NEW ISSUE — BOOK-ENTRY ONLY **Ratings: (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 Series C 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 Series C 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 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 Series C Bonds. See "TAX MATTERS" herein.

$20,000,000
PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
2012 Election General Obligation Bonds, 2017 Series C

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

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Panama-Buena Vista Union School District (County of Kern, State of California) 2012 Election General Obligation Bonds, 2017 Series C (the "Series C Bonds") are issued by the Panama-Buena Vista Union School District (the "District"), located in the County of Kern, California (the "County"), to finance improvements within the District approved by the voters in the District. The Series C Bonds were authorized at an election of the voters of the District held on November 6, 2012, at which at least 55% of the voters authorized the issuance and sale of $147,000,000 principal amount of bonds of the District. The Series C Bonds are being issued under the laws of the State of California (the "State") and pursuant to a resolution of the Board of Trustees of the District, adopted on March 7, 2017.

The Series C Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and 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), for the payment of principal of and interest on the Series C Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES C BONDS" herein.

The Series C Bonds will be issued as current interest bonds, as set forth on the inside front cover hereof. Interest on the Series C Bonds is payable on each February 1 and August 1 to maturity, commencing August 1, 2017. Principal of the Series C Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof.

The Series C Bonds will be issued in denominations of $5,000 principal amount, or any integral multiple thereof as shown on the inside front cover hereof.

The scheduled payment of principal of and interest on the Series C Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series C Bonds by ASSURED GUARANTY MUNICIPAL CORP.

ASSURED GUARANTY MUNICIPAL

The Series C Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series C Bonds. Individual purchases of the Series C Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Series C Bonds purchased by them. See "THE SERIES C BONDS – Form and Registration" herein. Payments of the principal of and interest on the Series C Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as paying agent, registrar and transfer agent with respect to the Series C Bonds, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Series C Bonds. See "THE SERIES C BONDS – Payment of Principal and Interest" herein.

The Series C Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES C BONDS — Redemption" herein.

The Series C Bonds were awarded to Robert W. Baird & Co., Inc. pursuant to competitive bidding which was held on March 29, 2017, as set forth in the Official Notice of Sale, dated March 20, 2017. The Series C Bonds will be offered when, as and if issued by the District, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Irvine, California, as Disclosure Counsel to the District. It is anticipated that the Series C Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about April 12, 2017.

Dated: March 29, 2017.

MATURITY SCHEDULE
BASE CUSIP†: 698118

$20,000,000
PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
2012 Election General Obligation Bonds, 2017 Series C

$10,640,000 Serial Series C Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Number†
2020	$ 410,000	5.000%	1.400%	HB5
2032	205,000	5.000	2.930C	HD1
2033	290,000	5.000	3.000C	HE9
2034	375,000	5.000	3.060C	HF6
2035	455,000	5.000	3.110C	HG4
2036	565,000	5.000	3.150C	HH2
2037	685,000	5.000	3.170C	HJ8
2038	805,000	5.000	3.180C	HK5
2039	940,000	5.000	3.190C	HL3
2040	1,085,000	5.000	3.200C	HM1
2041	1,240,000	5.000	3.210C	HN9
2042	1,405,000	5.000	3.220C	HP4
2043	2,180,000	5.000	3.230C	HQ2

$195,000 5.000% Term Series C Bonds due August 1, 2031 – Yield 2.850% C –CUSIP Number† HC3

$9,165,000 4.000% Term Series C Bonds due August 1, 2046 – Yield 4.000% –CUSIP Number† HR0

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

C Yield to call at par on August 1, 2027.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)

BOARD OF TRUSTEES

DISTRICT ADMINISTRATORS

Kevin M. Silberberg, Ed.D., Superintendent
Glenn Imke, Assistant Superintendent, Business Services

PROFESSIONAL SERVICES

Financial Advisor

Fieldman, Rolapp & Associates
Irvine, California

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Irvine, California

Paying Agent, Registrar and Transfer Agent

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

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

The Series C Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Series C Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward–looking statements." 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 their expectations, or events, conditions or circumstances on which such statements are based, occur.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Series C Bonds or the advisability of investing in the Series C Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and APPENDIX G – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market prices of the Series C Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series C Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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$20,000,000
PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
2012 Election General Obligation Bonds,
2017 Series C

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 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 Series C Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of $20,000,000 aggregate principal amount of Panama–Buena Vista Union School District (County of Kern, State of California) 2012 Election General Obligation Bonds, 2017 Series C (the "Series C Bonds"), as indicated on the inside front cover hereof, to be offered by the Panama-Buena Vista Union School District (the "District").

