues as mandated by such initiatives. Propositions such as Proposition 98 and others that maybe adopted in the future, may place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes.

Proposition 39. On November 7, 2000, voters approved Proposition 39 called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act"). The Smaller Classes Act amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the State Education Code. As respects school districts, community colleges and county offices of education and effective upon its passage, the newly added Section 18(b) of Article XVI allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The reduced 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: 1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," 2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list"; and 3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to except from the one percent *ad valorem* tax limitation under Section 1(a) of Article XIIIA of the Constitution levies to pay bonds approved by the 55 percent of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908 (Statutes 2000 Chapter 44), which became effective upon passage of Proposition 39. AB 1908 amends various sections of the Education Code. Under amendments to Sections 15268 and 15270 of the Education Code, the following limits on projected *ad valorem* tax rates needed to pay debt service on bonds authorized apply in any single Proposition 39 election: 1) for a school district, the tax rate shall not exceed $30 per $100,000 of taxable property; 2) for a unified school district, the tax rate shall not exceed $60 per $100,000 of taxable property; and, 3) for a community college district, the tax rate shall not exceed $25 per $100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

FUTURE INITIATIVES

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 1A, 2, 22, 30, 98 and 111, were each adopted as measures that qualified for the ballot pursuant to California'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.

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APPENDIX C

AUDITED FINANCIAL STATEMENTS FOR THE DISTRICT FOR THE YEAR ENDED JUNE 30, 2016

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SAN DIEGO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2016

SAN DIEGO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

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SAN DIEGO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
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SAN DIEGO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Audit Committee and Board of Education
San Diego Unified School District
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Diego Unified School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise San Diego Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 13 and the General Fund Budgetary Comparison Schedule, the Cafeteria Fund Budgetary Comparison Schedule, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 69 to 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise San Diego Unified School District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, 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 schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of San Diego Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego Unified School District's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 28, 2016

SAN DIEGO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Management's discussion and analysis of San Diego Unified School District's (District) financial performance provides an overview of the District's financial activities for the school year ended June 30, 2016. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net position was ($167.08) million at June 30, 2016, which was an increase of $37.57 million from the prior year.

- Overall revenues were $1,635.33 million which were greater than expenses of $1,597.76 million.

This annual report consists of the following parts – Management's Discussion and Analysis, the basic financial statements, required supplementary information, supplementary information and findings and recommendations. These 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 financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

    - **Governmental Funds** provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

    - **Proprietary Funds** report services for which the District charges customer a fee. Like the government-wide statements, they provide both long- and short-term financial information.

    - **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include only governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. LCFF funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was ($167.08) million at June 30, 2016, as reflected in the table below. Of this amount, ($1,284.16) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2016	2015	Net Change
Assets			
Current and other assets	$ 1,642,172,942	$ 899,931,336	$ 742,241,606
Capital assets	2,955,361,772	2,817,315,018	138,046,754
Total Assets	4,597,534,714	3,717,246,354	880,288,360
DEFERRED OUTFLOWS OF RESOURCES	188,011,757	85,489,033	102,522,724
LIABILITIES			
Current liabilities	200,938,324	152,216,958	48,721,366
Long-term liabilities	4,637,443,851	3,594,693,664	1,042,750,187
Total Liabilities	4,838,382,175	3,746,910,622	1,091,471,553
DEFERRED INFLOWS OF RESOURCES	114,244,000	260,478,125	(146,234,125)
NET POSITION			
Net investment in capital assets	590,393,456	501,154,788	89,238,668
Restricted	526,692,489	350,662,388	176,030,101
Unrestricted	(1,284,165,649)	(1,056,470,536)	(227,695,113)
Total Net Position	$ (167,079,704)	$ (204,653,360)	$ 37,573,656

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges them slightly, so you can see our total revenues, expenses, and special items for the year.

	Governmental Activities		
REVENUES	2016	2015	Net Change
Program revenues			
Charges for services	$ 2,607,946	$ 2,587,286	$ 20,660
Operating grants and contributions	330,432,614	320,162,485	10,270,129
Capital grants and contributions	2,902,371	2,318,741	583,630
General revenues			-
Property taxes	887,994,418	812,869,260	75,125,158
Unrestricted federal and state aid	351,932,595	361,000,039	(9,067,444)
Other	59,461,891	73,018,274	(13,556,383)
Total Revenues	1,635,331,835	1,571,956,085	63,375,750
EXPENSES			
Instruction	812,683,814	783,196,482	29,487,332
Instruction-related services	152,866,505	145,765,781	7,100,724
Pupil services	206,336,082	192,643,085	13,692,997
General administration	62,134,942	48,356,766	13,778,176
Plant services	123,317,753	119,410,809	3,906,944
Ancillary and community services	4,417,774	4,394,766	23,008
Debt service	114,533,849	107,888,245	6,645,604
Other outgo	27,659,811	8,494,067	19,165,744
Depreciation	93,600,572	85,266,659	8,333,913
Enterprise activities	207,077	43,382,550	(43,175,473)
Total Expenses	1,597,758,179	1,538,799,210	58,958,969
Change in net position	37,573,656	33,156,875	4,416,781
Net Position - Beginning	(204,653,360)	974,175,524	(1,178,828,884)
Cumulative effect of GASB 68 Implementation	-	(1,107,236,271)	1,107,236,271
Restatement (Note 13)	-	(104,749,488)	104,749,488
Net Position - Ending	$ (167,079,704)	$ (204,653,360)	$ 37,573,656

As reported in the Statement of Activities on page 15, the net cost of all our governmental activities this year was $1,261.82 million. The amount ultimately that financed these activities through taxes and State Aid was $1,239.93 million, the cost paid by those who benefitted from the programs was $2.61 million, the costs from capital grants and contributions are $2.90 million, the costs paid by other governments and organizations who subsidized certain programs with grants and contributions were $330.43 million and other revenues contributed $59.46 million.

	Net Cost of Services	
	2016	2015
Instruction	$ 636,569,147	$ 618,131,656
Instruction-related services	118,645,952	119,558,766
Pupil services	114,849,365	97,534,963
General administration	55,348,520	40,960,392
Plant services	96,507,898	88,357,987
Ancillary and community services	4,375,872	4,357,024
Debt service	114,533,849	107,888,245
Other outgo	27,177,170	8,297,270
Depreciation	93,600,572	85,266,659
Enterprise activities	206,903	43,377,736
Total Expenses	**$ 1,261,815,248**	**$ 1,213,730,698**

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed this year, its governmental funds reported a combined fund balance of $1,394.28 million, which is greater than last year's ending fund balance of $686.87 million. The District's General Fund had $3.83 million less in operating revenues than expenditures for the year ended June 30, 2016. The Districts Cafeteria Fund has $0.10 million less in operating revenues than expenditures for the year ended June 30, 2016. The District's Building Fund had $220.52 million less in operating revenues than expenditures for the year ended June 30, 2016. The District's Bond Interest and Redemption Fund had $111.71 million more in operating revenues than expenditures for the year ended June 30, 2016. The District's Non-Major Governmental Funds, which includes County School Facilities Fund, had $10.31 million more in operating revenues than expenditures for the year ended June 30, 2016.

CURRENT YEAR BUDGET 2015-16

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a monthly basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following were the major changes between original and final budget:

- Revenues that were received during the year that were not included in the originally adopted budget – Federal grants and special projects of $13.46 million, State grants and special projects of $20.19 million, and Local grants and special projects of $12.15 million.

- Expenditures that were appropriated during the year which were not included in the originally adopted budget – Salaries and Benefits of ($14.43) million, Books and Supplies of $25.73 million, Services and Other Operating Expenses of $14.84 million, and Capital Outlay of $2.66 million.

With these adjustments, actual revenues available were $10.97 million above the final budgeted amounts. The most significant variances resulted from:

- Federal revenues were $42.08 million below final budget amounts. Impact Aid was $2.76 million above appropriations due to revenue received for prior years, NCLB/IASA grants were $7.75 million below appropriations and the Magnet School Assistant Program was $4.01 million below appropriations. Two other Federal grants from the Department of Defense Office of Economic Adjustment had a combined total of $31.30 million below appropriations which largely represents grant money that has been awarded but not spent by June 30, 2016.

- State and local revenues were $47.57 million above final budget amounts. Mandated Cost One-Time reimbursement for discretionary purposes was $21.46 million above appropriations, STRS On-Behalf Pension Contribution was $36.50 million above appropriations, Special Education programs were $3.66 million below appropriations, California Career Pathways and Career Technical grants were $7.78 million below appropriations, Lottery was $1.15 million above appropriations, and various Local grants were $1.19 million above appropriations.

Actual expenditures were $23.91 million below the final budgeted amounts. The most significant variances resulted from:

- Salaries and benefits were $30.07 million above final budget amounts which reflects the adjustment for STRS On-Behalf Pension Contribution.

- Books and Supplies were $35.24 million below final budget amounts.

- Contract Services and Operating Expenditures were $16.21 million below final budget amounts.

- Capital Outlay was $2.53 million below final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2015-16 the District had invested $2,955.36 million in capital assets, net of depreciation.

	Governmental Activities		
	2016	2015	Net Change
CAPITAL ASSETS			
Land	$ 275,891,432	$ 275,955,889	$ (64,457)
Construction in progress	1,291,178,008	1,164,133,719	127,044,289.00
Land Improvements	259,285,009	256,409,656	2,875,353.00
Buildings & Improvements	1,965,945,626	1,872,899,114	93,046,512.00
Furniture & Equipment	249,939,768	265,506,862	(15,567,094.00)
Accumulated depreciation	(1,086,878,071)	(1,017,590,222)	(69,287,849.00)
Total Capital Assets	$ 2,955,361,772	$ 2,817,315,018	$ 138,046,754

Long-Term Debt

At year-end, the District had $4,637.44 million in long-term debt, an increase from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements).

	Governmental Activities		
	2016	2015	Net Change
LONG-TERM LIABILITIES			
Total General Obligation Bonds	$ 3,404,587,286	$ 2,532,364,719	$ 872,222,567
Net Pension Liability	1,094,321,000	924,884,083	169,436,917.00
Compensated Absences	27,299,718	26,386,950	912,768.00
SERP Liability	23,828,481	30,776,786	(6,948,305.00)
Claims Liability	70,441,000	67,614,000	2,827,000.00
Net OPEB obligation	16,966,366	12,667,126	4,299,240.00
Total Long-Term Liabilities	$ 4,637,443,851	$ 3,594,693,664	$ 1,042,750,187

The District issued three Proposition S bonds, series I, J-1, and J-2. The District also issued four Proposition Z bonds, series D, E, F, and G (Green Bond). The District intends to use the proceeds from the sale of the Bonds for construction projects consistent with the ballot language. The District also issued a $126,135,000 bond refunding various bonds in Proposition MM as well as a $145,915,000 bond refunding various bonds in

Proposition S. Ratings on all of the issuances are a AAA from Fitch, a AA+ from KBRA, and a Aa2 from Moody's.

The bonds issued in the current year were as follows:

- 2015, Election 2012, Series D $ 75,400,000
- 2015, Election 2012, Series E $ 78,955,000
- 2016, Election 2012, Series F $ 370,645,000
- 2016, Election 2012, Series G $ 100,000,000
- 2016, Election 2008, Series I $ 99,999,240
- 2016, Election 2008, Series J-1 $ 5,605,000
- 2016, Election 2008, Series J-2 $ 39,395,000
- 2016, Refunding of Proposition MM Bonds $ 126,135,000
- 2016, Refunding of Proposition S Bonds $ 145,915,000

Total expenditures by location for Proposition S and Proposition Z for capital outlay including planning, design and construction for various bond related projects are noted in the following table:

	Fiscal Year 2015-2016	
	Proposition S	**Proposition Z**
Elementary Schools	$ 5,527,984	$ 39,180,070
Middle Schools	7,860,021	33,590,710
High Schools	10,302,586	55,106,062
Program Expenditures	8,244,529	35,790,013
Atypical	4,698,077	21,406,160
Other District Sites		534,940
Total Expenditures	$ 36,633,197	$ 185,607,955

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES FOR 2016/17

The annual process to develop the District's budget begins in January, following the Governor's proposed State budget. The majority of the District's revenue comes from the State, therefore, the District formulates assumptions based on the Governor's proposals, guidance from School Services of California, and from the San Diego County Office of Education. The release of the 2016-17 May Revision builds on the conceptual basic framework of the January Budget, however, the Administration is signaling that the economic slowdown is just around the corner. The May Revision warns that the current economic expansion has already exceeded the average postwar expansion by over a year. Slow to no growth in the income tax and the sales tax, which together account for 90% of General Fund revenues, will slow Local Control Funding Formula (LCFF) funding significantly as Proposition 30 revenues fade. The May Revision is built on the assumption that no new revenues are on the horizon and the extension of Proposition 30 would simply allow the state to eliminate deficit spending, but will not provide new monies for new programs.

The Governor's May Revision projects that the Local Control Funding Formula (LCFF) will be 95.7% implemented in 2016-17. Once fully implemented the supercharged increases are over and local educational agencies (LEAs) will only see a cost-of-living adjustment (COLA). The January Budget estimated the 2016-17 COLA at 0.47%, the May Revision estimates COLA at 0.00%.
The District will continue to focus efforts on enhancing enrollment in the early learning program and in high schools during fiscal year 2016-17. Operational efficiency solutions will be centered on enhancing the revenue opportunities with Federal Impact Aid surveys and LCFF eligibility forms; appropriately align expenses to restricted funding sources; and right-sizing of operations in the Special Education and Early Childhood Education programs.

On June 28, 2016, the District's Board approved an Adopted Budget for Fiscal Year 2016-17 which included a 2% Unrestricted Reserve for Economic Uncertainties. The major assumptions used in developing the budget are as follows:

Revenues

- LCFF funded ADA – 101,514
- COLA – 0.00%
- Funding Gap – 54.84%
- Federal Impact Aid - $9.0M
- Mandated Cost Reimbursement - $3.7M
- Lottery (GFU - $140; GFR - $41) - $181 per ADA
- Local Interest - $.56%
- Transfers In - $11.0M

Expenditures

- Salaries Step and Column – Certificated 1.76%; Classified .92%
- STRS – 12.58%
- PERS – 13.89%
- Health and Welfare Premiums - 7.0%
- Materials and Supplies (CPI) – 2.15%
- Contracted Services (CPI) – 2.15%
- Utilities - $29.0M
- Implemented Board Solutions/Budget Deficit - $24.6M (ongoing)
  - $48.0M prior year reserves is an additional solution
- Transfers Out - $10.2M
- Contributions:
  - Special Education - $202.4M
  - Restricted Routine Maintenance (RRM) - $27.6M

Factors related to LCFF that the District continues to monitor include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADS); and, (4) meeting new compliance and audit requirements.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

On June 27, 2016, the Governor signed the Fiscal Year 2016-17 Budget. The District revised and submitted an adopted budget to the Board of Education (as an information item) and to the San Diego County Office of Education on July 26, 2016. The key changes to the District's July 26, 2016 Amended Budget which resulted in a deficit of $2.6 million are as follows:

- LCFF gap funding percentage change from 54.84% to 54.182% resulting in a $.3 million revenue decrease.
- One-time discretionary funds decreased from $237 per ADA to $214 per ADA resulting in a $2.3 million decrease in revenues.

The District's 2015-16 Unaudited Actuals ending fund balance is higher than projected at Estimated Actuals, which balances the deficit of $2.6 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Finance Division.

BASIC FINANCIAL STATEMENTS

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 1,535,834,448
Receivables	102,816,389
Prepaid expenses	636,818
Stores inventory	2,885,287
Non-depreciable capital assets (Note 4)	1,567,069,440
Depreciable capital assets, net of accumulated depreciation (Note 4)	1,388,292,332
Total assets	4,597,534,714
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 8 and 9)	108,384,423
Deferred loss from refunding of debt	79,627,334
Total deferred outflows	188,011,757
LIABILITIES	
Accounts payable and other current liabilities	181,819,727
Unearned revenue	19,118,597
Long-term liabilities:	
Due within one year (Note 6)	168,160,945
Due after one year (Note 6)	4,398,841,906
Self-insurance claims liability (Note 5)	70,441,000
Total liabilities	4,838,382,175
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 8 and 9)	114,244,000
NET POSITION	
Net investment in capital assets	590,393,456
Restricted:	
Legally restricted programs	35,430,738
Capital projects	132,817,387
Debt service	334,175,211
Self insurance	24,269,153
Unrestricted	(1,284,165,649)
Total net position	$ (167,079,704)

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Change in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 812,683,814	$ 247,574	$ 172,964,722	$ 2,902,371	$ (636,569,147)
Instruction-related services:					
Instructional supervision and administration	55,916,206	61,054	29,324,044	-	(26,531,108)
Instructional library, media and technology	9,624,771	42	1,008,485	-	(8,616,244)
School site administration	87,325,528	3,713	3,823,215	-	(83,498,600)
Pupil services:					
Home-to-school transportation	35,839,604	-	10,639,284	-	(25,200,320)
Food services	56,305,418	1,264,022	48,989,844	-	(6,051,552)
All other pupil services	114,191,060	24,999	30,568,568	-	(83,597,493)
General administration:					
Centralized data processing	20,417,997	-	14,669	-	(20,403,328)
All other general administration	41,716,945	32,717	6,739,036	-	(34,945,192)
Plant services	123,317,753	959,885	25,849,970	-	(96,507,898)
Ancillary services	3,686,798	-	38,807	-	(3,647,991)
Community services	730,976	-	3,095	-	(727,881)
Enterprise activities	207,077	-	174	-	(206,903)
Interest on long-term liabilities	114,533,849	-	-	-	(114,533,849)
Other outgo	27,659,811	13,940	468,701	-	(27,177,170)
Depreciation (unallocated) (Note 4)	93,600,572	-	-	-	(93,600,572)
Total governmental activities	$ 1,597,758,179	$ 2,607,946	$ 330,432,614	$ 2,902,371	(1,261,815,248)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	646,133,828
Taxes levied for debt service	218,008,814
Taxes levied for other specific purposes	23,851,776
Federal and state aid not restricted to specific purposes	351,932,595
Interest and investment earnings	6,409,750
Interagency transfers	5,668,814
Miscellaneous	44,656,945
Gain from the sale of building/land	2,726,382
Total general revenues	1,299,388,904
Change in net position	37,573,656
Net position, July 1, 2015	(204,653,360)
Net position, June 30, 2016	$ (167,079,704)

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and investments:						
Cash in County Treasury	$ 154,229,444	$ 8,008,543	$ 791,234,424	$ 334,175,211	$ 151,770,427	$ 1,439,418,049
Cash on hand and in banks	-	3,499,216	-	-	-	3,499,216
Cash in revolving fund	54,000	-	-	-	-	54,000
Receivables	81,404,894	15,672,640	1,150,481	-	4,459,452	102,687,467
Prepaid expenditures	630,560	-	3,721	-	2,537	636,818
Due from other funds	43,541,722	408,431	14,689,636	-	8,144,514	66,784,303
Stores inventory	2,175,228	710,059	-	-	-	2,885,287
Total assets	$ 282,035,848	$ 28,298,889	$ 807,078,262	$ 334,175,211	$ 164,376,930	$ 1,615,965,140
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 89,286,095	$ 951,279	$ 28,963,429	$ -	$ 13,251,797	$ 132,452,600
Unearned revenue	19,030,597	18,000	-	-	70,000	19,118,597
Due to other funds	9,643,036	26,349,454	17,283,530	-	16,838,148	70,114,168
Total liabilities	117,959,728	27,318,733	46,246,959	-	30,159,945	221,685,365
Fund balances:						
Nonspendable	2,859,788	710,059	3,721	-	2,537	3,576,105
Restricted	33,459,940	270,097	760,827,582	334,175,211	134,214,448	1,262,947,278
Assigned	90,727,969	-	-	-	-	90,727,969
Unassigned	37,028,423	-	-	-	-	37,028,423
Total fund balances	164,076,120	980,156	760,831,303	334,175,211	134,216,985	1,394,279,775
Total liabilities and fund balances	$ 282,035,848	$ 28,298,889	$ 807,078,262	$ 334,175,211	$ 164,376,930	$ 1,615,965,140

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balances - Governmental Funds		$ 1,394,279,775
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $4,042,239,843 and the accumulated depreciation is $1,086,878,071 (Note 4).		2,955,361,772
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2016 consisted of (Note 6):		
General Obligation Bonds	$ (2,986,296,724)	
Unamortized premiums	(219,130,229)	
Accreted interest	(199,160,333)	
Net pension liability (Notes 8 and 9)	(1,094,321,000)	
Compensated absences	(27,299,718)	
SERP liability	(23,828,481)	
Other postemployment benefits (Note 10)	(16,966,366)	
		(4,567,002,851)
Internal service funds are included in the government-wide financial statements.		24,269,153
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.		79,627,334
In government 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 (Notes 8 and 9).		
Deferred outflows of resources relating to pensions	$ 108,384,423	
Deferred inflows of resources relating to pensions	(114,244,000)	
		(5,859,577)
Unmatured interest on long-term liabilities is recognized in the period incurred.		(47,755,310)
Total net position - governmental activities		$ (167,079,704)

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:						
Local Control Funding Formula (LCFF):						
State apportionment	$ 403,297,131	$ -	$ -	$ -	$ -	$ 403,297,131
Local sources	540,550,501	-	-	-	-	540,550,501
Total LCFF	943,847,632	-	-	-	-	943,847,632
Federal sources	101,510,317	49,465,055	-	-	450,454	151,425,826
Other state sources	189,070,296	3,687,998	6,207	1,302,119	18,575,381	212,642,001
Other local sources	39,450,993	6,661,628	3,123,275	218,092,570	52,780,555	320,109,021
Total revenues	1,273,879,238	59,814,681	3,129,482	219,394,689	71,806,390	1,628,024,480
Expenditures:						
Current:						
Certificated salaries	575,629,754	-	-	-	9,023,951	584,653,705
Classified salaries	216,443,286	22,268,385	9,325,987	-	13,697,393	261,735,051
Employee benefits	353,852,280	11,555,153	3,832,266	-	11,270,986	380,510,685
Books and supplies	32,924,873	23,273,170	13,967,374	-	2,510,069	72,675,486
Contract services and operating expenditures	96,775,285	2,360,751	14,747,701	-	7,163,801	121,047,538
Other outgo	937,888	-	1,887,543	-	11,782,786	14,608,217
Capital outlay	1,145,077	455,021	179,891,253	-	6,048,491	187,539,842
Debt service:						
Principal retirement	-	-	-	33,144,271	-	33,144,271
Interest	-	-	-	74,537,014	-	74,537,014
Total expenditures	1,277,708,443	59,912,480	223,652,124	107,681,285	61,497,477	1,730,451,809
(Deficiency) excess of revenues (under) over expenditures	(3,829,205)	(97,799)	(220,522,642)	111,713,404	10,308,913	(102,427,329)
Other financing sources (uses):						
Transfers in	15,559,204	406,064	-	-	6,200,997	22,166,265
Transfers out	(11,847,983)	(1,039,347)	-	-	(16,178,935)	(29,066,265)
Payment to refunding escrow	-	-	(319,317,864)	(7,354,595)	-	(326,672,459)
Proceeds from issuance general obligation bonds	-	-	1,042,049,241	-	-	1,042,049,241
Premium on issuance of general obligation bonds	-	-	52,267,361	46,366,665	-	98,634,026
Proceeds from sale of building/land	-	-	-	-	2,726,382	2,726,382
Total other financing sources (uses)	3,711,221	(633,283)	774,998,738	39,012,070	(7,251,556)	809,837,190
Net change in fund balances	(117,984)	(731,082)	554,476,096	150,725,474	3,057,357	707,409,861
Fund balances, July 1, 2015	164,194,104	1,711,238	206,355,207	183,449,737	131,159,628	686,869,914
Fund balances, June 30, 2016	$ 164,076,120	$ 980,156	$ 760,831,303	$ 334,175,211	$ 134,216,985	$1,394,279,775