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See "OTHER LEGAL MATTERS – Continuing Disclosure."

The purpose of this Official Statement is to supply information to prospective buyers of the Series C Bonds. Quotations from and summaries and explanations of the Series C Bonds, the resolution of the Board of Trustees of the District relating to the Series C Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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

Copies of documents referred to herein and information concerning the Series C Bonds are available from the District by contacting: Panama-Buena Vista Union School District, 4200 Ashe Road, Bakersfield, California 93313, Attention: Assistant Superintendent, Business Services. The District may impose a charge for copying, handling and mailing such requested documents.

The District

On July 1, 1988, the Panama Union School District, founded in 1875, was annexed by the Buena Vista School District to form the District. The District and its predecessor districts have each operated as an elementary school district under the laws of the State.

The District, covering an area of approximately 87 square miles, is located in, and southwest of, the City of Bakersfield, California, which is the county seat of the County of Kern (the "County"). The District provides public education in kindergarten through eighth grade, operating 18 elementary and five junior high schools. California State University, Bakersfield, which has a current enrollment of approximately 9,341 students, is also located within the District.

The District is governed by an independent Board of Trustees consisting of five members who are elected at large to overlapping four-year terms at elections held every two years. The District's affairs are administered by a superintendent, who is appointed by the Board of Trustees. Kevin M. Silberberg, Ed.D., has served as Superintendent of the District since July 2013.

Total assessed valuation of taxable property in the District in fiscal year 2016-17 is $11,239,652,775. The District operates under the jurisdiction of the Kern County Superintendent of Schools.

For additional information about the District, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2016."

THE SERIES C BONDS

Authority for Issuance; Purpose

The Series C Bonds are issued under the provisions of Article 4.5 of Chapter 3, of Part 1 of Division 2 of Title 5 of the California Government Code and Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board of Trustees of the District on March 7, 2017 (the "Resolution").

At an election held on November 6, 2012, the District received authorization under Measure P to issue general obligation bonds of the District in an aggregate principal amount not to exceed $147,000,000 to modernize school technology, upgrade safety/security systems, improve energy efficiency, rehabilitate outdated classrooms, repair/replace deteriorated roofs, plumbing, electrical, lighting, ventilation, and acquire, construct, equip, and renovate sites, facilities, and equipment (collectively, the "2012 Authorization"). Measure P required approval by at least 55% of the votes cast by eligible voters within the District and received an approval vote of approximately 65%. The Series C Bonds represent the fourth series of authorized bonds to be issued under the 2012 Authorization and will be issued to finance authorized projects. See "–Application and Investment of Series C Bond Proceeds" herein.

Bond Insurance Policy

Concurrently with the issuance of the Series C Bonds, Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") will issue its Municipal Bond Insurance Policy (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series C Bonds when due as set forth in the form of the Policy included as APPENDIX G – "SPECIMEN MUNICIPAL BOND POLICY" to this Official Statement.

Form and Registration

The Series C Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 principal amount or integral multiples thereof. The Series C Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York.

DTC will act as securities depository of the Series C Bonds. Purchases of Series C Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Series C Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Series C Bonds, beneficial owners ("Beneficial Owners") will not receive physical certificates representing their ownership interests. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

Interest. The Series C Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing on August 1, 2017, computed on the basis of a 360-day year consisting of twelve 30-day months. Each Series C Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and on or prior to the succeeding Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it will bear interest from its dated date; provided, however, that if, at the time of authentication of any Series C Bond, interest is in default on any outstanding Series C Bonds, such Series C Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Series C Bonds.

Payment of Series C Bonds. The principal of the Series C Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent") at the maturity thereof or upon redemption prior to maturity.

Interest on the Series C Bonds is payable in lawful money of the United States of America by check mailed on each Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the registered owner thereof (the "Owner") at such Owner's address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least $1,000,000 of outstanding Series C Bonds who shall have requested in writing such method of payment of interest prior to the close of business on a Record Date. So long as the Series C Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

Redemption

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

Mandatory Sinking Fund Redemption. The $195,000 term Series C Bonds maturing on August 1, 2031 are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2030	$ 65,000
2031†	130,000

† Maturity.

The principal amount of the $195,000 term Series C Bonds maturing on August 1, 2031, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000, by any portion of such term Series C Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

The $9,165,000 term Series C Bonds maturing on August 1, 2046 are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2044	$2,435,000
2045	3,220,000
2046†	3,510,000

† Maturity.