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Net change in fund balances - Total Governmental Funds		$ 707,409,861
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	$ 232,236,777	
In government funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide financial statements, donated capital assets are reported as revenue and as increases to capital assets (Note 4).	115,969	
In government funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported (Note 4).	(705,420)	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(93,600,572)	
Proceeds from debt are recognized as other financing sources in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 6). (1,042,049,241)		
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	33,144,271	
Payments made to the refunding escrow is an other financing use in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	227,153,837	
In governmental funds, debt issued at a premium is recognized as an other financing source. In the government-wide statements debt issued at a premium is amortized as interest over the life of the debt (Note 6).	(87,146,289)	
Accreted interest is an expense that is not recorded in the governmental funds (Note 6).	(3,325,145)	
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is due.	(24,865,822)	

(Continued)

Activities of the internal service fund are reported with governmental activities.	8,149,201	
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.	$ 69,778,052	
In governmental funds, other postemployment benefits are recognized when employers contributions are made. In the government-wide statements, other post-employment benefits are recognized on the accrual basis (Notes 6 and 10).	(4,299,240)	
In governmental funds, public agency retirement system incentives are recognized when employers contributions are made. In the government-wide statements, public agency retirement system incentives are measured on the accrual basis (Notes 6 and 10).	6,948,305	
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was.	9,541,880	
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	(912,768)	$ (669,836,205)
Change in net position of governmental activities		$ 37,573,656

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
SELF-INSURANCE FUND - GOVERNMENTAL ACTIVITIES
June 30, 2016

ASSETS	
Current assets:	
Cash and investments:	
Cash in County Treasury	$ 92,363,183
Cash with fiscal agent	500,000
Receivables	128,922
Due from other funds	3,493,380
Total current assets	96,485,485
LIABILITIES	
Current liabilities:	
Accounts payable	1,611,817
Due to other funds	163,515
Total current liabilities	1,775,332
Non-current liabilities:	
Claims payable	70,441,000
Total liabilities	72,216,332
NET POSITION	
Restricted	$ 24,269,153

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN
NET POSITION - PROPRIETARY FUND
SELF-INSURANCE FUND - GOVERNMENTAL ACTIVITIES
For the Year Ended June 30, 2016

OPERATING REVENUE	
Self insurance premiums	$ 34,964,897
OPERATING EXPENSES	
Salaries and benefits	971,418
Supplies and materials	1,230,550
Payments for claims	31,965,052
Total operating expense	34,167,020
Operating income	797,877
NON-OPERATING REVENUES	
Interest income	451,324
Transfers in	6,900,000
Total non-operating revenues	7,351,324
Change in net position	8,149,201
Net position, July 1, 2015	16,119,952
Net position, June 30, 2016	$ 24,269,153

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SELF-INSURANCE FUND - GOVERNMENTAL ACTIVITIES
For the Year Ended June 30, 2016

Cash flows from operating activities:	
Cash received from self-insurance premiums	$ 53,375,498
Cash received from user charges	638,792
Cash paid for employee salaries and benefits	(971,418)
Cash paid for insurance claims and supplies	(28,798,873)
Net cash provided by operating activities	24,243,999
Cash flows provided by noncapital financing activities:	
Net transfers	6,900,000
Cash flows provided by investing activities:	
Interest income received	380,848
Increase in cash and investments	31,524,847
Cash and investments, July 1, 2015	61,338,336
Cash and investments, June 30, 2016	$ 92,863,183
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 797,877
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in:	
Amount due from other funds	19,026,251
Increase in:	
Accrued liabilities	1,569,729
Amount due to other funds	23,142
Claims payable	2,827,000
Total adjustments	23,446,122
Net cash provided by operating activities	$ 24,243,999

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2016

	Agency Fund Student Body
ASSETS	
Cash on hand and in bank (Note 2)	$ 7,452,835
Receivables	125,279
Prepaid expenditures	8,454
Stores inventory	274,306
Total assets	7,860,874
LIABILITIES	
Accounts payable	11,495
Due to student groups	7,849,379
Total liabilities	$ 7,860,874

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Cod. Sec. N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense and interest on general long-term liabilities are considered indirect expenses and are reported separately on the Statement of Activities.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - 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, 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.

A - Major Funds

General Fund:

The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the general fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Cafeteria Fund:

The Cafeteria Fund is a special revenue fund used to account for federal, state, and local resources to operate the food service program (*Education Code Sections 38090-38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

Building Fund:

The Building Fund is a capital projects fund used primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146)* and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

Bond Interest and Redemption Fund:

The Bond Interest and Redemption Fund is a debt service fund used for the repayment of bonds issued for the District (*Education Code Sections 15125-15262*). The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The San Diego County Auditor and Controller maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the San Diego County Treasurer from taxes levied by the San Diego County Treasurer-Tax Collector.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B - Other Funds

Special Revenue Funds:

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

a - Adult Education Fund - This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Money received from programs other than adult education shall not be expended for adult education (*Education Code Section 52616[b] and 52501.5[a]*)

b - Child Development Fund - This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services hall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 83228*).

c - Deferred Maintenance Fund - This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposed (*Education Code Sections 17582-17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

d - Pupil Transportation Equipment Fund - This 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 Project Funds:

The capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

a - Capital Facilities Funds - This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620-17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970-65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

b - County School Facilities Fund - The County School Facilities Fund is a capital project fund used to account for the accumulation and expenditure of resources used for the acquisition or construction of major capital facilities and equipment.

c - Special Reserve for Capital Outlay Projects Fund - The Special Reserve for Capital Outlay Projects Fund is a capital project fund used to provide for the accumulation of funds for capital outlay purposes (*Education Code Section 42840*).

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund:

Self Insurance Fund:

The Self Insurance Fund is a proprietary fund used to separate moneys received from self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

Fiduciary Funds:

Student Body Fund:

The Student Bond Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections 48930-48938*).

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2016.

Stores Inventory: Inventories are recorded using the purchase method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide state of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at acquisition value for the contributed asset. The District maintains a capitalization threshold of $5,000 for equipment purchased and $100,000 for improvement of land, modernization of buildings and construction of new buildings. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings and Improvements	25 - 50 years
Furniture and Equipment	5 -15 years
Vehicles	6 years

Interfund Activity: Interfund activity is 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 are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported, which is in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability reported in the Statement of Net Position. Amortization for the year ended June 30, 2016 totaled $48,158,098.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported in the Statement of Net Position. Amortization for the year ended June 30, 2016 totaled $5,495,000.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. 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. The following is a summary of pension amounts in the aggregate:

	STRP	PERF B	Total
Deferred outflows of resources	$ 61,306,467	$ 47,077,956	$ 108,384,423
Deferred inflows of resources	$ 76,825,000	$ 37,419,000	$ 114,244,000
Net pension liability	$ 782,123,000	$ 312,198,000	$1,094,321,000
Pension expense	$ 98,610,372	$ 26,076,183	$ 124,686,555

Compensated Absences: Compensated absences benefits are recorded as a liability of the District. The liability of $27,299,718 is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the District since cash payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for self insurance represents the portion of net position restricted for the District's self insurance program. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3. Unrestricted Net Position – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide financial statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2016, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel within the District to assign fund balances. However, as of June 30, 2016 no such designation has occurred.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2016, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of San Diego bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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.

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

Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results may differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

District cash and investments at June 30, 2016 consisted of the following:

	Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Cash in County	$ 1,439,418,049	$ 92,363,183	$ 1,531,781,232	$ -
Cash on hand and in banks	3,499,216	-	3,499,216	7,452,835
Cash in revolving fund	54,000	-	54,000	-
Cash with fiscal agent	-	500,000	500,000	-
Total cash and cash equivalent	$ 1,442,971,265	$ 92,863,183	$ 1,535,834,448	$ 7,452,835

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing San Diego County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2016, the carrying amount of the District's accounts was $11,006,051 and the bank balances were $10,467,705. The total uninsured bank balance at June 30, 2016 was $10,217,705.

Cash with Fiscal Agent: Cash with Fiscal Agent represents cash balances held by Wells Fargo Bank for the claims payments. The cash balances are fully collateralized at June 30, 2016.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Interest Rate Risk: The District does not have a formal investment policy that limits the cash and investment maturities as a means of managing its exposure to fair value arising from increasing interest rates. At June 30, 2016, the District had no significant interest rate risk related to investments held.

Concentration of Credit Risk: The District does not place limits on the amount they may invest in any one issuer. At June 30, 2016, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2016 were as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
Major Funds:		
General	$ 43,541,722	$ 9,643,036
Cafeteria	408,431	26,349,454
Building	14,689,636	17,283,530
Non-Major Funds:		
Adult Education	24,098	63,338
Child Development	7,847,000	12,828,585
Capital Facilities	272,564	3,491,398
County School Facilities	-	20,808
Special Reserve for Capital Outlay Projects	852	434,019
Proprietary Fund:		
Self-Insurance	3,493,380	163,515
Totals	$ 70,277,683	$ 70,277,683

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

Transfers: Transfers consists of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2015-2016 fiscal year were as follows:

Transfer from the General Fund to the Child Development Fund to cover required expenditures	$ 4,532,312
Transfer from the General Fund to the Self-Insurance Fund for Liability insurance for premiums and insurance costs.	3,580,000
Transfer from the General Fund to the Self-Insurance Fund for Property insurance for premiums and insurance costs.	3,320,000
Transfer from the General Fund to the Cafeteria Fund for bad debts for FY 14/15 and FY 15/16.	406,064
Transfer from the General Fund to the Child Development Fund to cover required expenses.	9,607
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	1,039,347
Transfer from the Adult Education Fund to the General Fund for indirect costs.	32,732
Transfer from the Child Development Fund to the General Fund for indirect costs.	1,176,554
Transfer from the Deferred Maintenance Fund to the General Fund for the remaining interest income due to fund closure.	159
Transfer from the Capital Facilities Fund to the General Fund for payroll expenses related to CCDC RDA.	10,300,000
Transfer from the Capital Facilities Fund to the Child Development Fund for payroll expenses related to child care centers in RDA Centre City.	1,659,078
Transfer from the Special Reserve for Capital Projects Fund to the General Fund for payroll expenses-hourly teacher moves due to construction.	284,030
Transfer from the Special Reserve for Capital Projects Fund to the General Fund for for Benchley property sale to cover operating shortfall.	2,726,382
Total	$ 29,066,265

(Continued)

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2016 is shown below:

Governmental Activities	Balance July 1, 2015	Transfers and Additions	Transfers and Deletions	Balance June 30, 2016
Non-depreciable:				
Land	$ 275,955,889	$ -	$ (64,457)	$ 275,891,432
Work-in-process	1,164,133,719	232,236,777	(105,192,488)	1,291,178,008
Depreciable:				
Land improvements	256,409,656	2,875,353	-	259,285,009
Buildings and improvements	1,872,899,114	95,116,503	(2,069,991)	1,965,945,626
Furniture and equipment	265,506,862	7,316,601	(22,883,695)	249,939,768
Totals, at cost	3,834,905,240	337,545,234	(130,210,631)	4,042,239,843
Less accumulated depreciation:				
Land improvements	(135,970,400)	(9,529,088)	-	(145,499,488)
Buildings and improvements	(663,809,187)	(75,992,873)	(1,526,288)	(738,275,772)
Furniture and equipment	(217,810,635)	(8,078,611)	(22,786,435)	(203,102,811)
Total accumulated depreciation	(1,017,590,222)	(93,600,572)	(24,312,723)	(1,086,878,071)
Governmental activities capital assets, net	$ 2,817,315,018	$ 243,944,662	$ (105,897,908)	$ 2,955,361,772

Depreciation expense was charged to governmental activities for the year ended June 30, 2016 as follows:

Governmental activities:	
Unallocated	$ 93,600,572

NOTE 5 - SELF-INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has established Internal Service Funds to account for and finance its uninsured risks of loss. Under this program, the Internal Service Funds provide coverage for a maximum of $500,000 for each worker's compensation claim, $150,000 for each general liability claim and $150,000 for each property damage claim. The District purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Funding of the Internal Service Funds is based on estimates of the amounts needed to pay prior and current year claims. Worker's Compensation claims are charged to the respective funds which generate the liability and the Property and Liability claims are paid by the General Fund.

(Continued)

NOTE 5 - SELF-INSURANCE (Continued)

At June 30, 2016, the District accrued the claims liability in accordance with GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liability is estimated at $70.4 million. Changes in the reported liability are shown below:

	General Liability	Workers' Compensation	Total
Liability balance, June 30, 2014	$ 2,819,000	$ 60,080,000	$ 62,899,000
Incurred claims	3,870,866	15,233,938	19,104,804
Claims payments	(3,837,866)	(10,551,938)	(14,389,804)
Liability balance, June 30, 2015	$ 2,852,000	$ 64,762,000	$ 67,614,000
Incurred claims	5,015,264	21,484,505	26,499,769
Claims payments	(4,846,264)	(18,826,505)	(23,672,769)
Liability balance, June 30, 2016	$ 3,021,000	$ 67,420,000	$ 70,441,000

NOTE 6 - LONG TERM DEBT

A schedule of changes in long-term debt, excluding, claims payable on self-insurance activities in Note 5, for the fiscal year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 2,204,545,591	$ 1,042,049,241	$ 260,298,108	$ 2,986,296,724	$ 133,428,533
Unamortized premium	131,983,940	98,634,026	11,487,737	219,130,229	16,588,118
Accreted interest	195,835,188	46,562,748	43,237,603	199,160,333	10,201,467
Total General Obligation Bonds	2,532,364,719	1,187,246,015	315,023,448	3,404,587,286	160,218,118
Net pension liability (Notes 8 and 9)	924,884,083	169,436,917	-	1,094,321,000	-
Compensated absences	26,386,950	912,768	-	27,299,718	-
SERP liability (Note 10)	30,776,786	994,358	7,942,663	23,828,481	7,942,827
Net OPEB obligation (note 10)	12,667,126	7,294,979	2,995,739	16,966,366	-
Totals	$ 3,527,079,664	$ 1,365,885,037	$ 325,961,850	$ 4,567,002,851	$ 168,160,945

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

General Obligation Bonds

Proposition MM General Obligation Bond Authorization

On November, 5 1998, voters in San Diego approved the issuance of general obligation bonds not to exceed $1.51 billion (Proposition MM), for the purpose of repairing deteriorating roofs, drainage, heating, plumbing and electrical systems; upgrading fire security, disabled access, science laboratories, wiring for computers; removing hazardous lead paints; building needed libraries; enabling additional class size reduction, building schools and classrooms; and financing the acquisition and improvement of real property in order to address District needs. The District has issued the entire authorization Series A through G totaling $1.51 billion.

Proposition S General Obligation Bond Authorization

On November 4, 2008, voters in San Diego passed the $2.1 billion general obligation bond measure, Proposition S. This bond program will provide resources for the District to repair, renovate and revitalize 181 neighborhood schools. Proposition S extends the previously voter approved Proposition MM tax rate of $66.70 per $100,000 of assessed property value until the year 2029. Once the Proposition MM bonds are paid, the tax rate will be $60.00 per $100,000 of assessed property value beginning 2030. The District issued Series A through J totaling $761.9 million including Qualified School Construction Bonds.

Proposition Z General Obligation Bond Authorization

On November 6, 2012, San Diego voters in San Diego approved Proposition Z, a $2.8 billion bond proposition that the District will use to maintain safe and productive learning environments for students. The bond is a Proposition 39 bond, which requires approval from at least 55 percent of voters to pass. The tax rate imposed to meet repayment of the proposed bonds will not exceed $60 per year per $100,000 of assessed valuation of taxable property. The District issued Series A through G totaling $1.16 billion.

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

The outstanding general obligation bonded debt, not including premium or discount, of the District at June 30, 2016 is summarized in the following:

Proposition MM

Series	Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2015	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2016	Amount Due in One Year
1998, Series A	5/27/1999	4.20 -5.34	2024	$ 139,995,085	$ 55,260,802	$ -	$ 6,921,036	$ 48,339,766	$ 6,786,371
A - Accreted interest		-	-	-	62,857,602	6,306,971	8,693,964	60,470,609	9,453,629
1998, Series B	12/14/2000	4.40 - 5.35	2020	149,999,084	34,157,915	-	1,182,915	32,975,000	6,685,000
B - Accreted interest		-	-	-	543,063	4,719,022	5,262,085	-	-
1998, Series C	11/21/2001	2.95 - 5.00	2027	199,995,712	129,245,000	-	5,250,000	123,995,000	-
1998, Series D	9/12/2002	2.10 - 5.25	2026	274,995,346	140,760,000	-	6,750,000	134,010,000	7,700,000
1998, Series E	8/19/2003	1.90 - 5.25	2028	349,993,599	117,985,000	-	-	117,985,000	-
1998, Series F	9/2/2004	1.95 - 5.00	2029	199,996,373	144,960,000	-	91,335,000	53,625,000	-
1998 Series G	9/8/2005	3.00 - 5.00	2030	195,024,802	122,505,000	-	67,450,000	55,055,000	-
Subtotal of original issue before refunding				1,510,000,001	808,274,382	11,025,993	192,845,000	626,455,375	30,625,000
R-1 Refunding (various)	3/15/2012	2.00 - 5.00	2032	65,434,442	65,434,442	-	-	65,434,442	-
R-1 Refunding - Accreted interest		-	-	-	9,771,905	3,841,920	-	13,613,825	-
R-3 Refunding (various)	4/16/2014	2.00 - 5.00	2030	199,285,000	199,285,000	-	7,155,000	192,130,000	1,830,000
R-4 Refunding (various)	5/27/2015	2.00 - 5.00	2030	172,505,000	172,505,000	-	-	172,505,000	4,535,000
R-5 Refunding (various)	5/4/2016	4.00 - 5.00	2030	126,135,000	-	126,135,000	-	126,135,000	-
Total Proposition MM				$ 2,073,359,443	$ 1,255,270,729	$ 141,002,913	$ 200,000,000	$ 1,196,273,642	$ 36,990,000

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

The outstanding general obligation bonded debt, not including premium or discount, of the District June 30, 2016 is summarized in the following:

Proposition S

Series	Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2015	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2016	Amount Due in One Year
2008, Series A	5/7/2009	2.52 -6.19	2033	$ 131,157,581	$ 127,364,776	$ -	$ 74,254,156	$ 53,110,620	$ 1,004,269
A - Accreted interest		-	-	-	50,207,237	4,827,714	29,281,555	25,753,396	315,731
2008, Series B QSCB	4/21/2009	-	2023	38,840,000	38,840,000	-	-	38,840,000	-
2008, Series C	8/18/2010	6.1 - 6.625	2050	163,869,783	112,548,275	-	-	112,548,275	-
C - Accreted interest		-	2051	-	37,104,582	10,095,754	-	47,200,336	-
2008, Series D QSCB	8/5/2010	5.26	2028	36,130,000	36,130,000	-	-	36,130,000	-
2008, Series E	5/24/2012	4.89 - 5.48	2052	149,998,825	149,998,825	-	-	149,998,825	-
E - Accreted interest		-	-	-	22,052,253	9,312,718	-	31,364,971	-
2008, Series F	4/16/2014	1.00 - 5.00	2017	15,095,000	11,925,000	-	-	11,925,000	11,925,000
2008, Series G	4/16/2014	5.18 - 5.58	2039	50,000,726	50,000,726	-	-	50,000,726	-
G - Accreted interest		-	-	-	1,937,697	2,864,091	-	4,801,788	-
2008, Series H	6/18/2015	0.50 - 5.00	2025	31,770,000	31,770,000	-	-	31,770,000	910,000
2008, Series I	12/2/2015	3.85 - 8.00	2040	99,999,241	-	99,999,241	-	99,999,241	11,047,893
I - Accreted interest	12/2/2015	-	-	-	-	-	-	-	432,107
2008, Series J	5/5/16	0.52 - 5.00	2028	45,000,000	-	45,000,000	-	45,000,000	5,605,000
Subtotal of original issue before refunding				761,861,156	669,879,371	172,099,518	103,535,711	738,443,178	31,240,000
2008, R-2 Refunding (various)	3/1/2012	6.625	2042	56,869,830	56,869,830	-	-	56,869,830	-
R-2 Refunding - accreted interest		-	-	-	11,360,849	4,594,558	-	15,955,407	-
2008, SR-1 Refunding	4/5/2016	3.00 - 5.00	2034	145,915,000	-	145,915,000	-	145,915,000	-
Total Proposition S				$ 964,645,986	$ 738,110,050	$ 322,609,076	$ 103,535,711	$ 957,183,415	$ 31,240,000

Proposition Z

Series	Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2015	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2016	Amount Due in One Year
2012, Series C	4/30/2013	4.00 - 5.00	2043	414,000,000	407,000,000	-	-	407,000,000	-
2012, Series D	10/14/15	0.45	2017	75,400,000	-	75,400,000	-	75,400,000	75,400,000
2012, Series E	10/14/15	3.00 - 4.00	2018	78,955,000	-	78,955,000	-	78,955,000	-
2012, Series F	1/5/16	4.285 - 5.00	2046	370,645,000	-	370,645,000	-	370,645,000	-
2012, Series G	1/5/16	3.578 - 5.00	2046	100,000,000	-	100,000,000	-	100,000,000	-
Total Proposition Z				$ 1,039,000,000	$ 407,000,000	$ 625,000,000	$ -	$ 1,032,000,000	$ 75,400,000

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

1998 Series A

Capital appreciation bonds were issued as part of the Series A issuance with maturity dates from July 1, 2004 through 2023. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $33,539,626 have not been reflected in the long-term debt balance in the schedule above.

The annual payments required to amortize the Election of 1998, Series A, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Accreted Interest	Total Debt Service
2017	$ 6,786,371	$ 9,453,629	$ 16,240,000
2018	6,647,904	10,242,096	16,890,000
2019	6,272,216	10,662,784	16,935,000
2020	4,849,729	9,025,271	13,875,000
2021	5,515,546	11,214,454	16,730,000
2022-2024	18,268,000	43,412,001	61,680,001
	$ 48,339,766	$ 94,010,235	$142,350,001

1998 Series B

The annual payments required to amortize the Election of 1998, Series B, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ 6,685,000	$ 1,673,328	$ 8,358,328
2018	7,560,000	1,317,202	8,877,202
2019	8,805,000	861,851	9,666,851
2020	9,925,000	297,750	10,222,750
	$ 32,975,000	$ 4,150,131	$ 37,125,131

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

1998 Series C

The annual payments required to amortize the Election of 1998, Series C, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ 6,819,725	$ 6,819,725
2018	-	6,819,725	6,819,725
2019	-	6,819,725	6,819,725
2020	9,100,000	6,569,475	15,669,475
2021	10,240,000	6,037,625	16,277,625
2022-2026	78,445,000	19,380,213	97,825,213
2027	26,210,000	720,775	26,930,775
	$123,995,000	$ 53,167,263	$177,162,263

1998 Series D

The annual payments required to amortize the Election of 1998, Series D, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ 7,700,000	$ 7,139,550	$ 14,839,550
2018	7,895,000	6,729,937	14,624,937
2019	8,975,000	6,266,013	15,241,013
2020	10,140,000	5,740,350	15,880,350
2021	11,390,000	5,148,275	16,538,275
2022-2026	87,910,000	13,707,650	101,617,650
	$134,010,000	$ 44,731,775	$178,741,775

1998 Series E

The annual payments required to amortize the Election of 1998, Series E, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ 6,489,175	$ 6,489,175
2018	-	6,489,175	6,489,175
2019	-	6,489,175	6,489,175
2020	-	6,489,175	6,489,175
2021	-	6,489,175	6,489,175
2022-2026	36,300,000	30,808,525	67,108,525
2027-2028	81,685,000	4,869,563	86,554,563
	$117,985,000	$ 68,123,963	$186,108,963

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

1998 Series F

The annual payments required to amortize the Election of 1998, Series F, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ 2,815,312	$ 2,815,312
2018	-	2,815,312	2,815,312
2019	-	2,815,312	2,815,312
2020	-	2,815,312	2,815,312
2021	-	2,815,312	2,815,312
2022-2026	-	14,076,563	14,076,563
2027-2029	53,625,000	6,241,594	59,866,594
	$ 53,625,000	$ 34,394,717	$ 88,019,717

1998 Series G

The annual payments required to amortize the Election of 1998, Series G, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ 2,890,388	$ 2,890,388
2018	-	2,890,388	2,890,388
2019	-	2,890,388	2,890,388
2020	-	2,890,388	2,890,388
2021	-	2,890,388	2,890,388
2022-2026	-	14,451,937	14,451,937
2027-2030	55,055,000	6,449,231	61,504,231
	$ 55,055,000	$ 35,353,108	$ 90,408,108

1998 Refunding, Series R-1

The District issued the 1998 Refunding, Series R-1 bonds to refund certain portions of 1998, Series A, B, C, D, E, F and G general obligation bonds. Capital appreciation bonds were issued as part of Series R-1 issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $85,641,733 have not been reflected in the long-term debt balance in the schedule above.