The principal amount of the $9,165,000 term Series C Bonds maturing on August 1, 2046, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000, by any portion of such term Series C Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Series C Bonds for Redemption. If less than all of the Series C Bonds are called for redemption, the Series C Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District. Whenever less than all of the outstanding Series C Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Series C Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Series C Bond shall be deemed to consist of individual Series C Bonds of denominations of $5,000 principal amount, each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of any Series C Bond will be given by the Paying Agent not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate with respect to the Series C Bonds. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption will contain the following information: (i) the date of such notice; (ii) the name of the Series C Bonds and the date of issue of the Series C Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Series C Bonds to be redeemed; (vi) if less than all of the Series C Bonds of any maturity are to be redeemed the distinctive numbers of the Series C Bonds of each maturity to be redeemed; (vii) in the case of Series C Bonds redeemed in part only, the respective portions of the principal amount of the Series C Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Series C Bonds to be redeemed; (ix) a statement that such Series C Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Series C Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. The actual receipt by the Owner of any Series C Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Series C Bonds or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as described above and when the redemption price of the Series C Bonds called for redemption is set aside, the Series C Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series C Bonds at the place specified in the notice of redemption, such Series C Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series C Bonds so called for redemption after such redemption date shall look for the payment of such Series C Bonds and the redemption premium thereon, if any, only to moneys on deposit for the purpose in the interest and sinking fund of the District within the County treasury (the "Interest and Sinking Fund") or the trust fund established for such purpose. All Series C Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Series C Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund of the District or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series C Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Series C Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Defeasance of Series C Bonds

The District may pay and discharge any or all of the Series C Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Series C Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Moneys

Any money held in any fund or by the Paying Agent in trust for the payment of the principal of, redemption premium, if any, or interest on the Series C Bonds and remaining unclaimed for two years after the principal of such Series C Bonds has become due and payable (whether by maturity or upon prior redemption) is required to be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys is required to be transferred to the general fund of the District as provided and permitted by law.

Application and Investment of Series C Bond Proceeds

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

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
2012 Election General Obligation Bonds, 2017 Series C

Estimated Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Series C Bonds	$20,000,000.00
Plus Original Issue Premium	1,706,303.00
Total Sources of Funds	$21,706,303.00
Uses of Funds:	
Deposit to Building Fund	$19,263,658.02
Deposit to Interest and Sinking Fund[1]	2,001,382.78
Costs of Issuance[2]	242,000.00
Underwriter's Discount	199,262.20
Total Uses of Funds	$21,706,303.00

____
(1) Consists of premium received by the District as well as proceeds from the sale of the Series C Bonds as permitted by California Education Code Section 15146(j).
(2) Includes legal fees, financial advisor fees, rating agency fees, printing fees and other miscellaneous expenses. Also, Includes bond insurance premium agreed to be paid by the Purchaser pursuant to the Official Notice of Sale, dated March 20, 2017 (the "Official Notice").

The proceeds from the sale of the Series C Bonds, less amounts necessary to pay costs of issuance, will be deposited in the County treasury to the credit of the building fund of the District (the "Building Fund") and shall be accounted for together with the proceeds of other bonds of the District separately from all other District and County funds. Such proceeds shall be applied solely for the purposes for which the Series C Bonds were authorized. Any premium or accrued interest on the Series C Bonds received by the District will be deposited in the Interest and Sinking Fund of the District in the County treasury. Interest and earnings on each fund will accrue to that fund. All funds held by the County Treasurer (the "County Treasurer") in the Building Fund and the Interest and Sinking Fund are expected to be invested at the sole discretion of the County Treasurer on behalf of the District in such investments as are authorized by Section 53601 and following of the California Government Code and the investment policy of the County, as either may be amended or supplemented from time to time. See APPENDIX E – "KERN COUNTY INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL" for a description of the permitted investments under the investment policy of the County. In addition, to the extent permitted by law, the District may request in writing that all or any portion of the funds held in the

Building Fund may be invested in investment agreements, including guaranteed investment contracts, float contracts or other investment products which comply with the requirements of each rating agency then rating the Series C Bonds. The County Treasurer does not monitor such investments for arbitrage compliance and does not perform any arbitrage calculations with respect to such investments.

It was discovered that approximately $19 million was stolen from accounts owned by the Kern Community College District and the Kern County Superintendent of Schools that were held by the County Treasurer (approximately $2.6 million dollars impacted the Kern County Superintendent of Schools and $16.4 million impacted the Kern Community College District). No accounts or funds of the District were involved. Reports indicate that approximately $12 million has been recovered as of the date of the Preliminary Official Statement, and investigation into the fraud is ongoing. The County Treasurer is actively reviewing its procedures to make sure that systems are in place to prevent any future fraudulent charges to accounts held by the County Treasurer.