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

The annual payments required to amortize the Election of 1998, Series R-1, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Accreted Interest	Total Debt Service
2017	$ -	$ -	$ -
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022-2026	-	-	-
2027-2031	42,019,255	61,030,745	103,050,000
2032	23,415,187	38,224,813	61,640,000
	$ 65,434,442	$ 99,255,558	$164,690,000

1998 R-3 Refunding

The District issued the 1998 Refunding, Series R-3 bonds to refund certain portions of 1998, Series B, C, E, F and G general obligation bonds. The annual payments required to amortize the Election of 1998, Series R-3, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ 1,830,000	$ 9,378,100	$ 11,208,100
2018	23,820,000	8,737,250	32,557,250
2019	27,665,000	7,517,625	35,182,625
2020	19,720,000	6,408,125	26,128,125
2021	31,380,000	5,139,000	36,519,000
2022-2026	85,030,000	7,671,250	92,701,250
2027-2030	2,685,000	469,875	3,154,875
	$192,130,000	$ 45,321,225	$237,451,225

NOTE 6 - LONG TERM DEBT (Continued)

1998 R-4 Refunding

The District issued the 1998 Refunding, Series R-4 bonds to refund certain portions of 1998, Series A, B, D, E and G general obligation bonds.

The annual payments required to amortize the Election of 1998, Series R-4, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ 4,535,000	$ 8,138,975	$ 12,673,975
2018	-	8,093,625	8,093,625
2019	-	8,093,625	8,093,625
2020	-	8,093,625	8,093,625
2021	-	8,093,625	8,093,625
2022-2026	39,155,000	38,583,300	77,738,300
2027-2030	128,815,000	10,230,888	139,045,888
	$172,505,000	$ 89,327,663	$261,832,663

1998 R-5 Refunding

The District issued the 1998 Refunding, Series R-5 bonds to refund certain portions of 1998, Series F-1 Bonds and 1998, Series G-1. On June 30, 2016, $153,985,000 of bonds outstanding are considered defeased.

Although the advance refundings resulted in the recognition of an accounting loss of $4,944,063 for the year ended June 30, 2016, the District in effect reduced its aggregate debt service payments by $35,689,286 over the next 15 years and obtained an economic gain of $30,630,165.

Calculation of difference in cash flow requirements and economic gain are as follows:

Old debt service cash flows	$ 236,783,017
New debt service cash flows	201,093,731
Total cash flow difference	$ 35,689,286
Present value of old debt service cash flows	$ 196,918,959
Present value of new debt service cash flows	166,288,794
Economic gain	$ 30,630,165

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

The annual payments required to amortize the Election of 1998, Series R-5, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ 3,902,106	$ 3,902,106
2018	-	5,927,250	5,927,250
2019	-	5,927,250	5,927,250
2020	-	5,927,250	5,927,250
2021	-	5,927,250	5,927,250
2022-2026	1,505,000	29,598,625	31,103,625
2027-2030	124,630,000	17,749,000	142,379,000
	$126,135,000	$ 74,958,731	$201,093,731

2008 Series A

Capital appreciation bonds were issued as part of Series A issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $82,495,984 have not been reflected in the long-term debt balance in the schedule above.

The annual payments required to amortize the Election of 2008, Series A, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Accreted Interest	Total Debt Service
2017	$ 1,004,269	$ 315,731	$ 1,320,000
2018	848,543	336,457	1,185,000
2019	794,801	395,199	1,190,000
2020	4,952,880	3,047,120	8,000,000
2021	-	-	-
2022-2026	10,908,134	15,666,866	26,575,000
2027-2031	32,384,879	82,150,121	114,535,000
2032	2,217,114	6,337,886	8,555,000
	$ 53,110,620	$108,249,380	$161,360,000

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

2008 Series B

Qualified School Construction Bonds

The QSCBs are tax credit bonds within the meaning of Section 54F of the Internal Revenue Code (the Code), and accordingly the QSCBs do not bear interest to be paid by the District. The owners of the QSCBs will be allowed a credit under the Code against their Federal income tax liability. Proceeds from the sale of QSCBs are restricted to the uses prescribed for bonds designated as QSCBs under Section 54F of the Code.

The District issued $38,840,000 of Qualified School Construction Bonds (QSCBs) on April 21, 2009, pursuant to an authorization granted by voters of the District on November 4, 2008. The QSCBs were issued simultaneously with the District's 2010 General Obligation Bonds in order to fund projects authorized under Proposition S. The QSCBs are payable from ad valorem taxes upon all property subject to taxation by the District.

The annual payments required to amortize the Election of 2008, Series B, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ -	$ -
2018	-	-	-
2019	3,840,000	-	3,840,000
2020	4,500,000	-	4,500,000
2021	6,000,000	-	6,000,000
2022-2025	24,500,000	-	24,500,000
	$ 38,840,000	$ -	$ 38,840,000

2008 Series C

Capital appreciation bonds were issued as part of Series C issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $557,101,389 have not been reflected in the long-term debt balance in the schedule above.

NOTE 6 - LONG TERM DEBT (Continued)

2008 Series C (Continued)

The annual payments required to amortize the Election of 2008, Series C, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Accreted Interest	Total Debt Service
2017	$ -	$ -	$ -	$ -
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022-2026	-	-	-	-
2027-2031	9,422,718	2,863,656	21,672,282	33,958,656
2032-2036	18,633,881	28,636,563	62,046,119	109,316,563
2037-2041	29,874,917	28,636,563	148,230,083	206,741,563
2042-2046	27,211,797	28,636,563	223,138,203	278,986,563
2047-2051	27,404,962	12,265,856	149,215,038	188,885,856
	$112,548,275	$101,039,201	$604,301,725	$817,889,201

2008 Series D

Qualified School Construction Bonds

The QSCBs are tax credit bonds within the meaning of Section 54F of the Internal Revenue Code (the Code), and accordingly the QSCBs do not bear interest to be paid by the District. The owners of the QSCBs will be allowed a credit under the Code against their Federal income tax liability. Proceeds from the sale of QSCBs are restricted to the uses prescribed for bonds designated as QSCBs under Section 54F of the Code.

The District issued $36,130,000 of Qualified School Construction Bonds (QSCBs) on August 5, 2010, pursuant to an authorization granted by voters of the District on November 4, 2008. The QSCBs were issued simultaneously with the District's 2010 General Obligation Bonds in order to fund projects authorized under Proposition S. The QSCBs are payable from ad valorem taxes upon all property subject to taxation by the District.

The annual payments required to amortize the Election of 2008, Series D, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ 136,831	$ 136,831
2018	-	136,831	136,831
2019	-	136,831	136,831
2020	-	136,831	136,831
2021	-	136,831	136,831
2022-2026	15,000,000	342,079	15,342,079
2027-2029	21,130,000	-	21,130,000
	$ 36,130,000	$ 1,026,234	$ 37,156,234

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

2008 Series E

Capital appreciation bonds were issued as part of Series E issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $420,862,895 have not been reflected in the long-term debt balance in the schedule above.

The annual payments required to amortize the Election of 2008, Series E, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Accreted Interest	Total Debt Service
2017	$ -	$ -	$ -	$ -
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022-2026	-	-	-	-
2027-2031	-	-	-	-
2032-2036	18,990,136	49,223,956	37,684,864	105,898,956
2037-2041	22,596,977	63,663,069	43,823,023	130,083,069
2042-2046	43,203,456	44,154,063	81,636,545	168,994,064
2047-2051	56,508,822	4,744,512	225,737,868	286,991,202
2052	8,699,434	-	63,345,566	72,045,000
	$149,998,825	$161,785,600	$452,227,866	$764,012,291

2008 Series F

The annual payments required to amortize the Election of 2008, Series F, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ 11,925,000	$ 298,125	$ 12,223,125

2008 Series G

Capital appreciation bonds were issued as part of Series G issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $102,632,486 have not been reflected in the long-term debt balance in the schedule above.

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

2008 Series G (Continued)

The annual payments required to amortize the Election of 2008, Series G, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Accreted Interest	Total Debt Service
2017	$ -	$ -	$ -
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022-2026	-	-	-
2027-2031	-	-	-
2032-2036	28,590,885	52,549,115	81,140,000
2037-2039	21,409,841	54,885,159	76,295,000
	$ 50,000,726	$107,434,274	$157,435,000

2008 Series H

The annual payments required to amortize the Election of 2008, Series H, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ 910,000	$ 1,327,645	$ 2,237,645
2018	1,240,000	1,318,860	2,558,860
2019	1,240,000	1,293,750	2,533,750
2020	-	1,275,150	1,275,150
2021	-	1,275,150	1,275,150
2022-2025	28,380,000	2,615,075	30,995,075
	$ 31,770,000	$ 9,105,630	$ 40,875,630

2008 Series I

Capital appreciation bonds were issued as part of Series I issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $108,950,760 have not been reflected in the long-term debt balance in the schedule above.

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

The annual payments required to amortize the Election of 2008, Series I, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Accreted Interest	Total Debt Service
2017	$ 11,047,893	$ 432,107	$ 11,480,000
2018	4,553,737	311,263	4,865,000
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022-2026	-	-	-
2027-2031	-	-	-
2032-2036	42,414,695	46,060,305	88,475,000
2037-2040	41,982,916	62,147,085	104,130,001
	$ 99,999,241	$108,950,760	$208,950,001

2008 Series J

The annual payments required to amortize the Election of 2008, Series J, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ 5,605,000	$ 1,108,097	$ 6,713,097
2018	-	1,791,400	1,791,400
2019	-	1,791,400	1,791,400
2020	775,000	1,775,900	2,550,900
2021	1,530,000	1,722,150	3,252,150
2022-2026	33,200,000	5,758,125	38,958,125
2027-2028	3,890,000	174,325	4,064,325
	$ 45,000,000	$ 14,121,397	$ 59,121,397

2008 R-2 Refunding

The District issued the 2008 Refunding, Series R-2 bonds to refund certain portions of 2008, Series C general obligation bonds. Capital appreciation bonds were issued as part of R-2 Refunding issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $114,554,763 have not been reflected in the long-term debt balance in the schedule above.

NOTE 6 - LONG TERM DEBT (Continued)

2008 R-2 Refunding (Continued)

The annual payments required to amortize the Election of 2008, Series R-2, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Accreted Interest	Total Debt Service
2017	$ -	$ -	$ -	$ -
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022-2026	-	-	-	-
2027-2031	-	6,206,963	-	6,206,963
2032-2036		62,069,625	-	62,069,625
2037-2041	30,316,615	58,760,769	69,573,385	158,650,769
2042	26,553,215	2,898,106	60,936,785	90,388,106
	$ 56,869,830	$129,935,463	$130,510,170	$317,315,463

2008 SR-1 Refunding

The District issued the 2008 Refunding, Series SR-1 bonds to refund certain portions of 2008, Series A general obligation bonds in the amount of $73,168,837. On June 30, 2016, $73,168,837 of bonds outstanding are considered defeased.

Although the advance refundings resulted in the recognition of an accounting loss of $65,557,684 for the year ended June 30, 2016, the District in effect reduced its aggregate debt service payments by $18,936,850 over the next 15 years and obtained an economic gain of $10,704,330.

Calculation of difference in cash flow requirements and economic gain are as follows:

Old debt service cash flows	$ 238,157,500
New debt service cash flows	219,220,650
Total cash flow difference	$ 18,936,850
Present value of old debt service cash flows	$ 169,395,682
Present value of new debt service cash flows	158,691,352
Economic gain	$ 10,704,330

NOTE 6 - LONG TERM DEBT (Continued)

The annual payments required to amortize the Election of 2008, Series SR-1, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ 3,747,628	$ 3,747,628
2018	-	5,692,600	5,692,600
2019	-	5,692,600	5,692,600
2020	-	5,692,600	5,692,600
2021	-	5,692,600	5,692,600
2022-2026	-	28,463,000	28,463,000
2027-2031	6,760,000	27,989,250	34,749,250
2032-2034	139,155,000	8,314,500	147,469,500
	$145,915,000	$ 91,284,778	$237,199,778

2012 Series C

The annual payments required to amortize the Election of 2012, Series C, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ 17,193,900	$ 17,193,900
2018	-	17,193,900	17,193,900
2019	-	17,193,900	17,193,900
2020	905,000	17,184,850	18,089,850
2021	1,415,000	17,161,650	18,576,650
2022-2026	15,870,000	84,581,575	100,451,575
2027-2031	34,725,000	78,706,875	113,431,875
2032-2036	66,360,000	66,320,000	132,680,000
2037-2041	167,480,000	43,050,800	210,530,800
2042-2043	120,245,000	4,967,100	125,212,100
	$407,000,000	$363,554,550	$770,554,550

The annual payments required to amortize the Election of 2012, Series D, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ 75,400,000	$ 242,223	$ 75,642,223

(Continued)

NOTE 6 - LONG TERM DEBT (Continued)

The annual payments required to amortize the Election of 2012, Series E, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ 3,205,638	$ 3,205,638
2018	78,955,000	1,320,400	80,275,400
	$ 78,955,000	$ 4,526,038	$ 83,481,038

The annual payments required to amortize the Election of 2012, Series F, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ 16,436,421	$ 16,436,421
2018	-	16,621,100	16,621,100
2019	-	16,621,100	16,621,100
2020	-	16,621,100	16,621,100
2021	-	16,621,100	16,621,100
2022-2026	-	83,105,500	83,105,500
2027-2031	16,115,000	81,680,875	97,795,875
2032-2036	51,540,000	74,310,075	125,850,075
2037-2041	96,360,000	57,428,000	153,788,000
2042-2046	206,630,000	24,967,800	231,597,800
	$370,645,000	$404,413,071	$775,058,071

The annual payments required to amortize the Election of 2012, Series G, General Obligation Bonds outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	$ -	$ 4,130,570	$ 4,130,570
2018	-	4,176,981	4,176,981
2019	-	4,176,981	4,176,981
2020	-	4,176,981	4,176,981
2021	-	4,176,981	4,176,981
2022-2026	-	20,884,906	20,884,906
2027-2031	5,805,000	20,489,138	26,294,138
2032-2036	15,025,000	18,800,297	33,825,297
2037-2041	27,200,000	14,084,500	41,284,500
2042-2046	51,970,000	5,874,400	57,844,400
	$100,000,000	$100,971,735	$200,971,735

(Continued)

NOTE 7 - FUND BALANCES

Fund balances were composed of the following at June 30, 2016:

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Nonspendable:						
Revolving cash	$ 54,000	$ -	$ -	$ -	$ -	$ 54,000
Prepaid expenditures	630,560	-	3,721	-	2,537	636,818
Stores inventory	2,175,228	710,059	-	-	-	2,885,287
Total nonspendable	2,859,788	710,059	3,721	-	2,537	3,576,105
Restricted:						
Legally restricted programs	33,459,940	270,097	-	-	1,397,236	35,127,273
Capital projects	-	-	760,827,582	-	132,817,212	893,644,794
Debt service	-	-	-	334,175,211	-	334,175,211
Total restricted	33,459,940	270,097	760,827,582	334,175,211	134,214,448	1,262,947,278
Assigned:						
Reserve for FY 2016-17 deficit	81,064,494	-	-	-	-	81,064,494
School site ending balances	7,500,000	-	-	-	-	7,500,000
Retiree benefits	2,163,475	-	-	-	-	2,163,475
Total assigned	90,727,969	-	-	-	-	90,727,969
Unassigned:						
Reserve for economic uncertainties	25,759,000	-	-	-	-	25,759,000
Remaining unassigned	11,269,423	-	-	-	-	11,269,423
Total unassigned	37,028,423	-	-	-	-	37,028,423
Total	$ 164,076,120	$ 980,156	$ 760,831,303	$ 334,175,211	$ 134,216,985	$ 1,394,279,775

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com/comprehensive-annual-financial-report.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

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

The Defined Benefit Program provides retirement benefits based on 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 which 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 percent 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 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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 percent 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 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years 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. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

A summary of 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 percent of applicable member earnings for fiscal year 2015-16. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 8.56 percent of applicable member earnings for fiscal year 2015-16.

In general, member contributions cannot increase unless members are provided with some type of “comparable advantage” in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this “comparable advantage,” the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Effective July 1, 2014, with the passage of AB 1469, member contributions for those under the 2% at 60 benefit structure increase from 8.0 percent to a total of 10.25 percent of applicable member earnings, phased in over the next three years. For members under the 2% at 62 benefit structure, contributions will increase from 8.0 percent to 9.205 percent of applicable member earnings, again phased in over three years, if there is no change to normal cost.

Employers – 10.73 percent of applicable member earnings.

In accordance with AB 1469, employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The new legislation also gives the board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2015-16 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2015	8.25%	2.48%	10.73%
July 01, 2016	8.25%	4.33%	12.58%
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

The District contributed $61,306,467 to the plan for the fiscal year ended June 30, 2016.

State - 7.391 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Additionally, beginning October 1, 1998, a statutory contribution rate of 0.524 percent, adjustable annually in 0.25 percent increments up to a maximum of 1.505 percent, of the creditable earnings from the fiscal year ending in the prior calendar year per Education Code Section 22955(b). This contribution is reduced to zero if there is no unfunded actuarial obligation and no normal cost deficit for benefits in place as of July 1, 1990. Based on the actuarial valuation, as of June 30, 2012 there was no normal cost deficit, but there was an unfunded obligation for benefits in place as of July 1, 1990. As a result, the state was required to make quarterly payments starting October 1, 2013, at an additional contribution rate of 1.024 percent. As of June 30, 2014, the state contributed $200.7 million of the $267.6 million total amount for fiscal year 2013-14. As a result of AB 1469, the fourth quarterly payment of $66.9 million was included in an increased first quarter payment of $94 million for the 2014-15 fiscal year, which was transferred on July 1, 2014.

In accordance with AB 1469, the portion of the state appropriation under Education Code Section 22955(b) that is in addition to the 2.017 percent has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution will increase from 1.437 percent in 2014-15 to 4.311 percent in 2016-17. The increased contributions end as of fiscal year 2046-2047.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2015-16 and beyond are summarized in the table below:

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding	Total State Appropriation to DB Program
July 01, 2015	2.017%	2.874%	2.50%	7.391%
July 01, 2016	2.017%	4.311%	2.50%	8.828%
July 01, 2017 to June 30, 2046	2.017%	4.311%*	2.50%	8.828%*
July 01, 2046 and thereafter	2.017%	*	2.50%	4.517%*

* The new legislation also gives the board limited authority to adjust state contribution rates from July 1, 2017, through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure shall be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

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

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

District's proportionate share of the net pension liability	$ 782,123,000
State's proportionate share of the net pension liability associated with the District	413,656,000
Total	$1,195,779,000

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 the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2015, the District's proportion was 1.162 percent, which was a decrease of 0.006 percent from its proportion measured as of June 30, 2014.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2016, the District recognized pension expense of $98,610,372 and revenue of $42,427,261 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 13,069,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	63,756,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	61,306,467	-
Total	$ 61,306,467	$ 76,825,000

$61,306,467 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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:

Years Ended June 30,	
2017	$ (28,564,867)
2018	$ (28,564,867)
2019	$ (28,564,866)
2020	$ 13,226,600
2021	$ (2,178,000)
2022	$ (2,179,000)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2015 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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 investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. Based on the model from CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are log normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. 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

* 10-year geometric average

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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

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 7.60 percent, 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 (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	$1,180,944,000	$ 782,123,000	$ 450,670,000

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

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at https://www.calpers.ca.gov/docs/forms-publications/cafr-2015.pdf.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2016 were as follows:

Members - The member contribution rate was 6.0 or 7.0 percent of applicable member earnings for fiscal year 2015-16.

Employers - The employer contribution rate was 11.847 percent of applicable member earnings.

The District contributed $30,592,956 to the plan for the fiscal year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of $312,198,000 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 June 30, 2014. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2015, the District's proportion was 1.986 percent, which was a decrease of 0.063 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of $26,076,183. 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
Difference between expected and actual experience	$ 16,485,000	$ -
Changes of assumptions	-	19,123,000
Net differences between projected and actual earnings on investments	-	10,600,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	7,696,000
Contributions made subsequent to measurement date	30,592,956	-
Total	$ 47,077,956	$ 37,419,000

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

$30,592,956 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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:

Years Ended June 30,	
2017	$ (5,453,333)
2018	$ (5,453,333)
2019	$ (5,453,334)
2020	$ (4,574,000)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2015 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan 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	7.65%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

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

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The table below reflects 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.

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return
Global Equity	51%	5.25%
Global Fixed Income	19	0.99
Inflation Sensitive	6	0.45
Private Equity	10	6.83
Real Estate	10	4.50
Infrastructure & Forestland	2	4.50
Liquidity	2	(0.55)

* 10-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.65 percent. 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 Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

The discount rate was 7.50 percent and 7.65 percent in the June 30, 2013 and June 30, 2014 actuarial reports, respectively.

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 cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 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. 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.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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 7.65 percent, 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 (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	$ 507,658,000	$ 312,198,000	$ 149,796,000

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Notes 8 and 9, the District provides post employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees and their spouses through an implicit rate subsidy for all retirees who elect to purchase benefits at the District's negotiated insurance premium rates. The plan does not issue separate financial statements.

The District's annual other postemployment benefit (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 Cod. Sec. P50.108-.109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	$ 7,359,426
Interest on net OPEB obligation	538,353
Adjustment to annual required contribution	(602,800)
Annual OPEB cost (expense)	7,294,979
Contributions made	(2,995,739)
Increase in net OPEB obligation	4,299,240
Net OPEB obligation - beginning of year	12,667,126
Net OPEB obligation - end of year	$ 16,966,366

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation for the year ended June 30, 2016 and preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	$ 5,417,683	51.0%	$ 9,794,481
June 30, 2015	$ 5,713,303	49.7%	$ 12,667,126
June 30, 2016	$ 7,294,979	41.1%	$ 16,966,366

As of July 1, 2015, the most recent actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability for benefits (UAAL) was $84.6 million. The covered payroll (annual payroll of active employees covered by the Plan) was $752.3 million, and the ratio of the UAAL to the covered payroll was 11.2 percent. The OPEB plan is currently operated as a pay-as-you-go plan.

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 employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, included in Required Supplementary Information following this section, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25 percent investment rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 7.5 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 5 years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016, was 30 years.

See required supplementary information following the notes to the basic financial statements, which presents multi-year trend information on whether assets are increasing or decreasing over time relative to the plan liabilities.

Public Agency Retirement Services (PARS): During the fiscal years ended June 30, 2015, the District provided the option of a one-time Supplemental Employee Retirement Plan (SERP) to the District employees. Employees under the SERP will receive monthly annuity benefits.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District is obligated to pay annual installments for the calculated benefits for employees under the SERP and for the administration of the plan.

The annual requirements to amortize the SERP liability outstanding as of June 30, 2016 are as follows:

Year Ending June 30,	
2017	$ 7,942,827
2018	7,942,827
2019	7,942,827
Total	$ 23,828,481

NOTE 11 - JOINT POWERS AGREEMENT

CSAC Excess Insurance Authority (CSAC EIA) and School Excess Liability Fund (SELF): The District participates in two joint powers agreements with CSAC EIA and SELF. The relationship between the District and the JPAs is such that the JPAs are not component units of the Authority for financial reporting purposes.

CSAC EIA arranges for and provides excess property coverage up to $5 million. CSAC EIA also arranges for and provides crime/employee dishonesty and medical malpractice coverage The District is also a member of SELF for its excess liability exposures from $5 million to $55 million. Each JPA board controls the operations of the individual JPA, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member agency pays a premium commensurate with the amount of coverage requested. As a member of the JPAs, the Authority is entitled to retrospective premium adjustments for those claim years where costs were less than expected. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage in the prior year.

Condensed audited financial information for CSAC EIA for the year ended June 30, 2015 (the latest information available) is as follows:

Total assets	$ 642,949,175
Total liabilities	$ 530,542,530
Total net position	$ 112,406,645
Total revenues	$ 620,940,524
Total expenditures	$ 619,401,493
Change in net position	$ 1,539,031

Condensed audited financial information for SELF for the year ended June 30, 2015 is as follows:

Total assets	$ 154,727,271
Deferred outflows of resources	$ 99,437
Total liabilities	$ 122,470,926
Deferred inflows of resources	$ 166,153
Total net position	$ 32,189,629
Total revenues	$ 11,968,752
Total expenditures	$ 23,063,637
Change in net position	$ (11,094,885)

(Continued)

NOTE 12 - CONTINGENCIES

Contingent Liabilities: The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

Construction Commitments

Capital Projects	Remaining Construction Commitment Less Accruals
Henry HS: Site Modernization	$ 21,853,830
Hancock ES: Site Modernization	20,598,000
Longfellow K8: Site Modernization	19,385,000
Miller ES: Site Modernization	18,862,458
Crawford HS: Stadium	12,074,411
Clark MS: Site Modernization	10,672,293
Grant ES: Site Modernization	9,969,688
Ocean Discovery	7,681,953
Henry HS: Theater & Production Studio	5,125,070
Misc. Small Projects	3,141,700
University City HS: Athletic, Asphalt, Turf Fields	3,103,728
Pacific Beach MS: Joint Use & Site Improvements	2,817,115
Kearny HS: CTA-Design & Construction Lab	2,679,500
Audubon ES: Site Modernization	2,538,920
DePortola MS: Roof & HVAC Replacement	2,315,423
McKinley ES: Joint Use Field	2,108,722
Correia MS: Retaining Wall	2,015,796
Miramar Ranch ES: Roof & HVAC	2,013,776
I-Middle @ MacDowell: Electrical Upgrade &Interim Housing	1,645,375
Henry HS: Academy of Engineering & Design	1,639,120
University City HS: Fabrication & Design CTE	1,604,000
Pershing MS: Synthetic Turf Field Project	1,443,542
La Jolla HS: Track and Field Project	1,299,232
Bell MS: Prop S Project	1,228,810
Mira Mesa HS: Culinary Arts	1,156,217
Gage ES: HVAC	1,154,364
Bell MS: New Fields	1,046,416
Valencia Park ES: HVAC	1,020,041
Language Academy: HVAC	1,001,887
Pacific Beach MS: Turf Field	811,543
Pershing MS: Site Modernization	626,731
Misc. Closeout of Projects	543,093
Nye ES: HVAC	384,816
Point Loma HS: Athletic Infrastructure Relocation	302,172
Crawford HS: Exterior Paint	300,000
Dana MS: New ST Baseball Field	290,000
I-Middle: Portable Demo & Relocation	285,653
Salk ES: New School Project	165,137
Valencia Park ES: Irrigation and Landscape Project	94,375
Serra HS: Science Bldg HVAC	87,645
Freese ES: Portable Demo	72,550
Total	$ 167,160,102

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2016

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 471,790,290	$ 418,940,548	$ 403,297,131	$ (15,643,417)
Local sources	466,799,421	519,425,449	540,550,501	21,125,052
Total LCFF	938,589,711	938,365,997	943,847,632	5,481,635
Federal sources	130,124,985	143,588,822	101,510,317	(42,078,505)
Other state sources	122,503,963	142,694,755	189,070,296	46,375,541
Other local sources	26,095,164	38,256,131	39,450,993	1,194,862
Total revenues	1,217,313,823	1,262,905,705	1,273,879,238	10,973,533
Expenditures:				
Current:				
Certificated salaries	582,658,557	575,416,739	575,629,754	(213,015)
Classified salaries	216,586,090	217,051,214	216,443,286	607,928
Employee benefits	331,043,442	323,390,595	353,852,280	(30,461,685)
Books and supplies	42,435,165	68,162,114	32,924,873	35,237,241
Contract services and operating expenditures	97,607,774	112,617,260	96,775,285	15,841,975
Other outgo	1,250,000	1,302,435	937,888	364,547
Capital outlay	1,021,116	3,679,511	1,145,077	2,534,434
Total expenditures	1,272,602,144	1,301,619,868	1,277,708,443	23,911,425
(Deficiency) Excess of revenues (under) over expenditures	(55,288,321)	(38,714,163)	(3,829,205)	34,884,958
Other financing sources (uses):				
Transfers in	18,586,326	18,538,981	15,559,204	(2,979,777)
Transfers out	(16,287,736)	(15,856,237)	(11,847,983)	4,008,254
Total other financing sources	2,298,590	2,682,744	3,711,221	1,028,477
Net change in fund balance	(52,989,731)	(36,031,419)	(117,984)	35,913,435
Fund balance, July 1, 2015	164,194,104	164,194,104	164,194,104	-
Fund balance, June 30, 2016	$ 111,204,373	$ 128,162,685	$ 164,076,120	$ 35,913,435

SAN DIEGO UNIFIED SCHOOL DISTRICT
CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

	Budget			Variance/ Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal sources	$ 51,989,509	$ 52,009,509	$ 49,465,055	$ (2,544,454)
Other state sources	4,590,657	4,596,773	3,687,998	(908,775)
Other local sources	7,752,872	7,936,003	6,661,628	(1,274,375)
Total revenues	64,333,038	64,542,285	59,814,681	(4,727,604)
Expenditures:				
Current:				
Classified salaries	21,832,167	22,495,116	22,268,385	226,731
Employee benefits	14,092,541	12,128,269	11,555,153	573,116
Books and supplies	23,528,451	22,407,807	23,273,170	(865,363)
Contract services and operating expenditures	2,364,400	2,320,153	2,360,751	(40,598)
Capital outlay	700,000	476,009	455,021	20,988
Total expenditures	62,517,559	59,827,354	59,912,480	(85,126)
(Deficiency) Excess of revenues (under) over expenditures	1,815,479	4,714,931	(97,799)	(4,812,730)
Other financing sources (uses):				
Transfers in	-	-	406,064	406,064
Transfers out	(875,289)	(977,385)	(1,039,347)	(61,962)
Total other financing sources	(875,289)	(977,385)	(633,283)	344,102
Net change in fund balance	940,190	3,737,546	(731,082)	(4,468,628)
Fund balance, July 1, 2015	1,711,238	1,711,238	1,711,238	-
Fund balance, June 30, 2016	$ 2,651,428	$ 5,448,784	$ 980,156	$ (4,468,628)

SAN DIEGO UNIFIED SCHOOL DISTRICT
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2009	$ -	$ 43,593,885	$ 43,593,885	0%	$ 787,605,484	6%
July 1, 2011	$ -	$ 44,363,640	$ 44,363,640	0%	$ 740,012,391	6%
July 1, 2013	$ -	$ 63,433,214	$ 63,433,214	0%	$ 772,445,263	8%
July 1, 2015	$ -	$ 84,615,710	$ 84,615,710	0%	$ 752,322,560	11%

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016
District's proportion of the net pension liability	1.168%	1.162%
District's proportionate share of the net pension liability	$ 682,566,000	$ 782,123,000
State's proportionate share of the net pension liability associated with the District	412,166,000	413,656,000
Total net pension liability	$1,094,732,000	$1,195,779,000
District's covered-employee payroll	$ 520,247,000	$ 539,213,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	131.20%	145.05%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

SAN DIEGO UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2016

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016
District's proportion of the net pension liability	2.049%	1.986%
District's proportionate share of the net pension liability	$ 242,318,083	$ 312,198,000
District's covered-employee payroll	$ 218,874,000	$ 235,814,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	110.71%	132.39%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016
Contractually required contribution	$ 47,882,108	$ 61,306,467
Contributions in relation to the contractually required contribution	$ 47,882,108	$ 61,306,467
District's covered-employee payroll	$ 539,213,000	$ 571,356,000
Contributions as a percentage of covered-employee payroll	8.88%	10.73%

All years prior to 2015 are not available.

(Continued)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016
Contractually required contribution	$ 27,757,643	$ 30,592,956
Contributions in relation to the contractually required contribution	$ 27,757,643	$ 30,592,956
District's covered-employee payroll	$ 235,814,000	$ 258,234,000
Contributions as a percentage of covered-employee payroll	11.77%	11.85%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Excess of expenditure over appropriation in the General Fund for the year ended June 30, 2016 was as follows:

Certificated Salaries	$	213,015
Employee benefits	$	30,461,685

Excess of expenditure over appropriation in the Cafeteria Fund for the year ended June 30, 2016 was as follows:

Books and supplies	$	865,363
Contract Services and Operating Expenditures	$	40,598

These excess expenditures are not in accordance with Education Code Section 42600.

B - Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

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

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D – Schedule of the District's Contributions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E – Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B was 7.50 percent and 7.65 percent in the June 30, 2013 and June 30, 2014 actuarial reports, respectively. There were no changes in assumptions reported for the State Teachers' Retirement Plan.

SUPPLEMENTARY INFORMATION

SAN DIEGO UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2016

	Adult Education Fund	Child Develop-ment Fund	Deferred Maintenance Fund	Pupil Transportation Equipment Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Total
ASSETS								
Cash in County Treasury	$ 1,036,163	$ 1,928,680	$ -	$ 408,195	$ 58,119,697	$ 83,244,912	$ 7,032,780	$ 151,770,427
Receivables	1,390	3,100,928	-	761	1,223,105	118,691	14,577	4,459,452
Due from other funds	24,098	7,847,000	-	-	272,564	-	852	8,144,514
Prepaid expenditures	-	2,362	-	-	-	-	175	2,537
Total assets	$ 1,061,651	$ 12,878,970	$ -	$ 408,956	$ 59,615,366	$ 83,363,603	$ 7,048,384	$ 164,376,930
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 10,033	$ 48,023	$ -	$ -	$ 322,553	$ 12,776,796	$ 94,392	$ 13,251,797
Unearned revenue	-	-	-	-	-	-	70,000	70,000
Due to other funds	63,338	12,828,585	-	-	3,491,398	20,808	434,019	16,838,148
Total liabilities	73,371	12,876,608	-	-	3,813,951	12,797,604	598,411	30,159,945
Fund balances:								
Nonspendable	-	2,362	-	-	-	-	175	2,537
Restricted	988,280	-	-	408,956	55,801,415	70,565,999	6,449,798	134,214,448
Total fund balance	988,280	2,362	-	408,956	55,801,415	70,565,999	6,449,973	134,216,985
Total liabilities and fund balances	$ 1,061,651	$ 12,878,970	$ -	$ 408,956	$ 59,615,366	$ 83,363,603	$ 7,048,384	$ 164,376,930

SAN DIEGO UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2016

	Adult Education Fund	Child Develop-ment Fund	Deferred Maintenance Fund	Pupil Transportation Equipment Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Total
Federal sources	$ -	$ 450,454	$ -	$ -	$ -	$ -	$ -	$ 450,454
Other state sources	1,756,370	14,401,223	-	-	-	2,417,657	131	18,575,381
Other local sources	31,182	6,515,842	-	4,055	42,458,337	494,988	3,276,151	52,780,555
Total revenues	1,787,552	21,367,519	-	4,055	42,458,337	2,912,645	3,276,282	71,806,390
Expenditures:								
Current:								
Certificated salaries	406,135	8,617,816	-	-	-	-	-	9,023,951
Classified salaries	45,919	7,790,411	-	-	4,740,233	191,243	929,587	13,697,393
Employee benefits	167,881	7,916,138	-	-	2,787,822	68,483	330,662	11,270,986
Books and supplies	73,550	1,372,874	-	-	44,615	1,000,667	18,363	2,510,069
Contract services and operating expenditures	135,579	760,967	-	457,086	3,981,509	1,109,101	719,559	7,163,801
Other outgo	-	-	-	-	-	11,782,786	-	11,782,786
Capital outlay	-	-	-	131,011	3,021,925	2,865,852	29,703	6,048,491
Total expenditures	829,064	26,458,206	-	588,097	14,576,104	17,018,132	2,027,874	61,497,477
Excess (deficiency) of revenues over (under) expenditures	958,488	(5,090,687)	-	(584,042)	27,882,233	(14,105,487)	1,248,408	10,308,913
Other financing sources (uses):								
Transfers in	-	6,200,997	-	-	-	-	-	6,200,997
Transfers out	(32,732)	(1,176,554)	(159)	-	(11,959,078)	-	(3,010,412)	(16,178,935)
Proceeds from sale of building/land	-	-	-	-	-	-	2,726,382	2,726,382
Total other financing sources (uses)	(32,732)	5,024,443	(159)	-	(11,959,078)	-	(284,030)	(7,251,556)
Net change in fund balances	925,756	(66,244)	(159)	(584,042)	15,923,155	(14,105,487)	964,378	3,057,357
Fund balances, July 1, 2015	62,524	68,606	159	992,998	39,878,260	84,671,486	5,485,595	131,159,628
Fund balances, June 30, 2016	$ 988,280	$ 2,362	$ -	$ 408,956	$ 55,801,415	$ 70,565,999	$ 6,449,973	$ 134,216,985

San Diego Unified School District (the "District") began operations in 1854 under the laws of the State of California. The San Diego Unified School District serves nearly 130,000 students in kindergarten through grade 12, which includes students in Charter School. The District's educational facilities include 108 elementary schools, 9 K-8 schools, 25 middle/junior high schools, 24 senior high schools, 11 atypical/alternative schools, and 51 charter schools.

GOVERNING BOARD

Name	Office	Term Expires
Michael McQuary	President	December 2018
Richard Barrera	Vice President	December 2016
Dr. John Lee Evans	Member	December 2016
Kevin Beiser	Member	December 2018
Sharon Whitehurst-Payne	Member	December 2016

DISTRICT ADMINISTRATORS

Cindy Marten
Superintendent of Public Education

Staci Monreal
Chief of Staff

Tim Asfazadour
Chief Human Resources Officer

W. Drew Rowlands
Chief Operations Officer

Jenny Salkeld
Chief Financial Officer

Andra Donovan
General Counsel

Lee Dulgeroff
Chief Facilities, Planning and Construction Officer

Dan Stoneman
Chief Innovation Officer

Andrew Sharp
Chief Public Information Officer

Jim Solo
Executive Director, Leadership and Learning

Cheryl Hibbeln
Executive Director, Office of Secondary Schools

Lorelei Olsen
Acting Executive Director, Special Education

(Continued)

DISTRICT ADMINISTRATORS (Continued)

Linda Trousdale
Executive Director, Student Services

Stanley Ajhan
Executive Director, Family and Community Engagement

Carmina Duran
Executive Director, Quality Assurance

Jessica Michelli-Falk
Executive Director, Labor Relations

Bruce Bivins
Area 1 Superintendent

Lamont Jackson
Area 2 Superintendent

Kimie Lochtefeld
Area 3 Superintendent

Sofia Freire
Area 4 Superintendent

Mitzi Merino
Area 5 Superintendent

Fabiola Bagula
Area 6 Superintendent

Cherly Ward
Director Board Services

SAN DIEGO UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2016

	Second Period Report	Annual Report
Transitional Kindergarten through Third		
Regular ADA	35,700	35,585
Special Education	66	67
Total Transitional Kindergarten through Third	35,766	35,652
Fourth through Sixth		
Regular ADA	24,032	23,962
Special Education	95	97
Community Day School	1	1
Total Fourth through Sixth	24,128	24,060
Seventh through Eighth		
Regular ADA	14,044	14,010
Special Education	70	74
Community Day School	13	17
Total Seventh through Eighth	14,127	14,101
Ninth through Twelfth		
Regular ADA	27,972	27,658
Special Education	231	253
Community Day School	13	17
Total Ninth through Twelfth	28,216	27,928
District Total	102,237	101,741

SAN DIEGO UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2016

Grade Level	Minutes Require-ment	2015-2016 Actual Minutes	Number of Days	Status
District:				
Kindergarten	36,000	54,460	180	In compliance
Grade 1	50,400	54,035	180	In compliance
Grade 2	50,400	54,035	180	In compliance
Grade 3	50,400	54,035	180	In compliance
Grade 4	54,000	54,035	180	In compliance
Grade 5	54,000	54,035	180	In compliance
Grade 6	54,000	54,200	180	In compliance
Grade 7	54,000	64,811	180	In compliance
Grade 8	54,000	64,811	180	In compliance
Grade 9	64,800	64,859	180	In compliance
Grade 10	64,800	64,859	180	In compliance
Grade 11	64,800	64,859	180	In compliance
Grade 12	64,800	64,859	180	In compliance

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Education - Passed through California Department of Education			
84.010	NCLB: Title I, Part A Basic Grants, Low Income and Neglected	14329	$ 35,954,968
	Special Education Cluster:		
84.027	IDEA Basic Local Assistance Entitlement, Part B, Sec. 611 (Formerly 94-142)	13379	19,977,025
84.027A	IDEA Preschool Local Entitlement, Part B, Sec. 611 (Age 3-5)	13682	1,131,790
84.027	IDEA Local Assistance, Part B, Sec. 619 Private School ISPs	10115	211,913
84.173A	IDEA Preschool Staff Development, Part B, Sec. 619	13431	799,609
84.027A	IDEA Mental Health Allocation Plan, Part B, Sec. 611	14468	1,175,276
	Subtotal Special Education Cluster		23,295,613
	NCLB: Title III Program:		
84.365	NCLB: Title III, Limited English Proficient (LEP) Student Programs	14346	3,875,674
84.365	NCLB: Title III, Immigrant Education Program	15146	250,224
	Subtotal NCLB: Title III Program		4,125,898
	Federal Impact Aid Program:		
84.041	Federal Impact Aid	10015	7,710,265
84.041	Federal Impact Aid - Special Ed	14792	1,843,323
	Subtotal Federal Impact Aid Program		9,553,588
	Magnet School Assistance Program:		
84.165	Magnet School Assistance Program	*	2,234,681
84.165	Magnet School Assistance Program - Positions	*	1,399,258
	Subtotal Magnet School Assistance Program		3,633,939

(Continued)

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education (Continued)		
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	$ 1,103,013
84.060	Indian Education	10011	66,513
84.181	Special Ed: IDEA Early Intervention Grants, Part C	23761	297,054
84.367	NCLB: Title II, Part A, Improving Teacher Quality Local Grants	14341	8,278,865
84.287	NCLB: Title IV, Part B, 21st Century Community Learning Centers Program	14681	3,831,845
84.184E	California Ed Leadership Program	-	345,079
84.196	Education for Homeless Children	*	172,694
84.UNKNOWN*	JROTC	*	1,114,324
84.UNKNOWN*	IB EXAM	*	332,469
84.334(A)	California State Gear Up Program	10088	17,556
84.330C	Advanced Placement Program	*	726,819
84.158	Department of Rehab: Workability II, Transition Partnership	10006	1,132,759
	Total U.S. Department of Education		93,982,996
	U.S. Department of Defense - Passed through California Department of Education		
12.556	Thrive and Learn	*	630,820
	Invitational Grants for Military-Connected Schools Program:		
12.557	Op Special Ed Achievement	*	197,194
12.557	Operation Aim High	*	182,082
	Subtotal Invitational Grants for Military-Connected Schools Program		379,276
	Community Investment Program:		
12.600	Department of Defense Off Econ Adj Grant Hancok	*	59,726
12.600	Department of Defense Off Econ Adj Grant Miller	*	53,217
	Subtotal Community Investment Program		112,943
	Total U.S. Department of Defense		1,123,039

(Continued)

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Health and Human Services - Passed through California Department of Education		
93.575	Child Development: Federal General and Preschool, Family Child Care Home	15136	$ 450,454
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	*	353,487
93.576	Refugee and Entrant Assistance Discretionary Grant	*	132,777
93.778	Department of Health Services: Medi-Cal Billing Option	10013	2,353,485
	Total U.S. Department of Health and Human Services		3,290,203
	U.S. Department of Agriculture - Passed through California Department of Education		
10.553	Child Nutrition: National School Lunch Program	13526	49,465,055
	Total U.S. Department of Agriculture		49,465,055
	Total Federal Programs		$ 147,861,293

* - PCS or CFDA Number not available for not applicable.

There were no audit adjustments proposed to any other funds of the District.

	(Adopted Budget) 2017	2016	2015	2014
General Fund				
Revenues and other financing sources	$1,304,908,708	$1,289,438,442	$1,248,513,384	$1,178,534,344
Expenditures	1,336,895,858	1,277,708,443	1,201,763,670	1,116,177,090
Other uses and transfers out	10,150,129	11,847,983	10,795,268	10,216,324
Total outgo	1,347,045,987	1,289,556,426	1,212,558,938	1,126,393,414
Change in fund balance	$ (42,137,279)	$ (117,984)	$ 35,954,446	$ 52,140,930
Ending fund balance	$ 121,938,841	$ 164,076,120	$ 164,194,104	$ 128,239,658
Available reserves	$ 49,759,473	$ 37,028,423	$ 39,023,314	$ 50,707,518
Designated for economic uncertainties	$ 26,941,000	$ 25,759,000	$ 24,236,000	$ 22,483,000
Undesignated fund balance	$ 22,818,473	$ 11,269,423	$ 14,787,314	$ 28,224,518
Available reserves as percentages of total outgo	3.69%	2.87%	3.22%	4.51%
All Funds				
Total long-term liabilities	$4,515,083,557	$4,567,002,851	$3,527,079,664	$3,761,921,741
Average daily attendance at P-2	101,514	102,237	103,963	106,099

The General Fund fund balance has increased by $87,977,392 over the past three years. The fiscal year 2016-2017 budget projects a decrease of $42,137,279. For a district this size, the State of California recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses be maintained. For the year ended June 30, 2016, the District has met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates an operating deficit in fiscal year 2016-2017.

Total long-term liabilities have increased by $805,081,110 over the past two years, as shown in Note 6 to the basic financial statements.

Average daily attendance has decreased by 3,862 over the past two years. A decrease of 723 ADA is projected for the 2016-2017 fiscal year.

SAN DIEGO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2016

Charter School	Status	Included in District Report
Albert Einstein Middle Charter School	Active	No
American's Finest Charter School	Active	No
Arroyo Paseo Charter High School	Active	No
Audeo Charteran - an Altus School	Active	No
Charter School of San Diego - an Altus School	Active	No
City Heights Preparatory Charter	Active	No
Coleman Tech High	Active	No
Darnall Charter	Active	No
e3 Civic High	Active	No
Einstein Academy	Active	No
Elevate Charter	Active	No
Empower Charter	Active	No
Epiphany Prep charter	Active	No
Evangeline Roberts Institute of Learning	Active	No
Gompers Preparatory Academy	Active	No
Harriet Tubman Village Charter	Active	No
Health Sciences High	Active	No
Health Sciences Middle	Active	No
High Tech High	Active	No
High Tech International	Active	No
High Tech Media Arts	Active	No
High Tech Middle	Active	No
High Tech Middle Media Arts	Active	No
Holly Drive Leadership Academy	Active	No
Iftin Charter School	Active	No
Ingenuity Charter - an O'Farrell School	Active	No
Innovations Academy	Active	No
Kavod Elementary Charter	Active	No
Keiller Leadership Academy	Active	No
King-Chavez Academy of Excellence	Active	No
King-Chavez Arts Academy	Active	No
King-Chavez Athletics Academy	Active	No
King-Chavez Community High	Active	No
King-Chavez Preparatory Academy	Active	No
King -Chavez Primary Academy	Active	No
Kipp Adelante Preparatory Academy	Active	No
Laurel Preparatory Academy - an Altus School	Active	No
Learning Choice Academy	Active	No
Magnolia Science Academy San Diego	Active	No
McGill School of Success	Active	No
Museum	Active	No
Old Town Academy K-8 Charter	Active	No
Preuss School UCSD	Active	No
Evangeline Roberts Institute of Learning	Active	No
San Diego Cooperative Charter	Active	No
San Diego Cooperative Charter School 2	Active	No
San Diego Global Vision Academy	Active	No
San Diego Global Vision Academy Middle	Active	No
The O'Farrell Charter	Active	No
Urban Discovery Academy	Active	No

See accompanying notes to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of [District], and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following, as applicable, ether the cost principles in OMB Circular A-21, Cost Principles for Education Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2016.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 151,425,826
Less: Funds received in excess of expenditures		
Federal Impact Aid	84.041	(4,047,255)
Medi-Cal Billing Option	93.778	(342,099)
Add: Funds expended in excess of revenues		
Advanced Placement Incentive Program Grant	84.330C	535,472
IB Exam	*	289,349
Total Schedule of Expenditure of Federal Awards		$ 147,861,293

* CFDA number not available.

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total long-term liabilities as reported on the Unaudited Actual Financial Report to the audited financial statements.

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2016-2017 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. For the fiscal year ended June 30, 2016, the District did not adopt such a program.

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Audit Committee and Board of Education
San Diego Unified School District
San Diego, California

Report on Compliance with State Laws and Regulations

We have audited San Diego Unified School District's compliance with the types of compliance requirements described in the State of California *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2016.

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General requirements	Yes
After school	Yes
Before school	Yes
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	No, see below
Immunizations	No, see below
Attendance, for charter schools	No, see below
Mode of Instruction, for charter schools	No, see below
Nonclassroom Based Instruction/Independent Study, for charter schools	No, see below
Determination of Funding for Nonclassroom Based Instruction, for charter schools	No, see below
Annual Instructional Minutes Classroom Based, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

(Continued)

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer this program in the current year.

We did not perform any procedures related to Juvenile Court Schools because the District did not operate this program in the current year.

The District did not offer an Independent Study-Course Based program, therefore, we did not perform any procedures related to this program.

The District submitted all required immunization assessment reports to the California Department of Public Health; therefore, we did not perform any procedures related to this requirement.

We did not perform any procedures related to charter schools because the District does not include any charter schools in this report.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on San Diego Unified School District's compliance with state laws and regulations as listed above 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 Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on San Diego Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about San Diego Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of San Diego Unified School District's compliance.

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Findings 2016-002 and 2016-003 in the accompanying Schedule of Audit Findings and Questioned Costs, San Diego Unified School District did not comply with requirements regarding Attendance and Kindergarten Continuance, respectively. Compliance with such requirements is necessary, in our opinion, for San Diego Unified School District to comply with the requirements applicable to the state laws and regulations applicable to Attendance and Kindergarten Continuance.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, San Diego Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2016.

(Continued)

Other Matter

San Diego Unified School District's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Audit Findings and Questioned Costs. San Diego Unified School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of this Report

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 Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 28, 2016

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*

Audit Committee and Board of Education
San Diego Unified School District
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Diego Unified School District as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise San Diego Unified School District's basic financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. We identified a deficiency in internal control that was communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2016-001.

(Continued)

Compliance and Other Matters

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

San Diego Unified School District Response to Finding

San Diego Unified School District's response to the finding identified in our audit is described in the accompanying schedule of Audit Findings and Questioned Costs. San Diego Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting 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.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 28, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Audit Committee and Board of Education
San Diego Unified School District
San Diego, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of San Diego Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about San Diego Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, San Diego Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 28, 2016

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	__X__ None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes	__X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	NCLB: Title I, Part A Basic Grants, Low Income and Neglected.
84.041	Federal Impact Aid Program
84.365	Title III Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 3,000,000	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2016-001 DEFICIENCY - INTERNAL CONTROL - ASSOCIATED STUDENT BODY (30000)

Criteria

Education Code Section 48930 (and California Department of Education's "Accounting Procedures for Student Organizations Handbook") requires student body organizations to follow the regulations set by the Governing Board of the school district.

Condition

Hamilton Elementary School

A dual count is not being performed when funds are turned into the office.

Sandberg Elementary School

A dual count is not being performed when funds are turned into the office.

Encanto Elementary School

- A dual count is not being performed when funds are turned into the office.
- Purchases are not formally approved before a check is prepared.

I-High Independent Study

- A dual count is not being performed when funds are turned into the office.
- Fundraiser forms are not being approved by the site Principal.

Jerabek Elementary School

- A dual count is not being performed when funds are turned into the office.
- Purchases are not formally approved before a check is prepared.

Sunset View Elementary School

- Fundraiser forms are not being approved by the site Principal.
- Purchases are not formally approved before a check is prepared.

Pacific Beach Elementary School

- Purchases are not approved before a check is prepared.

Clay Elementary School

- Fundraiser forms are not being approved by the site Principal.
- Purchases are not formally approved before a check is prepared.

Wegeforth Elementary School

- Fundraiser forms are not being approved by the site Principal.

Mission Bay High School

- Fundraiser forms are not being approved by the site Principal.

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2016-001 DEFICIENCY - INTERNAL CONTROL - ASSOCIATED STUDENT BODY (30000) (Continued)

Effect

ASB funds could potentially be misappropriated.

Cause

Adequate internal control procedures have not been implemented and enforced.

Fiscal Impact

Not determinable.

Recommendation

Based on the deficiencies identified above, we recommend the following:

- Cash count forms should be performed evidencing dual count of funds for receipt of funds.
- Approval of expenditures should be formally documented by the proper individuals before an item is purchased.
- All revenue generating activities should be approved and formally documented by the site Principal.

Corrective Action Plan

The District provides training and on-site visits on the Associated Student Body Handbook, which outlines the issues noted by the auditor's recommendations, some at a greater level than what has been suggested. The District will provide additional training focused on the noted findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2016-002 STATE COMPLIANCE - ATTENDANCE REPORTING (10000)

Criteria

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Section 401 and 421 (b) and Education Code Section 44809 - Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State.

Condition

- At Miramar Elementary, one student was improperly claimed for apportionment, resulting in an overstatement of one day of attendance or 0.008 ADA.
- At Golden Hills Elementary, one student was improperly claimed for apportionment, resulting in an overstatement of one day of attendance or 0.008 ADA.
- At Crawford High School, one student was improperly claimed for apportionment, resulting in an overstatement of one day of attendance or 0.008 ADA.

Effect

The effect of this finding is an overstatement of 0.024 ADA.

Cause

The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact

The error is below 0.50 ADA, therefore there is no fiscal impact.

Recommendation

The District should enforce controls to ensure accurate accounting for attendance.

Corrective Action Plan

The District will continue to provide staff training with school site personnel. The attendance finding noted was corrected at the school site by attendance personnel. No corrections were necessary for the P-2 or Annual reports.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2016-003 STATE COMPLIANCE - KINDERGARTEN CONTINUATION (40000)

Criteria

Pursuant to Education Code Section 46300(g) in computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten or pupils in transitional kindergarten program after they have completed one year in that program if one of the following conditions are met: (A) The school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the department and signed by the pupil's parent or guardian, that the pupil may continue in kindergarten for not more than one additional school year.

Condition

At Clay Elementary we noted one student attended Kindergarten from September 2, 2014 to June, 16, 2015. The student re-enrolled in Kindergarten for the 15-16 school year; however, a continuation form for the student was not filled out and signed for him.

Effect

The effect of this finding is an overstatement of 0.94 ADA.

Cause

Adequate control procedures have not be designed and implemented..

Fiscal Impact

Based on an overstatement of 0.94 ADA, the estimated fiscal impact is $7,400 in Local Control Funding Formula revenue.

Recommendation

The District should enforce controls to ensure kindergarten continuation agreements are completed, signed and on file for each pupil attending kindergarten for more than one school year. Additionally, the District should revise the Second and Annual Report of Attendance to properly reflect the disallowed ADA.

Corrective Action Plan

The District concurs with the audit recommendation. Training was conducted at the site and the necessary corrections will be made to the Second and Annual Report of Attendance.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2015-001 Condition: The District's financial statements prepared for the year ended June 30, 2014 did not include the accrual for accreted interest or the accrual for accrued interest. Recommendation: We recommend that the District prepare a schedule of annual accruals for accreted interest and accrued interest as of the end of the reporting period. This schedule should be maintained on an ongoing basis and reviewed annually prior to the recording of the top-side conversion entries for the government-wide financial statements.	Implemented.	
2015-002 Conditions Standley Middle School: • Receipts or records are not maintained when funds are turned into the ASB advisors. • A dual count is not being performed when funds are turned into the office. Condition San Diego High School, School of International Studies: • A dual count is not being performed when funds are turned into the office. Condition Hawthorne Elementary: • A dual count is not being performed when funds are turned into the office. Condition Morse High School: • Monthly reconciliations are not performed in a timely manner. Condition Rodriguez Elementary: • The school site is not retaining documentation to support cash receipt totals. Nor are detailed records of cash received from sales maintained.	Partially implemented.	See current year finding 2016-001.

(Continued)

Finding/Recommendation	Current Status	District Explanation If Not Implemented

2015-002 (Continued)

Condition Point Loma High School:
- Fundraiser forms are not being approved by the site Principal.

Condition Mark Twain High School:
- Student store inventories are not being reviewed periodically to determine propriety as to character and quantities.
- Records of sales are not maintained
- Profit and loss statements are not created for the student store.

Condition Robert E. Lee Elementary:
- The school site is not retaining documentation to support cash receipt totals. Nor are detailed records of cash received from sales maintained.

Condition Dana Middle School:
- The school site is not retaining documentation to support cash receipt totals. Nor are detailed records of cash received from sales maintained.

Condition Eugene Field Elementary:
- Documentation to support cash receipt totals and records of number and type of sales are not maintained.
- A dual count is not being performed when funds are turned into the office.
- Equipment was purchased by the student body that was inconsistent with District practices.

Condition Pacific Beach Middle School:
- Fundraiser forms are not being approved by the site Principal.

Condition Florence Elementary School:
- Fundraiser forms are not being approved by the site Principal.

(Continued)

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2015-002 (Continued) Recommendations: • Fundraiser's should be approved prior to the date of the fundraiser. • Student store inventories should be reviewed periodically to determine propriety as to character and quantities. • Records of sales should be reconciled to money received on a daily basis. • Profit/loss statements should be completed for the student store. • Cash count forms should be performed evidencing dual count of funds for receipt of funds. • Cash receipts should be provided and maintained when money is turned into the office. • Monthly reconciliation's should be done in a timely manner.		
2015-003 Condition: Curie Elementary School had an absence note for a student that was not reflected properly in the attendance accounting system. Recommendation: The District should enforce controls to ensure accurate accounting for attendance.	Not implemented.	See current year finding 2016-002.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Dated Date]

Board of Education
San Diego Unified School District
San Diego, California

San Diego Unified School District
2017 General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
(Election of 2012, Series H-1)
(Federally Taxable)

San Diego Unified School District
2017 General Obligation Bonds
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
(Election of 2012, Series H-2)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the San Diego Unified School District (the "District"), which is located in the County of San Diego, California (the "County"), in connection with the issuance of $43,735,000 aggregate principal amount of bonds designated as "San Diego Unified School District 2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series H-1) (Federally Taxable)" (the "Series H-1 Bonds") and $176,265,000 aggregate principal amount of bonds designated as "San Diego Unified School District 2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series H-2)" (the "Series H-2 Bonds" and, together with the Series H-1 Bonds, the "Bonds"). The Bonds are issued under and pursuant to a resolution of the Board of Supervisors of the County adopted on September 26, 2017 (the "County Resolution"), at the request of the District and pursuant to a resolution of the Board of Education of the District adopted on September 12, 2017 (the "District Resolution") and a Paying Agent Agreement, dated as of August 1, 2010, as supplemented and amended, including as supplemented and amended by an Eleventh Supplemental Paying Agent Agreement, dated as of November 1, 2017 (collectively, the "Paying Agent Agreement"), by and between the District and the County through the office of the Treasurer-Tax Collector of the County of San Diego, California, as paying agent (the "Paying Agent"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the District Resolution, the County Resolution, the Paying Agent Agreement, the Tax Certificate of the District dated the date hereof (the "Tax Certificate"), certificates of the District, the County and others, opinions of counsel to the District, the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District and the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the District Resolution, the County Resolution, the Paying Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series H-2 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the District Resolution, the County Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the District Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the District.

2. The District Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.

3. The County Resolution has been duly and legally adopted.

4. The Paying Agent Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the District and the County.

5. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.

6. Interest on the Series H-2 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Interest on the Series H-2 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Series H-1 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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APPENDIX E

PROPOSED FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of November 1, 2017, is executed and delivered by San Diego Unified School District (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means the Superintendent, Chief Business Officer, or Controller, or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Appendix A.

“Trustee” means the institution, if any, identified as such or as Paying Agent in the document under which the Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a

Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than nine months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2017 (which is due no later than March 31, 2018). Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

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, IRS notices or events affecting the tax status of the security;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material;"

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Tender offers;"

13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"

14. "Merger, consolidation, or acquisition of the obligated person, if material;" and

15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in obligated person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service;"

5. "secondary market purchases;"

6. "bid for auction rate or other securities;"

7. "capital or other financing plan;"

8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;"

10. "derivative or other similar transaction;" and

11. "other event-based disclosures;"

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"

2. "change in fiscal year/timing of annual disclosure;"

3. "change in accounting standard;"

4. "interim/additional financial information/operating data;"

5. "budget;"

6. "investment/debt/financial policy;"

7. "information provided to rating agency, credit/liquidity provider or other third party;"

8. “consultant reports;” and

9. “other financial/operating data.”

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer. To the extent not included in the Audited Financial Information of the District, the Annual Report shall also include the following:

(i) District average daily attendance;

(ii) District outstanding debt;

(iii) Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County of San Diego; and

(iv) Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County.

(b) Audited Financial Statements prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California, as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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 Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated

Person, 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 Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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; and

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

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. <u>CUSIP Numbers</u>. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future

Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee for the Bonds, the Disclosure Dissemination Agent, the underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Disclosure Dissemination Agent

By: ______________________________
Name: ____________________________
Title: _____________________________

SAN DIEGO UNIFIED SCHOOL DISTRICT,
as Issuer

By: ______________________________
Name: ____________________________
Title: _____________________________

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer:	San Diego Unified School District
Name of Bond Issue(s):	2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series H-1) (Federally Taxable)
	2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series H-2)
Date of Issuance:	November 1, 2017
Date of Official Statement:	October 3, 2017

Series H-1	Series H-2
CUSIP(*) 7973555J9	CUSIP(*) 7973555K6
	CUSIP(*) 7973555L4
	CUSIP(*) 7973555M2

(*)CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the holders of the Bonds. Neither the District nor the Underwriters are responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	San Diego Unified School District
Name of Bond Issue(s):	2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series H-1) (Federally Taxable) 2017 General Obligation Bonds (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Election of 2012, Series H-2)
Date of Issuance:	November 1, 2017
Date of Disclosure Agreement:	November 1, 2017
CUSIP Number:	________________________

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by ______________.

Dated: _____________________________

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the Issuer

____

cc: District
Obligated Person

EXHIBIT C-1

EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

____

Issuer's Six-Digit CUSIP Number:

____

____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

____

Number of pages attached: _____

____ Description of Notice Events (Check One):

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, IRS notices or events affecting the tax status of the security;"
7.______ "Modifications to rights of securities holders, if material;"
8.______ "Bond calls, if material;"
9.______ "Defeasances;"
10.______ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11.______ "Rating changes;"
12.______ "Tender offers;"
13.______ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14.______ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15.______ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

____

Name: ______________________________ Title: ______________________________

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2

VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of November 1, 2017 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

____

Issuer's Six-Digit CUSIP Number:

____

____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1.______ "amendment to continuing disclosure undertaking;"
2.______ "change in obligated person;"
3.______ "notice to investors pursuant to bond documents;"
4.______ "certain communications from the Internal Revenue Service;"
5.______ "secondary market purchases;"
6.______ "bid for auction rate or other securities;"
7.______ "capital or other financing plan;"
8.______ "litigation/enforcement action;"
9.______ "change of tender agent, remarketing agent, or other on-going party;"
10.______ "derivative or other similar transaction;" and
11.______ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

____

Name: ______________________________ Title: ______________________________

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3

VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of November 1, 2017 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

____

Issuer's Six-Digit CUSIP Number:

____

____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

____

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1.______ "quarterly/monthly financial information;"
2.______ "change in fiscal year/timing of annual disclosure;"
3.______ "change in accounting standard;"
4.______ "interim/additional financial information/operating data;"
5.______ "budget;"
6.______ "investment/debt/financial policy;"
7.______ "information provided to rating agency, credit/liquidity provider or other third party;"
8.______ "consultant reports;" and
9.______ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

____

Name: ______________________________ Title: ______________________________

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

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APPENDIX F

SAN DIEGO COUNTY INVESTMENT POOL

The following information has been furnished by the County of San Diego Treasurer-Tax Collector. The District makes no representation as to the accuracy or completeness of such information. It describes Summary Portfolio Statistics, Investment Inventory with Market Value, Purchases/Sales/Maturities, Cash Flow Analysis, Participant Cash Balances, Pooled Money Fund Participants, Pooled Money Fund – Asset Allocation, Pooled Money Fund Assets – Credit Quality and Investment Policy Compliance Standards. Further information may be obtained directly from the County Treasurer-Tax Collector, San Diego County Administration Center, 1600 Pacific Hwy, Room 101, San Diego, California 92101-2474.

[SEE ATTACHED]

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COUNTY OF SAN DIEGO INVESTMENT POOL

TREASURY INVESTMENT RESULTS

AUG 2017

County of San Diego Treasurer-Tax Collector | 1600 Pacific Hwy, San Diego, CA 92101 | www.sdttc.com

TABLE OF CONTENTS

Note: The information provided, including all charts, tables, graphs and numerical representations, are provided to readers solely as a general overview of the economic and market conditions which the Treasurer utilizes in making investment decisions.

SUMMARY PORTFOLIO STATISTICS

County of San Diego Pooled Money Fund

As of August 31, 2017

	Par Value	Book Value	Market Value	% of Portfolio	Market Price	WAM	WAC	YTM	YTW	Accrued Interest	Unrealized Gain/Loss
Asset Backed Securities	175,967,707	175,850,500	175,800,360	2.28	99.905	781	-	1.372	1.372	89,670	(50,140)
Bank Deposit	42,296,185	42,296,185	42,296,185	0.55	100.000	1	-	1.000	1.000	23,780	0
Collateralized CDs	25,000,000	25,000,000	25,000,000	0.32	100.000	27	-	0.882	0.882	2,053	-
Commercial Paper Disc	2,359,000,000	2,351,633,432	2,344,388,790	30.53	99.381	93	-	1.305	1.305	-	(7,244,642)
FDIC CDs	349,500	349,500	349,500	0.00	100.000	53	-	0.680	0.680	96	-
Federal Agency - Step Up	382,077,000	382,010,851	379,879,573	4.96	99.425	1,526	45	1.930	1.412	1,042,339	(2,131,278)
Federal Agency Amer Callable	50,000,000	50,000,000	49,845,000	0.66	99.690	563	14	1.290	1.290	292,083	(155,000)
Federal Agency Berm Callable	513,435,000	513,384,061	512,381,836	6.66	99.795	678	42	1.370	1.370	1,740,120	(1,002,225)
Federal Agency Coupon Securities	945,000,000	946,746,737	944,072,150	12.29	99.908	707	56	1.252	1.252	3,671,719	(2,674,587)
Federal Agency Euro Callable	535,120,000	535,146,460	531,943,999	6.95	99.407	857	115	1.339	1.339	1,509,641	(3,202,461)
Money Market Accounts	50,000,000	50,000,000	50,000,000	0.65	100.000	1	-	0.688	0.688	42,752	-
Negotiable CDs	1,295,900,000	1,295,904,114	1,295,900,000	16.82	100.000	151	-	1.384	1.384	5,985,235	(4,114)
Supranational Callable	216,350,000	216,063,423	214,794,720	2.80	99.281	766	50	1.298	1.298	910,261	(1,268,703)
Supranationals	469,500,000	468,777,383	468,239,295	6.08	99.734	657	-	1.380	1.380	1,529,487	(538,088)
Treasury Coupon Securities	649,000,000	650,749,410	649,379,670	8.45	100.060	679	-	1.184	1.184	2,116,048	(1,369,740)
Totals for August 2017	7,708,995,392	7,703,912,056	7,684,271,078	100.00	99.681	461	62	1.338	1.312	18,955,284	(19,640,978)
Totals for July 2017	8,199,960,305	8,195,065,053	8,172,339,369	100.00	99.665	462	80	1.317	1.293	19,022,029	(22,715,684)
Change From Prior Month	(490,964,913)	(491,152,997)	(488,068,291)		0.016	(1)	(18)	0.021	0.019	(66,745)	3,074,706

Portfolio Effective Duration 1.10 years

	Monthly Return	Annualized	Fiscal Year To Date Return	Annualized	Calendar Year To Date Return	Annualized
Book Value	0.111%	1.306%	0.219%	1.291%	0.814%	1.223%
Market Value	0.111%	1.309%	0.220%	1.295%	0.816%	1.226%

Note

Yield to maturity (YTM) is the estimated rate of return on a bond given its purchase price, assuming all coupon payments are made on a timely basis and reinvested at this same rate of return to the maturity date.

Yield to call (YTC) is the estimated rate of return on a bond given its purchase price, assuming all coupon payments are made on a timely basis and reinvested at this same rate of return to the call date.

Yield to worst (YTW) is the lesser of yield to maturity or yield to call, reflecting the optionality of the bond issuer.

Yields for the portfolio are aggregated based on the book value of each security.

Monthly Investment Returns are reported gross of fees. Administration fees since January 2017 have averaged approximately 8 basis points per annum

* All Investments held during the month of August 2017 were in compliance with the Investment Policy dated January 1, 2017.

CASH FLOW ANALYSIS

County of San Diego Pooled Money Fund

As of August 31, 2017

($000)

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Beginning Pool Book Balance	8,195,055	7,703,912	7,443,935	7,530,051	8,431,190	9,881,678	9,179,970
CASH FLOW ITEMS							
INFLOWS:							
Investment Inflows	646,895	676,100	609,040	478,850	493,600	509,000	280,000
Projected Credits/Deposits	1,133,634	899,973	1,114,500	2,037,401	3,021,000	775,477	821,052
	1,780,529	**1,576,073**	**1,723,540**	**2,516,251**	**3,514,600**	**1,284,477**	**1,101,052**
Outflows							
Investment Purchases	192,895	316,000	71,000	88,850	108,600	40,000	35,000
Projected Debits	1,624,777	1,159,950	1,028,384	1,136,262	1,570,512	1,477,185	1,238,000
	1,817,672	**1,475,950**	**1,099,384**	**1,225,112**	**1,679,112**	**1,517,185**	**1,273,000**
Net Cash Flows	(491,143)	(259,977)	86,116	901,139	1,450,488	(701,708)	(416,948)
MONTH END POOL BALANCE	7,703,912	7,443,935	7,530,051	8,431,190	9,881,678	9,179,970	8,763,022
PROJECTED MONTH END LIQUIDITY	**$ 555,000**	**$ 655,123**	**$ 1,279,279**	**$ 2,570,418**	**$4,405,906**	**$4,173,198**	**$4,001,250**

Note: The above is not meant to be a complete Cash Flow Statement. The data represents a subset of the main cash flow items and does not include accrued interest or other adjustment items.

The projected cash flows indicate sufficient liquidity to meet all scheduled expenditures for the next 6 months.

PARTICIPANT CASH BALANCES

San Diego Pooled Money Fund

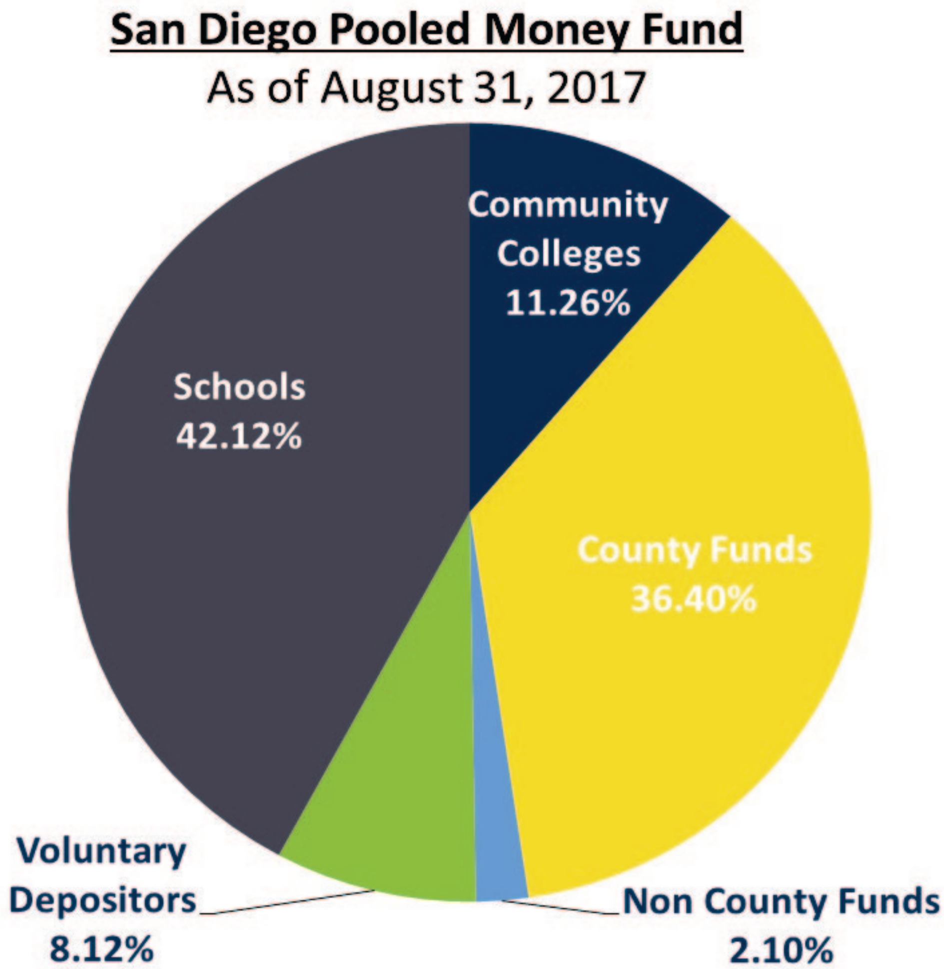
As of August 31, 2017

($000)

PARTICIPANT	FMV 06/30/17	FMV 07/31/17	FMV 08/31/17	% of Total
COUNTY	$ 696,923	$ 735,192	$ 746,538	9.72%
COUNTY - SPECIAL TRUST FUNDS	2,702,274	2,113,226	2,050,987	26.69%
NON-COUNTY INVESTMENT FUNDS	171,791	174,593	161,182	2.10%
SCHOOLS - (K THRU 12)	3,852,829	3,596,917	3,236,661	42.12%
COMMUNITY COLLEGES				
San Diego	334,927	322,733	253,097	3.29%
Grossmont	107,387	103,383	79,830	1.03%
Mira Costa	47,512	41,961	34,845	0.45%
Palomar	406,424	391,700	361,391	4.70%
Southwestern	168,392	161,281	136,537	1.78%
Total Community Colleges	**1,064,641**	**1,021,058**	**865,700**	**11.26%**
SDCERA	4,993	5,446	598	
SANCAL	678	8,007	8,046	
SANDAG	30,694	32,850	34,024	
CITIES				
Chula Vista	87,631	148,830	131,633	
Del Mar	3,077	3,072	2,590	
Encinitas	2	2	2	
National City	8,092	8,072	8,112	
INDEPENDENT AGENCIES				
Alpine FPD	1,906	1,221	983	
Bonita Sunnyside FPD	5,402	5,063	5,130	
Borrego Springs FPD	1,393	1,246	1,269	
Canbrake County Water District	51	51	51	
Deer Springs FPD	9,307	9,543	9,445	
Fallbrook Public UTL	15	15	15	
Grossmont Healthcare District	1,013	1,012	1,017	
Public Agency Self Insurance System	3,379	3,374	3,391	
Julian-Cuyamaca FPD	169	62	65	
Lake Cuyamaca Rec & Park	167	161	157	
Lakeside Fire	7,903	5,897	5,211	
Leucadia Water District	9,535	9,520	9,568	

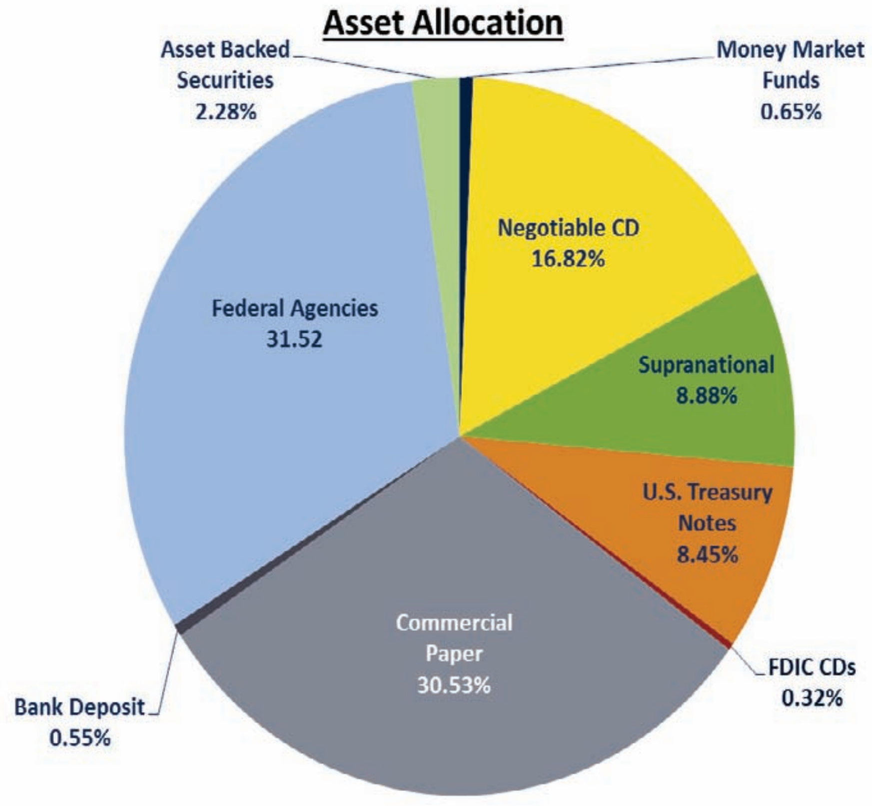
PARTICIPANT	FMV 06/30/17	FMV 07/31/17	FMV 08/31/17	% of Total
Lower Sweetwater FPD	565	565	470	
Metropolitan Transit System	4,462	6,572	6,299	
Mission Resource Conservation District	316	316	318	
North County Cemetery District	1,375	1,396	1,406	
North County Cemetry Perpetual	1,527	1,539	1,556	
North County Cemetery	1,208	993	1,051	
North County Dispatch	3,601	3,219	3,918	
North County Fire	3,353	2,293	1,561	
Otay Water District Investment	4,088	4,092	4,113	
Pine Valley FPD	952	499	331	
Pomerado Cemetery District	1,872	1,786	1,777	
Ramona Cemetery District	579	543	518	
Ramona Cemetery Perpetual	382	381	383	
Rancho Santa Fe FPD	14,510	13,210	12,313	
Rincon del Diablo Municipal Water District	3,039	3,034	3,049	
San Diego Housing Commission	17,165	17,139	17,225	
San Diego Geographic Information Source	417	412	621	
San Diego Law Library	3,024	3,019	3,049	
San Diego Local Agency Formation Comm	735	1,435	1,896	
San Diego Regional Training Center	613	430	305	
San Dieguito River	1,068	1,583	1,530	
San Marcos FPD	1	1	1	
San Miguel FPD	8,896	8,007	8,684	
Santa Fe Irrigation District	4,200	4,193	4,215	
Serra Cooperative Library System	217	216	230	
SDC Regional Airport Authority	181,045	153,201	295,054	
Upper San Luis Rey Reservoir	42	42	42	
Vallecitos Water District	5,159	5,151	5,177	
Valley Center FPD	3,748	3,387	3,060	
Valley Cntr Cemetery	87	87	88	
Valley Ctr Cem Perpetual	256	256	257	
Valley Ctr Water District	15,724	17,133	19,016	
Vista FPD	2,335	2,373	2,384	
Total Independent Agencies	**461,965**	**501,948**	**623,203**	**8.12%**
Pooled Money Fund Total	**$ 8,950,423**	**$ 8,142,933**	**$ 7,684,271**	**100.00%**

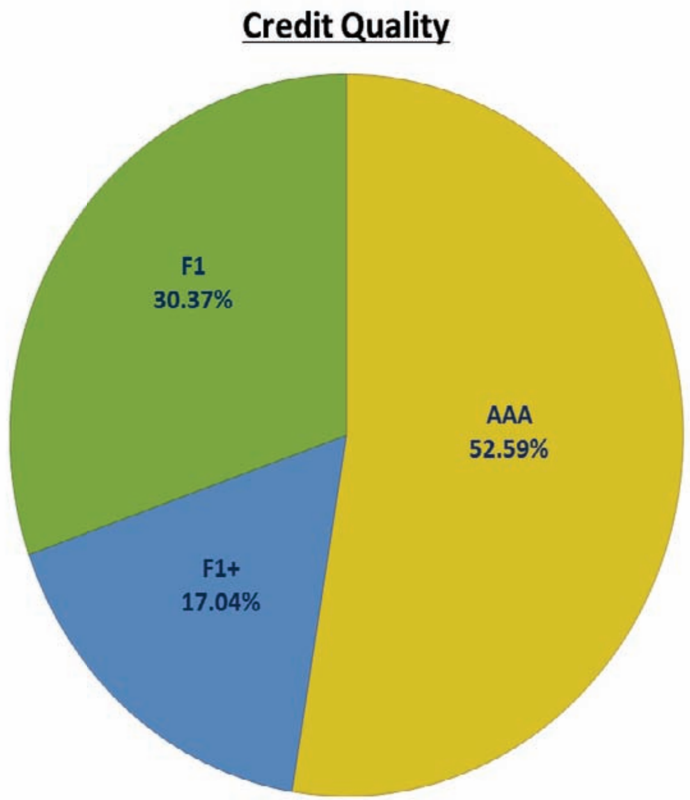
INVESTMENT FUND PARTICIPANTS



INVESTMENT FUND OVERVIEW

As of August 31, 2017





APPENDIX

INVESTMENT POLICY COMPLIANCE REPORT

County of San Diego Pooled Money Fund

As of August 31, 2017

Category	Standard	Comment
Treasury Issues	No Limit	Complies - 8.5%
Agency Issues	35% per issuer	Complies
Local Agency Obligations	SP-1/"A" by S&P or MIG1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; (ST ratings for 1 year or less; LT ratings for over 1 year) ; 15% maximum; 5% per issuer	Complies
Banker's Acceptances	A-1 by S&P or P-1 by Moody's or F-1 by Fitch minimum rating by 1 of 3 NRSROs; 40% maximum; 5% per issuer; 180 days max maturity	Complies
Commercial Paper	A-1/"A" by S&P or P-1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; 40% maximum; 5% per issuer; 270 days max maturity	Complies - 30.7%*
Medium Term Notes	A-1/"A" by S&P or P-1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; (ST ratings for 1 year or less; LT ratings for over 1 year); 30% maximum; 5% per issuer	Complies
Negotiable Certificates of Deposit	A-1/"A" by S&P or P-1/"A" by Moody's or F-1/"A" by Fitch minimum rating by 1 of 3 NRSROs; (ST ratings for 1 year or less; LT ratings for over 1 year); 30% maximum; 5% per issuer; 5 years maximum maturity for NCDs; 13 months max maturity for FDIC insured	Complies - 16.9%
Repurchase Agreements	40% maximum; 10% per issuer if avg weighted maturity >5 days; 15% per issuer if avg weighted maturity <5 days; 1-year maximum maturity;	Complies
Reverse Repurchase Agreements	20% maximum combined with Securities Lending; 10% per issuer; 92-day maximum maturity	N/A
Collateralized Certificates of Deposit	A-1 by S&P or P-1 by Moody's, or F-1 by Fitch minimum rating; 5%maximum; 5% per issuer; 13 months maximum maturity; 110% collateral required	Complies
FDIC & NCUA Insured Deposit	5%maximum; 5% per issuer; 13 months maximum maturity; No minimum credit requirement for FDIC or NCUA insured deposit accounts	Complies - 0.3%
Covered Call Option/ Put Option	10% maximum; 90-day maximum maturity	N/A
Money Market Mutual Funds	AAAm by S&P, or Aaa-mf by Moody's, or AAAmmf by Fitch minimum rating by 1 of 3 NRSROs; 15% maximum; 10% per fund	Complies - 0.7%
Investment Trust of California - Cal Trust	2.5% maximum	Complies
Supranationals	A-1/"AA" by S&P or P-1/"Aa" by Moody's, or F-1/"AA" by Fitch minimum rating by 1 of 3 NRSROs; 30% maximum; 10% per issuer; USD denominated senior unsecured unsubordinated obligations issued by IBRD, IFC, and IADB	Complies - 8.9%
Pass-Through Securities	Non-mortgaged backed; "A" minimum rated issuer by 1 of 3 NRSROs; "AA" minimum rated by 1 of 3 NRSROs; 20% maximum; 5% per issuer	Complies - 2.3%
Maximum Maturity	5 years	Complies
Illiquidity Limitations	10% maximum for combined categories for Collateralized CDs and FDIC Insured Deposit Accounts	Complies
Maximum Issuer Exposure	5% per any single issuer involved in more than one of the above categories (does not include US Government, repurchase agreements, supranationals, money market fund)	Complies *
Maturity Policy - Portfolio Structure	Minimum 25% ≤ 90 days; and minimum 50% ≤1 year; maximum effective duration for portfolio 1.5 years	Complies
Prohibited Securities	Inverse floaters; Ranges notes, Interest-only strips from mortgaged backed securities; Zero interest accrual securities	Complies
Credit Rating Policy - monitoring ratings	Overall credit rating of AAAf/S1, by Fitch; Investments rated below A-1 (short term) or below the "A" category (long term), at the time of purchase, are prohibited in this policy	Complies
Securities Lending	92-day maximum maturity; 10% per counterparty; 20% maximum combined with Reverse Repurchase Agreements	N/A

*Complied at time of purchase; Portfolio outflows increased concentration in Toyota Motor to 5.6% and Credit Agricole to 5.4%

INVESTMENT INVENTORY - MARKET VALUE

San Diego Pooled Money Fund

As of August 31, 2017

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM 365 Equiv.	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Asset Backed Securities									
American Honda Finance	05/30/2016	8,581,180.64	8,580,891.45	8,577,902.63	1.13	1.14	09/15/2018	4,309.55	(2,988.82)
Honda Auto Rec Owner Trust	10/31/2016	2,879,495.52	2,878,595.68	2,877,586.41	1.01	1.01	10/18/2018	1,050.23	(1,009.27)
Toyota Auto Receivables	08/10/2016	3,719,170.75	3,718,990.37	3,715,897.88	1.00	1.01	01/15/2019	1,652.97	(3,092.49)
John Deere Owner Trust	07/27/2016	7,376,244.79	7,375,794.79	7,370,853.03	1.09	1.10	02/15/2019	3,573.37	(4,942.08)
Honda Auto Rec Owner Trust	10/25/2016	15,884,437.60	15,883,994.42	15,859,737.30	1.04	1.04	04/18/2019	5,965.44	(24,257.12)
Harley-Davidson Credit Corp	06/15/2016	4,202,177.98	4,202,064.94	4,199,917.21	1.09	1.09	06/15/2019	2,035.75	(2,147.73)
Honda Auto Rec Owner Trust	03/28/2017	26,000,000.00	25,999,378.60	25,991,758.00	1.42	1.43	07/22/2019	10,255.61	(7,620.60)
Honda Auto Rec Owner Trust	06/27/2017	33,000,000.00	32,997,261.00	32,998,878.00	1.46	1.47	10/15/2019	22,751.66	1,617.00
John Deere Owner Trust	03/02/2017	13,250,000.00	13,249,947.00	13,248,555.75	1.50	1.51	10/15/2019	8,833.33	(1,391.25)
American Honda Finance	05/30/2016	10,000,000.00	9,999,806.00	9,987,990.00	1.39	1.40	04/15/2020	6,177.82	(11,816.00)
American Honda Finance	12/22/2016	26,900,000.00	26,807,531.25	26,867,693.10	1.39	1.59	04/15/2020	16,618.22	60,161.85
John Deere Owner Trust	07/18/2017	9,000,000.00	8,999,217.90	9,002,790.00	1.59	1.60	04/15/2020	0.00	3,572.10
Honda Auto Rec Owner Trust	12/10/2016	3,675,000.00	3,657,773.44	3,661,406.18	1.16	1.40	05/18/2020	1,421.00	3,632.74
Honda Auto Rec Owner Trust	10/25/2016	11,500,000.00	11,499,253.65	11,439,395.00	1.21	1.22	12/18/2020	5,024.86	(59,858.65)
Asset Backed Securities Subtotal:		**175,967,707.28**	**175,850,500.49**	**175,800,360.49**	**1.33**	**1.37**		**89,669.81**	**(50,140.32)**
Bank Deposit									
Wells Fargo Bank NA	07/01/2017	42,296,184.56	42,296,184.56	42,296,184.56	1.00	1.00		23,779.70	0.00
Bank Deposit Subtotal:		**42,296,184.56**	**42,296,184.56**	**42,296,184.56**	**1.00**	**1.00**		**23,779.70**	**0.00**
Collateralized CDs									
Torrey Pines Bank	09/26/2016	5,000,000.00	5,000,000.00	5,000,000.00	0.62	0.62	09/26/2017	509.26	0.00
Torrey Pines Bank	03/29/2017	20,000,000.00	20,000,000.00	20,000,000.00	0.94	0.95	09/29/2017	1,543.26	0.00
Collateralized CDs Subtotal:		**25,000,000.00**	**25,000,000.00**	**25,000,000.00**	**0.88**	**0.88**		**2,052.52**	**0.00**
Commerical Paper									
Natixis US Finance Co.	08/31/2017	320,000,000.00	320,000,000.00	319,990,400.00	1.07	1.09	09/01/2017	0.00	(9,600.00)
Bank Tokyo-Mit UFJ NY	08/29/2017	75,000,000.00	74,987,604.17	74,980,125.00	1.19	1.21	09/06/2017	0.00	(7,479.17)
Bank Tokyo-Mit UFJ NY	08/29/2017	50,000,000.00	49,988,333.33	49,983,300.00	1.20	1.22	09/08/2017	0.00	(5,033.33)
Toyota Motor Credit Corp	04/17/2017	75,000,000.00	74,976,458.33	74,653,875.00	1.13	1.15	09/11/2017	0.00	(322,583.33)
Bank Tokyo-Mit UFJ NY	07/26/2017	25,000,000.00	24,990,680.55	24,959,325.00	1.22	1.24	09/12/2017	0.00	(31,355.55)
ING (US) Funding LLC	05/24/2017	25,000,000.00	24,985,597.22	24,900,875.00	1.22	1.24	09/18/2017	0.00	(84,722.22)
ING (US) Funding LLC	05/18/2017	50,000,000.00	49,959,027.78	49,785,300.00	1.18	1.20	09/26/2017	0.00	(173,727.78)

INVESTMENT INVENTORY - MARKET VALUE

San Diego Pooled Money Fund

As of August 31, 2017

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM 365 Equiv.	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Canadian Imp Bk Comm NY	03/31/2017	150,000,000.00	149,863,500.00	149,112,750.00	1.17	1.19	09/29/2017	0.00	(750,750.00)
Canadian Imp Bk Comm NY	04/10/2017	25,000,000.00	24,975,673.61	24,862,650.00	1.13	1.15	10/02/2017	0.00	(113,023.61)
Fortis/BNP Paribas Bank	07/06/2017	25,000,000.00	24,970,666.67	24,920,000.00	1.28	1.30	10/04/2017	0.00	(50,666.67)
ING (US) Funding LLC	05/12/2017	50,000,000.00	49,937,777.78	49,738,650.00	1.28	1.31	10/06/2017	0.00	(199,127.78)
Toyota Motor Credit Corp	04/10/2017	60,000,000.00	59,921,350.00	59,630,940.00	1.21	1.26	10/10/2017	0.00	(290,410.00)
Toyota Motor Credit Corp	04/11/2017	40,000,000.00	39,933,033.33	39,737,600.00	1.23	1.28	10/20/2017	0.00	(195,433.33)
American Honda Finance	04/25/2017	15,000,000.00	14,972,916.67	14,905,725.00	1.25	1.28	10/23/2017	0.00	(67,191.67)
American Honda Finance	04/25/2017	35,000,000.00	34,936,805.55	34,780,025.00	1.25	1.28	10/23/2017	0.00	(156,780.55)
Credit Agricole CIB	05/31/2017	25,000,000.00	24,949,604.17	24,870,150.00	1.23	1.25	10/30/2017	0.00	(79,454.17)
Canadian Imp Bk Comm NY	04/06/2017	50,000,000.00	49,900,833.33	49,656,200.00	1.19	1.23	10/31/2017	0.00	(244,633.33)
Fortis/BNP Paribas Bank	04/11/2017	25,000,000.00	24,945,000.00	24,813,900.00	1.32	1.37	10/31/2017	0.00	(131,100.00)
Toyota Motor Credit Corp	04/12/2017	45,000,000.00	44,907,750.00	44,689,410.00	1.23	1.28	10/31/2017	0.00	(218,340.00)
JP Morgan	07/25/2017	50,000,000.00	49,876,250.00	49,805,000.00	1.35	1.37	11/06/2017	0.00	(71,250.00)
JP Morgan	08/10/2017	25,000,000.00	24,934,375.00	24,913,750.00	1.35	1.37	11/10/2017	0.00	(20,625.00)
Bank Tokyo-Mit UFJ NY	08/29/2017	50,000,000.00	49,836,250.00	49,830,750.00	1.31	1.33	11/30/2017	0.00	(5,500.00)
JP Morgan	03/30/2017	20,000,000.00	19,929,000.00	19,806,720.00	1.42	1.48	11/30/2017	0.00	(122,280.00)
Toyota Motor Credit Corp	04/17/2017	50,000,000.00	49,840,000.00	49,596,400.00	1.28	1.33	11/30/2017	0.00	(243,600.00)
Fortis/BNP Paribas Bank	04/05/2017	25,000,000.00	24,909,000.00	24,760,000.00	1.44	1.50	12/01/2017	0.00	(149,000.00)
Fortis/BNP Paribas Bank	04/05/2017	30,000,000.00	29,890,800.00	29,712,000.00	1.44	1.50	12/01/2017	0.00	(178,800.00)
Fortis/BNP Paribas Bank	04/05/2017	100,000,000.00	99,616,000.00	99,020,000.00	1.44	1.50	12/06/2017	0.00	(596,000.00)
Credit Agricole CIB	06/15/2017	50,000,000.00	49,803,125.00	49,656,850.00	1.35	1.40	12/15/2017	0.00	(146,275.00)
Fortis/BNP Paribas Bank	03/31/2017	40,000,000.00	39,834,333.34	39,591,320.00	1.42	1.47	12/15/2017	0.00	(243,013.34)
JP Morgan	04/06/2017	30,000,000.00	29,856,208.33	29,677,350.00	1.45	1.51	12/29/2017	0.00	(178,858.33)
Toyota Motor Credit Corp	04/06/2017	60,000,000.00	59,732,250.00	59,399,220.00	1.35	1.40	12/29/2017	0.00	(333,030.00)
Canadian Imp Bk Comm NY	04/19/2017	24,000,000.00	23,891,760.00	23,772,960.00	1.32	1.37	01/02/2018	0.00	(118,800.00)
Fortis/BNP Paribas Bank	07/06/2017	25,000,000.00	24,877,854.17	24,821,725.00	1.43	1.46	01/02/2018	0.00	(56,129.17)
Fortis/BNP Paribas Bank	07/07/2017	25,000,000.00	24,877,854.17	24,821,725.00	1.43	1.46	01/02/2018	0.00	(56,129.17)
JP Morgan	04/26/2017	30,000,000.00	29,841,300.00	29,694,090.00	1.38	1.43	01/17/2018	0.00	(147,210.00)
Toyota Motor Credit Corp	04/26/2017	50,000,000.00	49,741,250.00	49,501,250.00	1.35	1.40	01/17/2018	0.00	(240,000.00)
Toyota Motor Credit Corp	04/26/2017	25,000,000.00	24,870,625.00	24,750,625.00	1.35	1.40	01/17/2018	0.00	(120,000.00)
Toyota Motor Credit Corp	04/26/2017	25,000,000.00	24,870,625.00	24,750,625.00	1.35	1.40	01/17/2018	0.00	(120,000.00)
Credit Agricole CIB	05/26/2017	25,000,000.00	24,852,312.50	24,760,500.00	1.39	1.45	02/01/2018	0.00	(91,812.50)
Credit Agricole CIB	05/30/2017	25,000,000.00	24,853,375.00	24,760,500.00	1.38	1.44	02/01/2018	0.00	(92,875.00)
Credit Agricole CIB	05/26/2017	25,000,000.00	24,845,416.67	24,752,950.00	1.40	1.46	02/07/2018	0.00	(92,466.67)

INVESTMENT INVENTORY - MARKET VALUE

San Diego Pooled Money Fund

As of August 31, 2017

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM 365 Equiv.	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Credit Agricole CIB	05/30/2017	25,000,000.00	24,846,520.83	24,752,950.00	1.39	1.45	02/07/2018	0.00	(93,570.83)
Credit Agricole CIB	05/30/2017	25,000,000.00	24,840,555.56	24,749,150.00	1.40	1.46	02/12/2018	0.00	(91,405.56)
Credit Agricole CIB	05/25/2017	25,000,000.00	24,835,152.78	24,736,825.00	1.43	1.49	02/14/2018	0.00	(98,327.78)
Credit Agricole CIB	05/30/2017	25,000,000.00	24,826,215.28	24,732,850.00	1.43	1.49	02/23/2018	0.00	(93,365.28)
JP Morgan	08/30/2017	70,000,000.00	69,492,500.00	69,486,830.00	1.45	1.48	02/28/2018	0.00	(5,670.00)
Credit Agricole CIB	06/15/2017	50,000,000.00	49,619,375.00	49,462,250.00	1.45	1.51	03/09/2018	0.00	(157,125.00)
JP Morgan	08/24/2017	30,000,000.00	29,753,016.66	29,743,260.00	1.46	1.52	03/23/2018	0.00	(9,756.66)
JP Morgan	07/11/2017	25,000,000.00	24,782,291.67	24,756,075.00	1.50	1.56	03/29/2018	0.00	(26,216.67)
JP Morgan	08/03/2017	25,000,000.00	24,785,194.45	24,756,075.00	1.48	1.54	03/29/2018	0.00	(29,119.45)
JP Morgan	08/24/2017	30,000,000.00	29,745,716.66	29,707,290.00	1.46	1.52	03/29/2018	0.00	(38,426.66)
JP Morgan	07/21/2017	25,000,000.00	24,760,916.67	24,716,875.00	1.51	1.57	04/17/2018	0.00	(44,041.67)
JP Morgan	08/30/2017	30,000,000.00	29,663,400.00	29,660,850.00	1.53	1.58	05/23/2018	0.00	(2,550.00)
Commerical Paper Subtotal:		**2,359,000,000.00**	**2,351,633,432.23**	**2,344,388,790.00**	**1.29**	**1.31**		**0.00**	**(7,244,642.23)**
FDIC CDs									
Torrey Pines Bank	09/03/2016	99,500.00	99,500.00	99,500.00	0.63	0.63	09/01/2017	49.80	0.00
SD Private Bank	10/24/2016	250,000.00	250,000.00	250,000.00	0.70	0.70	10/24/2017	46.17	0.00
FDIC CDs Subtotal:		**349,500.00**	**349,500.00**	**349,500.00**	**0.68**	**0.68**		**95.97**	**0.00**
Federal Agency									
Federal Home Loan Bank	09/20/2012	35,000,000.00	34,999,275.14	34,998,250.00	0.75	0.86	09/08/2017	126,145.84	(1,025.14)
Federal Farm Credit Bank	09/14/2015	25,000,000.00	25,000,000.00	24,997,000.00	0.78	0.78	09/14/2017	90,458.33	(3,000.00)
Federal Home Loan Mtg Corp	11/18/2015	19,000,000.00	19,001,649.12	19,000,000.00	1.00	0.89	09/29/2017	80,222.22	(1,649.12)
Federal Home Loan Bank	10/05/2015	25,000,000.00	25,000,000.00	24,986,000.00	0.73	0.73	10/05/2017	74,013.89	(14,000.00)
Federal Farm Credit Bank	11/18/2015	21,000,000.00	20,993,934.16	20,989,500.00	0.65	0.90	10/13/2017	52,325.00	(4,434.16)
Federal National Mtg Assn	11/27/2013	40,000,000.00	39,988,289.57	39,987,600.00	0.88	1.07	10/26/2017	121,527.78	(689.57)
Federal Home Loan Bank	10/14/2015	35,000,000.00	35,311,675.70	35,284,900.00	5.00	0.74	11/17/2017	505,555.56	(26,775.70)
Federal National Mtg Assn	12/27/2012	35,000,000.00	34,996,052.78	34,965,350.00	0.88	0.91	12/27/2017	54,444.44	(30,702.78)
Federal Farm Credit Bank	02/20/2015	20,000,000.00	20,000,000.00	19,997,400.00	1.11	1.11	02/20/2018	6,783.33	(2,600.00)
Federal National Mtg Assn	04/30/2013	50,000,000.00	49,997,676.39	49,928,500.00	1.00	1.01	04/30/2018	168,055.56	(69,176.39)
Federal National Mtg Assn	04/30/2013	50,000,000.00	50,000,000.00	49,928,500.00	1.00	1.00	04/30/2018	168,055.56	(71,500.00)
Federal National Mtg Assn	05/16/2013	25,000,000.00	24,989,449.97	24,964,250.00	1.00	1.07	04/30/2018	84,027.78	(25,199.97)
Federal National Mtg Assn	01/22/2014	15,000,000.00	14,931,581.14	14,963,100.00	0.88	1.53	05/21/2018	36,458.33	31,518.86
Federal Home Loan Mtg Corp	02/27/2014	25,000,000.00	25,678,505.50	25,703,250.00	4.88	1.30	06/13/2018	264,062.50	24,744.50

INVESTMENT INVENTORY - MARKET VALUE

San Diego Pooled Money Fund

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Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM 365 Equiv.	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Federal Home Loan Mtg Corp	09/29/2015	25,000,000.00	25,000,000.00	24,943,000.00	1.05	1.05	06/29/2018	45,208.33	(57,000.00)
Federal National Mtg Assn	02/19/2016	35,000,000.00	35,078,962.57	34,962,200.00	1.13	0.87	07/20/2018	44,843.75	(116,762.57)
Federal Home Loan Mtg Corp	10/27/2015	25,000,000.00	25,000,000.00	24,935,500.00	1.00	1.00	07/27/2018	23,611.11	(64,500.00)
Federal Home Loan Bank	08/14/2015	25,000,000.00	25,019,531.94	24,981,250.00	1.20	1.12	08/14/2018	14,166.67	(38,281.94)
Federal Home Loan Bank	10/26/2015	35,000,000.00	35,053,704.09	34,942,600.00	1.13	0.97	09/14/2018	182,656.25	(111,104.09)
Federal National Mtg Assn	01/21/2014	30,000,000.00	30,066,834.88	30,190,800.00	1.88	1.65	09/18/2018	254,687.50	123,965.12
Federal Home Loan Bank	03/28/2016	25,000,000.00	25,000,000.00	24,969,500.00	1.05	1.05	09/28/2018	111,562.50	(30,500.00)
Federal Home Loan Mtg Corp	10/28/2016	25,000,000.00	25,000,000.00	24,914,750.00	1.05	1.05	10/26/2018	91,145.83	(85,250.00)
Federal Home Loan Mtg Corp	02/23/2016	25,000,000.00	25,000,000.00	24,912,750.00	1.05	1.05	11/23/2018	71,458.33	(87,250.00)
Federal National Mtg Assn	01/21/2014	30,000,000.00	29,963,369.76	30,124,200.00	1.63	1.73	11/27/2018	127,291.67	160,830.24
Federal Home Loan Mtg Corp	06/14/2016	47,400,000.00	47,400,000.00	47,268,702.00	1.25	1.25	12/14/2018	126,729.17	(131,298.00)
Federal Home Loan Mtg Corp	07/25/2016	25,000,000.00	25,000,000.00	24,882,500.00	1.00	1.00	01/25/2019	25,000.00	(117,500.00)
Federal National Mtg Assn	03/22/2016	27,135,000.00	27,135,000.00	27,054,951.75	1.27	1.30	02/26/2019	4,786.32	(80,048.25)
Federal National Mtg Assn	03/11/2016	25,000,000.00	25,000,000.00	24,921,500.00	1.30	1.30	03/15/2019	149,861.10	(78,500.00)
Federal Farm Credit Bank	03/18/2016	25,000,000.00	25,000,000.00	24,923,500.00	1.28	1.28	03/21/2019	142,222.22	(76,500.00)
Federal Farm Credit Bank	10/19/2016	20,000,000.00	20,000,000.00	19,922,200.00	1.17	1.17	05/16/2019	68,250.00	(77,800.00)
Federal Home Loan Mtg Corp	06/06/2016	25,000,000.00	25,000,000.00	24,828,500.00	1.25	1.25	06/06/2019	73,784.72	(171,500.00)
Federal Home Loan Bank	06/22/2016	25,000,000.00	25,277,263.76	25,099,750.00	1.63	0.99	06/14/2019	86,892.36	(177,513.76)
Federal National Mtg Assn	07/08/2015	20,000,000.00	20,137,467.51	20,138,800.00	1.75	1.36	06/20/2019	69,027.78	1,332.49
Federal Home Loan Mtg Corp	07/26/2016	25,000,000.00	25,000,000.00	24,667,500.00	1.07	1.07	07/26/2019	26,006.94	(332,500.00)
Federal Home Loan Mtg Corp	06/27/2016	25,000,000.00	25,159,803.01	24,940,750.00	1.25	0.91	08/01/2019	26,041.67	(219,052.51)
Federal Home Loan Mtg Corp	08/23/2016	25,000,000.00	25,000,000.00	24,655,500.00	1.15	1.15	08/23/2019	6,388.89	(344,500.00)
Federal Farm Credit Bank	08/26/2016	50,000,000.00	50,000,000.00	49,395,000.00	1.00	1.00	08/26/2019	6,944.44	(605,000.00)
Federal Farm Credit Bank	12/06/2016	25,000,000.00	25,000,000.00	24,920,250.00	1.48	1.63	09/06/2019	179,861.11	(79,750.00)
Federal National Mtg Assn	09/30/2016	35,000,000.00	34,984,962.23	34,739,250.00	1.13	1.15	09/09/2019	188,125.00	(245,712.23)
Federal National Mtg Assn	09/13/2016	50,000,000.00	50,000,000.00	49,431,000.00	1.15	1.15	09/13/2019	268,333.33	(569,000.00)
Federal Home Loan Mtg Corp	03/30/2016	25,000,000.00	25,000,000.00	24,940,500.00	1.40	1.40	09/30/2019	146,805.56	(59,500.00)
Federal Home Loan Mtg Corp	11/21/2014	25,000,000.00	24,733,631.71	24,895,500.00	1.25	1.79	10/02/2019	129,340.28	161,868.29
Federal National Mtg Assn	10/04/2016	25,000,000.00	25,000,000.00	24,735,250.00	1.20	1.20	10/04/2019	122,500.00	(264,750.00)
Federal National Mtg Assn	10/28/2016	25,000,000.00	25,000,000.00	24,736,250.00	1.30	1.30	10/28/2019	111,041.67	(263,750.00)
Federal Home Loan Bank	05/03/2017	15,000,000.00	14,976,689.31	14,984,250.00	1.38	1.45	11/15/2019	60,729.16	7,560.69
Federal Home Loan Bank	01/09/2015	20,000,000.00	20,336,732.72	20,408,000.00	2.38	1.61	12/13/2019	102,916.67	71,267.28
Federal Home Loan Bank	05/03/2017	20,000,000.00	20,403,654.47	20,408,000.00	2.38	1.47	12/13/2019	102,916.67	4,345.53
Federal Farm Credit Bank	12/27/2016	25,000,000.00	25,000,000.00	25,018,000.00	1.70	1.70	12/27/2019	75,555.56	18,000.00

INVESTMENT INVENTORY - MARKET VALUE

San Diego Pooled Money Fund

As of August 31, 2017

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM 365 Equiv.	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Federal National Mtg Assn	03/30/2016	25,000,000.00	25,000,000.00	24,910,750.00	1.38	1.38	12/30/2019	58,246.53	(89,250.00)
Federal Home Loan Mtg Corp	07/28/2016	50,000,000.00	50,000,000.00	49,440,000.00	1.10	1.10	01/28/2020	50,416.67	(560,000.00)
Federal Farm Credit Bank	02/27/2017	21,870,000.00	21,870,000.00	21,886,621.20	1.71	1.71	02/27/2020	4,155.30	16,621.20
Federal Home Loan Mtg Corp	04/13/2017	25,000,000.00	25,000,000.00	25,013,750.00	1.80	1.80	04/13/2020	172,500.00	13,750.00
Federal Home Loan Mtg Corp	04/13/2017	25,000,000.00	25,000,000.00	25,013,750.00	1.80	1.80	04/13/2020	172,500.00	13,750.00
Federal Home Loan Mtg Corp	05/19/2015	25,000,000.00	24,860,740.74	24,955,750.00	1.38	1.59	05/01/2020	114,583.33	95,009.26
Federal Farm Credit Bank	06/29/2016	25,000,000.00	25,000,000.00	24,861,750.00	1.42	1.42	06/29/2020	61,138.89	(138,250.00)
Federal Home Loan Mtg Corp	07/05/2017	25,000,000.00	25,000,000.00	25,000,500.00	1.75	1.75	06/29/2020	68,055.55	500.00
Federal Home Loan Mtg Corp	07/13/2017	20,000,000.00	20,000,000.00	20,002,800.00	1.85	1.85	07/13/2020	49,333.33	2,800.00
Federal Home Loan Mtg Corp	07/13/2017	5,000,000.00	5,000,000.00	5,000,700.00	1.85	1.85	07/13/2020	12,333.33	700.00
Federal Farm Credit Bank	11/09/2016	25,000,000.00	25,000,000.00	24,545,750.00	1.36	1.36	11/09/2020	105,777.78	(454,250.00)
Federal Home Loan Bank	09/21/2016	25,000,000.00	25,094,821.50	24,850,500.00	1.38	1.26	02/18/2021	12,413.19	(244,321.50)
Federal Home Loan Bank	02/14/2017	25,000,000.00	24,661,263.33	24,850,500.00	1.38	1.78	02/18/2021	12,413.19	189,236.67
Federal Home Loan Bank	02/17/2017	25,000,000.00	25,000,000.00	25,090,000.00	1.82	1.82	03/17/2021	207,277.77	90,000.00
Federal National Mtg Assn	06/17/2016	15,000,000.00	15,007,118.39	14,829,900.00	1.25	1.24	05/06/2021	59,895.83	(177,218.39)
Federal National Mtg Assn	09/21/2016	25,000,000.00	24,944,692.19	24,716,500.00	1.25	1.31	05/06/2021	99,826.39	(228,192.19)
Federal Home Loan Mtg Corp	06/28/2017	7,900,000.00	7,900,000.00	7,902,212.00	2.00	2.00	05/28/2021	27,650.00	2,212.00
Federal Home Loan Bank	07/14/2016	15,000,000.00	15,364,742.53	15,111,150.00	1.88	1.21	06/11/2021	62,500.00	(253,592.53)
Federal Home Loan Mtg Corp	07/12/2016	25,000,000.00	25,000,000.00	24,912,250.00	1.25	2.02	07/12/2021	42,534.72	(87,750.00)
Federal Home Loan Bank	08/04/2016	35,000,000.00	34,884,412.30	34,331,500.00	1.13	1.21	07/14/2021	51,406.25	(552,912.30)
Federal Home Loan Mtg Corp	07/20/2016	25,000,000.00	25,000,000.00	24,641,250.00	1.25	1.61	07/20/2021	35,590.28	(358,750.00)
Federal National Mtg Assn	07/20/2016	14,500,000.00	14,500,000.00	14,283,370.00	1.25	1.61	07/20/2021	20,642.36	(216,630.00)
Federal Home Loan Mtg Corp	07/27/2016	25,000,000.00	25,000,000.00	24,687,000.00	1.35	1.61	07/27/2021	31,875.00	(313,000.00)
Federal National Mtg Assn	07/27/2016	25,000,000.00	25,000,000.00	24,896,250.00	1.13	1.89	07/27/2021	26,562.50	(103,750.00)
Federal National Mtg Assn	07/27/2016	14,445,000.00	14,445,000.00	14,227,458.30	1.25	1.48	07/27/2021	17,053.13	(217,541.70)
Federal Home Loan Mtg Corp	08/03/2016	25,000,000.00	25,000,000.00	24,841,500.00	1.25	1.93	08/03/2021	24,305.56	(158,500.00)
Federal Home Loan Mtg Corp	10/05/2016	20,000,000.00	19,810,479.11	19,603,200.00	1.13	1.37	08/12/2021	11,875.00	(207,279.11)
Federal National Mtg Assn	09/21/2016	35,000,000.00	34,856,996.26	34,477,100.00	1.25	1.36	08/17/2021	17,013.89	(379,896.26)
Federal Home Loan Mtg Corp	09/07/2016	25,000,000.00	25,000,000.00	24,879,750.00	1.00	1.86	09/07/2021	120,833.33	(120,250.00)
Federal Home Loan Mtg Corp	09/30/2016	20,000,000.00	20,000,000.00	19,862,800.00	1.15	1.80	09/30/2021	96,472.22	(137,200.00)
Federal Home Loan Mtg Corp	09/30/2016	12,000,000.00	12,000,000.00	11,913,120.00	1.50	1.68	09/30/2021	75,500.00	(86,880.00)
Federal National Mtg Assn	11/08/2016	35,000,000.00	34,904,506.39	34,566,700.00	1.38	1.44	10/07/2021	192,500.00	(337,806.39)
Federal Home Loan Mtg Corp	10/07/2016	25,000,000.00	25,000,000.00	24,983,250.00	1.00	1.98	10/07/2021	100,000.00	(16,750.00)
Federal Home Loan Mtg Corp	10/28/2016	50,000,000.00	50,000,000.00	49,604,000.00	1.25	1.98	10/28/2021	213,541.67	(396,000.00)

INVESTMENT INVENTORY - MARKET VALUE

San Diego Pooled Money Fund

As of August 31, 2017

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM 365 Equiv.	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Federal National Mtg Assn	12/21/2016	25,000,000.00	25,000,000.00	25,000,750.00	2.05	2.05	12/21/2021	99,652.78	750.00
Federal Home Loan Bank	12/21/2016	25,000,000.00	25,000,000.00	25,001,000.00	1.80	2.14	12/21/2021	87,500.00	1,000.00
Federal Home Loan Bank	03/27/2017	25,000,000.00	25,244,408.63	25,533,250.00	2.25	2.02	03/11/2022	240,625.00	288,841.37
Federal Farm Credit Bank	07/25/2017	20,000,000.00	20,034,269.14	20,015,000.00	2.07	2.03	05/09/2022	41,400.00	(19,269.14)
Federal Home Loan Mtg Corp	06/29/2017	15,000,000.00	14,996,379.17	15,001,350.00	2.13	2.13	06/29/2022	54,895.83	4,970.83
Federal Home Loan Mtg Corp	07/12/2017	40,000,000.00	39,933,851.11	40,008,400.00	2.00	2.28	07/12/2022	108,888.89	74,548.89
Federal Home Loan Bank	07/28/2017	21,000,000.00	20,984,540.04	21,002,520.00	2.16	2.18	07/20/2022	41,580.00	17,979.96
Federal Home Loan Mtg Corp	07/27/2017	6,132,000.00	6,132,000.00	6,132,674.74	2.05	2.22	07/27/2022	11,872.23	674.52
Federal Farm Credit Bank	08/22/2017	18,250,000.00	18,248,184.20	18,251,277.50	2.05	2.05	08/08/2022	9,353.12	3,093.30
Federal Home Loan Bank	08/10/2017	25,000,000.00	25,000,000.00	25,005,500.00	2.00	2.29	08/10/2022	29,166.67	5,500.00
Federal Farm Credit Bank	08/29/2017	30,000,000.00	29,994,006.69	29,991,900.00	2.05	2.05	08/23/2022	3,416.67	(2,106.69)
Federal Agency Subtotal:		**2,425,632,000.00**	**2,427,288,109.15**	**2,418,122,557.49**	**1.43**	**1.40**		**8,255,902.86**	**(9,165,551.38)**
Money Market Accounts									
BlackRock	06/01/2015	1,000,000.00	1,000,000.00	1,000,000.00	0.89	0.89		801.62	0.00
Fidelity Government Fund	06/21/2016	46,000,000.00	46,000,000.00	46,000,000.00	0.93	0.93		39,195.11	0.00
Federated Government Fund	06/30/2016	1,200,000.00	1,200,000.00	1,200,000.00	0.91	0.91		1,322.54	0.00
Morgan Stanley	06/01/2015	1,800,000.00	1,800,000.00	1,800,000.00	0.90	0.90		1,432.55	0.00
Money Market Accounts Subtotal:		**50,000,000.00**	**50,000,000.00**	**50,000,000.00**	**0.93**	**0.93**		**42,751.82**	**0.00**
Negotiable CDs									
Cooperatieve Rabobank	09/21/2016	25,000,000.00	25,000,000.00	25,000,000.00	1.39	1.41	09/15/2017	333,020.83	0.00
Sumi Trust NY	06/22/2017	50,000,000.00	50,000,000.00	50,000,000.00	1.26	1.28	09/21/2017	124,250.00	0.00
Sumi Trust NY	06/30/2017	50,000,000.00	50,000,000.00	50,000,000.00	1.27	1.29	09/28/2017	111,125.00	0.00
Bank of Montreal	04/07/2017	100,000,000.00	100,000,000.00	100,000,000.00	1.18	1.20	09/29/2017	481,833.33	0.00
Bank of Montreal	04/12/2017	25,000,000.00	25,000,000.00	25,000,000.00	1.23	1.25	10/02/2017	121,291.67	0.00
Cooperatieve Rabobank	09/21/2016	25,000,000.00	25,000,000.00	25,000,000.00	1.40	1.42	10/16/2017	335,416.67	0.00
Oversea-Chinese Banking	07/21/2017	50,000,000.00	50,000,000.00	50,000,000.00	1.32	1.33	10/30/2017	76,708.33	0.00
Bank of America Corp	04/07/2017	50,000,000.00	50,000,000.00	50,000,000.00	1.32	1.34	11/01/2017	269,500.00	0.00
Bank of America Corp	04/07/2017	70,000,000.00	70,000,000.00	70,000,000.00	1.33	1.35	11/08/2017	380,158.33	0.00
Cooperatieve Rabobank	09/21/2016	25,000,000.00	25,000,000.00	25,000,000.00	1.40	1.42	11/15/2017	335,416.67	0.00
Westpac Bank NY	03/31/2017	110,000,000.00	110,000,000.00	110,000,000.00	1.37	1.39	12/15/2017	644,661.11	0.00
Bank of Montreal	04/06/2017	50,000,000.00	50,000,000.00	50,000,000.00	1.33	1.35	01/02/2018	273,388.89	0.00
Toronto Dominion NY	04/06/2017	40,000,000.00	40,000,000.00	40,000,000.00	1.34	1.36	01/02/2018	220,355.56	0.00

INVESTMENT INVENTORY - MARKET VALUE

San Diego Pooled Money Fund

As of August 31, 2017

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM 365 Equiv.	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Canadian Imp Bk Comm NY	04/18/2017	25,000,000.00	25,000,000.00	25,000,000.00	1.32	1.34	01/17/2018	124,666.67	0.00
Canadian Imp Bk Comm NY	04/19/2017	40,000,000.00	40,000,000.00	40,000,000.00	1.31	1.33	01/17/2018	196,500.00	0.00
Fortis/BNP Paribas Bank	04/19/2017	10,000,000.00	10,000,000.00	10,000,000.00	1.41	1.43	01/17/2018	52,875.00	0.00
Canadian Imp Bk Comm NY	04/18/2017	75,000,000.00	75,000,000.00	75,000,000.00	1.33	1.35	01/31/2018	376,833.33	0.00
Toronto Dominion NY	04/17/2017	25,000,000.00	25,000,000.00	25,000,000.00	1.36	1.38	01/31/2018	129,388.89	0.00
Bank of Nova Scotia	06/15/2017	100,000,000.00	100,000,000.00	100,000,000.00	1.46	1.48	05/01/2018	316,333.33	0.00
UBS AG Stamford	05/04/2017	20,000,000.00	20,000,000.00	20,000,000.00	1.53	1.55	05/02/2018	102,000.00	0.00
Bank of Montreal	05/17/2017	25,000,000.00	25,000,000.00	25,000,000.00	1.43	1.45	05/18/2018	106,256.94	0.00
Bank of Montreal	06/02/2017	50,000,000.00	50,000,000.00	50,000,000.00	1.47	1.49	06/01/2018	185,791.67	0.00
Canadian Imp Bk Comm NY	06/01/2017	25,000,000.00	25,000,000.00	25,000,000.00	1.47	1.49	06/01/2018	93,916.67	0.00
Bank of Nova Scotia	06/27/2017	10,000,000.00	10,000,000.00	10,000,000.00	1.51	1.53	06/29/2018	27,683.33	0.00
Canadian Imp Bk Comm NY	06/29/2017	50,000,000.00	50,000,000.00	50,000,000.00	1.55	1.57	06/29/2018	137,777.78	0.00
Credit Agricole CIB	06/22/2017	50,000,000.00	50,004,113.67	50,000,000.00	1.58	1.59	06/29/2018	155,805.56	(4,113.67)
Credit Agricole CIB	06/23/2017	25,000,000.00	25,000,000.00	25,000,000.00	1.57	1.59	06/29/2018	76,319.44	0.00
Credit Agricole CIB	06/27/2017	40,000,000.00	40,000,000.00	40,000,000.00	1.56	1.58	06/29/2018	114,400.00	0.00
BNP Paribas SF	07/24/2017	900,000.00	900,000.00	900,000.00	1.60	1.62	07/24/2018	1,560.00	0.00
BNP Paribas SF	07/27/2017	25,000,000.00	25,000,000.00	25,000,000.00	1.60	1.62	07/27/2018	40,000.00	0.00
Fortis/BNP Paribas Bank	08/02/2017	30,000,000.00	30,000,000.00	30,000,000.00	1.60	1.62	08/02/2018	40,000.00	0.00
Negotiable CDs Subtotal:		**1,295,900,000.00**	**1,295,904,113.67**	**1,295,900,000.00**	**1.39**	**1.38**		**5,985,235.00**	**(4,113.67)**
Supranational Callable									
Intl Bank For Recon and Dev	08/22/2016	24,350,000.00	24,348,659.42	24,350,000.00	1.12	1.12	12/03/2018	68,180.00	1,340.58
Intl Bank For Recon and Dev	04/26/2016	25,000,000.00	25,000,000.00	24,833,250.00	1.25	1.25	04/26/2019	108,506.94	(166,750.00)
Intl Bank For Recon and Dev	04/26/2016	25,000,000.00	25,000,000.00	24,833,250.00	1.25	1.25	04/26/2019	108,506.94	(166,750.00)
Intl Bank For Recon and Dev	09/30/2016	25,000,000.00	25,000,000.00	24,828,500.00	1.20	1.20	09/30/2019	125,833.33	(171,500.00)
Intl Bank For Recon and Dev	09/30/2016	25,000,000.00	25,000,000.00	24,828,500.00	1.20	1.20	09/30/2019	125,833.33	(171,500.00)
Intl Bank For Recon and Dev	11/10/2016	25,000,000.00	25,000,000.00	24,810,750.00	1.30	1.30	10/25/2019	113,750.00	(189,250.00)
Intl Bank For Recon and Dev	05/12/2017	35,000,000.00	34,720,816.53	34,735,050.00	1.30	1.68	10/25/2019	137,763.89	14,233.47
Intl Bank For Recon and Dev	10/30/2015	25,000,000.00	25,000,000.00	24,573,250.00	1.00	1.00	10/15/2020	94,527.78	(426,750.00)
Intl Bank For Recon and Dev	12/28/2016	7,000,000.00	6,993,946.88	7,002,170.00	2.10	2.15	12/28/2021	27,358.33	8,223.12
Supranational Callable Subtotal:		**216,350,000.00**	**216,063,422.83**	**214,794,720.00**	**1.24**	**1.30**		**910,260.54**	**(1,268,702.83)**

INVESTMENT INVENTORY - MARKET VALUE

San Diego Pooled Money Fund

As of August 31, 2017

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM 365 Equiv.	Maturity Date	Accrued Interest	Unrealized Gain/Loss
Supranationals									
Intl Bank For Recon and Dev	06/23/2015	25,000,000.00	24,999,806.84	24,996,500.00	1.00	1.00	11/15/2017	73,611.11	(3,306.84)
Intl Bank For Recon and Dev	06/23/2015	25,000,000.00	24,999,806.84	24,996,500.00	1.00	1.00	11/15/2017	73,611.11	(3,306.84)
Intl Bank For Recon and Dev	06/23/2015	25,000,000.00	24,999,806.84	24,996,500.00	1.00	1.00	11/15/2017	73,611.11	(3,306.84)
Inter-American Development Bk	02/01/2017	50,000,000.00	49,907,801.98	49,893,000.00	0.88	1.22	03/15/2018	201,736.11	(14,801.98)
Intl Bank For Recon and Dev	04/30/2015	50,000,000.00	49,978,416.00	49,894,500.00	1.00	1.06	06/15/2018	105,555.56	(83,916.00)
Intl Bank For Recon and Dev	09/21/2016	22,000,000.00	21,988,729.85	21,915,520.00	0.88	0.93	07/19/2018	22,238.33	(73,209.85)
Intl Bank For Recon and Dev	10/07/2015	25,000,000.00	24,984,466.60	24,896,500.00	1.00	1.06	10/05/2018	101,388.89	(87,966.60)
Intl Bank For Recon and Dev	12/23/2016	25,000,000.00	24,678,058.82	24,778,250.00	1.13	1.72	11/27/2019	73,312.50	100,191.18
Intl Bank For Recon and Dev	01/04/2017	25,000,000.00	24,710,983.70	24,778,250.00	1.13	1.66	11/27/2019	73,312.50	67,266.30
Intl Bank For Recon and Dev	04/06/2017	25,000,000.00	25,143,326.37	25,211,750.00	1.88	1.97	04/21/2020	188,802.08	68,423.63
Intl Bank For Recon and Dev	04/20/2017	25,000,000.00	25,208,279.37	25,211,750.00	1.88	1.86	04/21/2020	170,572.91	3,470.63
Inter-American Development Bk	04/12/2017	50,000,000.00	49,896,339.19	50,084,000.00	1.63	1.70	05/12/2020	313,715.28	187,660.81
Intl Bank For Recon and Dev	08/29/2017	15,000,000.00	14,996,855.81	15,012,300.00	1.63	1.63	09/04/2020	1,354.17	15,444.19
Intl Bank For Recon and Dev	08/29/2017	35,000,000.00	34,992,663.55	35,028,700.00	1.63	1.63	09/04/2020	3,159.72	36,036.45
International Finance Corp	07/20/2016	25,000,000.00	24,902,264.31	24,424,250.00	1.13	1.23	07/20/2021	31,202.50	(478,014.31)
International Finance Corp	10/07/2016	12,500,000.00	12,389,776.99	12,212,125.00	1.13	1.36	07/20/2021	16,469.38	(177,651.99)
Intl Bank For Recon and Dev	11/23/2016	10,000,000.00	10,000,000.00	9,908,900.00	1.75	1.77	11/23/2021	5,833.33	(91,100.00)
Supranationals Subtotal:		**469,500,000.00**	**468,777,383.06**	**468,239,295.00**	**1.25**	**1.38**		**1,529,486.59**	**(538,088.06)**
Treasury Coupon Securities									
U.S. Treasury	09/04/2015	22,000,000.00	22,002,302.48	21,999,780.00	1.00	0.72	09/15/2017	101,630.43	(2,522.48)
U.S. Treasury	06/07/2013	15,000,000.00	15,024,217.78	15,019,800.00	1.88	0.87	10/31/2017	94,769.02	(4,417.78)
U.S. Treasury	04/06/2016	10,000,000.00	10,018,815.45	10,013,200.00	1.88	0.72	10/31/2017	63,179.35	(5,615.45)
U.S. Treasury	05/20/2015	10,000,000.00	10,034,244.09	10,028,500.00	2.25	0.84	11/30/2017	57,172.13	(5,744.09)
U.S. Treasury	04/06/2016	15,000,000.00	15,056,232.51	15,042,750.00	2.25	0.72	11/30/2017	85,758.20	(13,482.51)
U.S. Treasury	04/06/2016	10,000,000.00	10,007,765.09	9,997,100.00	1.00	0.73	12/15/2017	21,311.48	(10,665.09)
U.S. Treasury	01/07/2013	15,000,000.00	14,996,959.82	14,982,300.00	0.75	0.81	12/31/2017	19,259.51	(14,659.82)
U.S. Treasury	04/06/2016	10,000,000.00	10,005,238.83	9,990,900.00	0.88	0.73	01/15/2018	11,413.04	(14,338.83)
U.S. Treasury	12/24/2014	15,000,000.00	15,085,685.35	15,092,100.00	2.63	1.22	01/31/2018	34,239.13	6,414.65
U.S. Treasury	06/07/2013	15,000,000.00	14,984,915.59	14,970,750.00	0.75	0.96	02/28/2018	310.77	(14,165.59)
U.S. Treasury	06/07/2013	15,000,000.00	14,999,211.45	14,974,200.00	1.00	1.01	05/31/2018	38,114.75	(25,011.45)
U.S. Treasury	06/22/2016	25,000,000.00	25,069,777.62	24,979,500.00	1.13	0.77	06/15/2018	59,938.52	(90,277.62)
U.S. Treasury	12/05/2013	10,000,000.00	9,976,184.96	9,996,500.00	1.25	1.45	11/30/2018	31,762.30	20,315.04

INVESTMENT INVENTORY - MARKET VALUE

San Diego Pooled Money Fund

As of August 31, 2017

Issuer	Purchase Date	Par Value	Book Value	Market Value	Coupon	YTM 365 Equiv.	Maturity Date	Accrued Interest	Unrealized Gain/Loss
U.S. Treasury	02/20/2014	15,000,000.00	14,945,821.55	14,991,150.00	1.25	1.52	01/31/2019	16,304.35	45,328.45
U.S. Treasury	04/17/2014	15,000,000.00	14,993,656.72	15,076,200.00	1.63	1.65	03/31/2019	102,561.48	82,543.28
U.S. Treasury	02/14/2017	40,000,000.00	40,219,957.37	40,210,800.00	1.63	1.29	04/30/2019	219,021.74	(9,157.37)
U.S. Treasury	06/16/2014	15,000,000.00	14,949,478.27	15,045,750.00	1.50	1.70	05/31/2019	57,172.13	96,271.73
U.S. Treasury	06/27/2016	25,000,000.00	25,322,684.42	25,076,250.00	1.50	0.75	05/31/2019	95,286.89	(246,434.42)
U.S. Treasury	11/08/2016	40,000,000.00	40,497,309.39	40,214,000.00	1.63	0.94	06/30/2019	111,277.17	(283,309.39)
U.S. Treasury	07/15/2016	10,000,000.00	9,992,457.91	9,894,100.00	0.75	0.79	07/15/2019	9,782.61	(98,357.91)
U.S. Treasury	08/21/2014	15,000,000.00	14,997,280.99	15,082,050.00	1.63	1.64	07/31/2019	21,195.65	84,769.01
U.S. Treasury	12/09/2016	42,000,000.00	42,261,342.71	42,229,740.00	1.63	1.29	07/31/2019	59,347.83	(31,602.71)
U.S. Treasury	10/24/2014	15,000,000.00	15,074,532.42	15,123,600.00	1.75	1.50	09/30/2019	110,450.82	49,067.58
U.S. Treasury	12/08/2014	15,000,000.00	14,940,536.04	15,049,800.00	1.50	1.69	11/30/2019	57,172.13	109,263.96
U.S. Treasury	01/09/2015	15,000,000.00	15,041,163.97	15,089,100.00	1.63	1.50	12/31/2019	41,728.94	47,936.03
U.S. Treasury	02/12/2016	20,000,000.00	20,156,453.80	20,004,000.00	1.38	1.04	01/31/2020	23,913.04	(152,453.80)
U.S. Treasury	04/09/2015	10,000,000.00	9,976,501.73	9,969,100.00	1.25	1.35	02/29/2020	345.30	(7,401.73)
U.S. Treasury	02/12/2016	20,000,000.00	20,151,204.12	19,996,800.00	1.38	1.06	02/29/2020	759.67	(154,404.12)
U.S. Treasury	04/09/2015	10,000,000.00	9,942,112.73	9,935,200.00	1.13	1.36	03/31/2020	47,336.07	(6,912.73)
U.S. Treasury	01/06/2017	20,000,000.00	19,923,911.63	19,996,800.00	1.38	1.53	03/31/2020	115,710.38	72,888.37
U.S. Treasury	06/05/2015	15,000,000.00	14,944,197.97	15,037,500.00	1.50	1.64	05/31/2020	57,172.13	93,302.03
U.S. Treasury	01/06/2017	20,000,000.00	19,753,297.44	19,906,200.00	1.38	1.75	01/31/2021	23,913.04	152,902.56
U.S. Treasury	06/17/2016	35,000,000.00	35,372,201.49	34,745,550.00	1.38	1.08	05/31/2021	122,284.84	(626,651.49)
U.S. Treasury	09/07/2016	5,000,000.00	4,997,513.52	4,915,250.00	1.13	1.14	06/30/2021	9,629.76	(82,263.52)
U.S. Treasury	09/07/2016	5,000,000.00	5,208,077.39	5,122,850.00	2.25	1.15	07/31/2021	9,782.61	(85,227.39)
U.S. Treasury	10/06/2016	25,000,000.00	24,873,680.04	24,513,750.00	1.13	1.25	09/30/2021	118,340.16	(359,930.04)
U.S. Treasury	12/09/2016	15,000,000.00	14,952,484.89	15,066,750.00	1.75	1.83	11/30/2021	66,700.82	114,265.11
Treasury Coupon Securities Subtotal:		**649,000,000.00**	**650,749,409.53**	**649,379,670.00**	**1.45**	**1.18**		**2,116,048.19**	**(1,369,739.53)**
Grand Total		**7,708,995,391.84**	**7,703,912,055.52**	**7,684,271,077.54**	**1.35**	**1.34**		**18,955,283.00**	**(19,640,978.02)**

TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
4336	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(99,996,750.00)	08/01/2017
4335	Commercial Paper	Natixis US Finance	1.16	Purchase	(234,992,427.78)	08/01/2017
4087	Negotiable CD	Bank of Montreal	1.17	Redemption	25,000,000.00	08/01/2017
4093	Commercial Paper	Fortis/BNP Paribas	1.20	Redemption	25,000,000.00	08/01/2017
4334	Commercial Paper	Natixis US Finance	1.08	Redemption	325,000,000.00	08/01/2017
4097	Negotiable CD	Nordea Bank Finland	1.08	Redemption	75,000,000.00	08/01/2017
4101	Negotiable CD	Nordea Bank Finland	1.06	Redemption	50,000,000.00	08/01/2017
4094	Commercial Paper	Prudential Funding	1.08	Redemption	14,000,000.00	08/01/2017
4088	Negotiable CD	Toronto Dominion NY	1.18	Redemption	100,000,000.00	08/01/2017
4098	Negotiable CD	Toronto Dominion NY	1.17	Redemption	25,000,000.00	08/01/2017
4337	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(259,991,550.00)	08/02/2017
4338	Negotiable CD	Fortis/BNP Paribas	1.60	Purchase	(30,000,000.00)	08/02/2017
4336	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	100,000,000.00	08/02/2017
4335	Commercial Paper	Natixis US Finance	1.16	Redemption	235,000,000.00	08/02/2017
4339	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(229,992,525.00)	08/03/2017
4340	Commercial Paper	JP Morgan	1.48	Purchase	(24,755,388.89)	08/03/2017
4337	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	260,000,000.00	08/03/2017
4341	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(224,978,062.50)	08/04/2017
4339	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	230,000,000.00	08/04/2017
4342	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(219,992,850.00)	08/07/2017
4341	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	225,000,000.00	08/07/2017
4343	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(209,993,175.00)	08/08/2017
4342	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	220,000,000.00	08/08/2017
4100	Negotiable CD	Nordea Bank Finland	1.06	Redemption	20,000,000.00	08/08/2017
4344	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(209,993,175.00)	08/09/2017
4343	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	210,000,000.00	08/09/2017
4102	Negotiable CD	Nordea Bank Finland	1.06	Redemption	30,000,000.00	08/09/2017
4347	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(319,989,600.00)	08/10/2017
4346	Federal Agencies	Federal Home Loan Bank	2.00	Purchase	(25,000,000.00)	08/10/2017
4345	Commercial Paper	JP Morgan	1.35	Purchase	(24,913,750.00)	08/10/2017
4344	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	210,000,000.00	08/10/2017
4323	Commercial Paper	Bank Tokyo-Mit UFJ	1.19	Redemption	25,000,000.00	08/10/2017
4330	Commercial Paper	Bank Tokyo-Mit UFJ	1.19	Redemption	150,000,000.00	08/10/2017
4348	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(289,971,725.00)	08/11/2017

TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
4347	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	320,000,000.00	08/11/2017
4032	Local CD	Pacific Commerce Ban	0.71	Redemption	250,000.00	08/12/2017
4349	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(209,993,175.00)	08/14/2017
4350	Commercial Paper	Bank Tokyo-Mit UFJ	1.18	Purchase	(24,994,263.89)	08/14/2017
4351	Commercial Paper	Bank Tokyo-Mit UFJ	1.19	Purchase	(24,988,430.56)	08/14/2017
4348	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	290,000,000.00	08/14/2017
4028	Federal Agencies	Federal National Mtg	2.25	Redemption	35,000,000.00	08/14/2017
4354	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(209,993,175.00)	08/15/2017
4349	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	210,000,000.00	08/15/2017
3580	Asset Backed Securities	American Honda Finan	1.13	Redemption	2,477,123.13	08/15/2017
4317	Commercial Paper	Bank Tokyo-Mit UFJ	1.20	Redemption	50,000,000.00	08/15/2017
4059	Local CD	East West Bank	0.70	Redemption	250,000.00	08/15/2017
3594	Asset Backed Securities	Harley-Davidson Cred	1.09	Redemption	1,047,983.16	08/15/2017
3677	Asset Backed Securities	John Deere Owner Tru	1.09	Redemption	1,168,134.77	08/15/2017
3704	Asset Backed Securities	Toyota Auto Receivab	1.00	Redemption	632,810.30	08/15/2017
4355	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(199,993,500.00)	08/16/2017
4354	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	210,000,000.00	08/16/2017
4356	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(229,992,525.00)	08/17/2017
4355	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	200,000,000.00	08/17/2017
4261	Negotiable CD	Sumitomo Mitsui Bank	1.22	Redemption	25,000,000.00	08/17/2017
4357	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(224,978,062.50)	08/18/2017
4356	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	230,000,000.00	08/18/2017
3824	Asset Backed Securities	Honda Auto Rec Owner	1.04	Redemption	1,650,589.86	08/18/2017
3844	Asset Backed Securities	Honda Auto Rec Owner	1.01	Redemption	628,633.55	08/18/2017
4358	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(264,991,387.50)	08/21/2017
4357	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	225,000,000.00	08/21/2017
4350	Commercial Paper	Bank Tokyo-Mit UFJ	1.18	Redemption	25,000,000.00	08/21/2017
4260	Negotiable CD	Sumitomo Mitsui Bank	1.22	Redemption	25,000,000.00	08/21/2017
4360	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(249,991,875.00)	08/22/2017
4359	Federal Agencies	Federal Farm Credit	2.05	Purchase	(18,262,724.31)	08/22/2017
4358	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	265,000,000.00	08/22/2017
4361	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(249,991,875.00)	08/23/2017
4360	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	250,000,000.00	08/23/2017
4362	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(214,993,012.50)	08/24/2017

TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
4363	Commercial Paper	JP Morgan	1.46	Purchase	(29,735,983.33)	08/24/2017
4364	Commercial Paper	JP Morgan	1.46	Purchase	(29,743,283.33)	08/24/2017
4361	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	250,000,000.00	08/24/2017
4042	Federal Agencies	Federal Home Loan Mtg	2.00	Redemption	50,000,000.00	08/24/2017
4365	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(226,977,867.50)	08/25/2017
4362	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	215,000,000.00	08/25/2017
4366	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(289,990,575.00)	08/28/2017
4365	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	227,000,000.00	08/28/2017
4058	Local CD	Banc of California	0.74	Redemption	20,000,000.00	08/28/2017
4351	Commercial Paper	Bank Tokyo-Mit UFJ	1.19	Redemption	25,000,000.00	08/28/2017
3494	Federal Agencies	Federal Home Loan Bank	0.75	Redemption	15,000,000.00	08/28/2017
4049	Federal Agencies	Federal National Mtg	2.30	Redemption	25,000,000.00	08/28/2017
4372	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(279,990,900.00)	08/29/2017
4373	Commercial Paper	Bank Tokyo-Mit UFJ	1.19	Purchase	(74,980,166.67)	08/29/2017
4374	Commercial Paper	Bank Tokyo-Mit UFJ	1.20	Purchase	(49,983,333.33)	08/29/2017
4375	Commercial Paper	Bank Tokyo-Mit UFJ	1.31	Purchase	(49,830,791.67)	08/29/2017
4370	Federal Agencies	Federal Farm Credit	2.05	Purchase	(30,004,250.00)	08/29/2017
3608	Money Market Funds	Fidelity Government	0.93	Purchase	(123,000,000.00)	08/29/2017
4368	Federal Agencies	Intl Bank For Recon	1.63	Purchase	(14,996,850.00)	08/29/2017
4371	Federal Agencies	Intl Bank For Recon	1.63	Purchase	(34,992,650.00)	08/29/2017
4366	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	290,000,000.00	08/29/2017
2171	Federal Agencies	Federal Home Loan Mtg	0.88	Redemption	29,533,500.00	08/29/2017
4377	Commercial Paper	Abbey Natl Treasury	1.17	Purchase	(199,993,500.00)	08/30/2017
4378	Commercial Paper	JP Morgan	1.45	Purchase	(69,486,861.11)	08/30/2017
4379	Commercial Paper	JP Morgan	1.53	Purchase	(29,660,850.00)	08/30/2017
4376	Commercial Paper	Natixis US Finance	1.16	Purchase	(129,995,811.11)	08/30/2017
4372	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	280,000,000.00	08/30/2017
3608	Money Market Funds	Fidelity Government	0.94	Redemption	123,000,000.00	08/30/2017
1996	U.S. Treasury Notes	U.S. Treasury	1.50	Redemption	15,080,273.44	08/30/2017
2141	U.S. Treasury Notes	U.S. Treasury	1.38	Redemption	15,009,960.94	08/30/2017
4380	Commercial Paper	Natixis US Finance	1.07	Purchase	(319,990,488.89)	08/31/2017
4377	Commercial Paper	Abbey Natl Treasury	1.17	Redemption	200,000,000.00	08/31/2017
4107	Commercial Paper	Fortis/BNP Paribas	1.26	Redemption	25,000,000.00	08/31/2017
4376	Commercial Paper	Natixis US Finance	1.16	Redemption	130,000,000.00	08/31/2017

TRANSACTION ACTIVITY REPORT

Investment #	Instrument Type	Issuer	Coupon	Transaction Type	Total Cash	Transaction Date
4108	Negotiable CD	Nordea Bank Finland	1.09	Redemption	100,000,000.00	08/31/2017
2655	U.S. Treasury Notes	U.S. Treasury	1.88	Redemption	15,000,000.00	08/31/2017
3382	U.S. Treasury Notes	U.S. Treasury	1.88	Redemption	45,000,000.00	08/31/2017
4393	Bank Deposit	Wells Fargo Bank NA	1.00	Net Transaction	12,890,361.22	08/31/2017
Grand Total					**518,540,223.00**	

CONTACT US

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APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants 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) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Paying Agent, the District, the County and the Underwriters 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, or interest in the Bonds.

General

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

DTC, the world's largest 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 foregoing* *internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.*

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 certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Principal, Maturity Value, premium, if any, 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 the 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 the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, Maturity Value, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered.

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

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

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

The principal, Maturity Value of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially the Treasurer-Tax Collector of the County of San Diego, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination of the same tenor, maturity and principal amount upon presentation and surrender at the office of the Paying Agent, initially the Treasurer-Tax Collector of the County of San Diego, California, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

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SAN DIEGO UNIFIED SCHOOL DISTRICT

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