Debt Service

Debt service on the Series C Bonds, assuming no early redemptions, is as shown in the following table.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
2012 Election General Obligation Bonds, 2017 Series C

Year Ending August 1,	Principal	Interest	Total Debt Service
2017	–	$ 275,028.19	$ 275,028.19
2018	–	908,350.00	908,350.00
2019	–	908,350.00	908,350.00
2020	$ 410,000.00	908,350.00	1,318,350.00
2021	–	887,850.00	887,850.00
2022	–	887,850.00	887,850.00
2023	–	887,850.00	887,850.00
2024	–	887,850.00	887,850.00
2025	–	887,850.00	887,850.00
2026	–	887,850.00	887,850.00
2027	–	887,850.00	887,850.00
2028	–	887,850.00	887,850.00
2029	–	887,850.00	887,850.00
2030	65,000.00	887,850.00	952,850.00
2031	130,000.00	884,600.00	1,014,600.00
2032	205,000.00	878,100.00	1,083,100.00
2033	290,000.00	867,850.00	1,157,850.00
2034	375,000.00	853,350.00	1,228,350.00
2035	455,000.00	834,600.00	1,289,600.00
2036	565,000.00	811,850.00	1,376,850.00
2037	685,000.00	783,600.00	1,468,600.00
2038	805,000.00	749,350.00	1,554,350.00
2039	940,000.00	709,100.00	1,649,100.00
2040	1,085,000.00	662,100.00	1,747,100.00
2041	1,240,000.00	607,850.00	1,847,850.00
2042	1,405,000.00	545,850.00	1,950,850.00
2043	2,180,000.00	475,600.00	2,655,600.00
2044	2,435,000.00	366,600.00	2,801,600.00
2045	3,220,000.00	269,200.00	3,489,200.00
2046	3,510,000.00	140,400.00	3,650,400.00
Total:	$20,000,000.00	$22,318,578.19	$42,318,578.19

Outstanding Bonds

In addition to the Series C Bonds, the District has three additional series of general obligation bonds outstanding, each of which is secured by ad valorem taxes upon all property subject to taxation by the District on a parity with the Series C Bonds.

On May 29, 2013, the District issued $18,405,000 aggregate principal amount of its 2012 Election General Obligation Bonds, 2013 Series A (the "Series A Bonds") as its first series of authorized bonds issued under the 2012 Authorization. On April 23, 2015, the District issued $28,110,000 aggregate principal amount of its 2012 Election General Obligation Bonds, 2015 Series B (the "Series B Bonds") and $3,380,000 aggregate principal amount of its 2012 Election General Obligation Bonds, 2015 Series T-1 (the "Series T-1 Bonds"), as its second and third series, respectively, of authorized bonds issued under the 2012 Authorization.

The Series C Bonds represent the fourth series of authorized bonds to be issued under the 2012 Authorization and will be issued to finance authorized projects. See "–Application and Investment of Series C Bond Proceeds" herein.

Aggregate Debt Service

The following table summarizes the annual aggregate debt service requirements of all outstanding bonds of the District (including the Series C Bonds), assuming no early redemptions.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
General Obligation Bonds – Aggregate Debt Service

Period Ending August 1,	Series A Bonds	Series B Bonds	Series T-1 Bonds	Series C Bonds	Aggregate Total Debt Service
2017	$ 571,025.00	$ 1,666,331.26	$ 836,750.00	$ 275,028.19	$ 3,349,134.45
2018	571,025.00	1,664,581.26	986,500.00	908,350.00	4,130,456.26
2019	571,025.00	1,666,581.26	1,092,000.00	908,350.00	4,237,956.26
2020	591,025.00	1,662,081.26	–	1,318,350.00	3,571,456.26
2021	620,425.00	1,666,331.26	–	887,850.00	3,174,606.26
2022	653,925.00	1,663,831.26	–	887,850.00	3,205,606.26
2023	686,375.00	1,664,831.26	–	887,850.00	3,239,056.26
2024	717,775.00	1,664,081.26	–	887,850.00	3,269,706.26
2025	758,125.00	1,666,581.26	–	887,850.00	3,312,556.26
2026	797,125.00	1,662,081.26	–	887,850.00	3,347,056.26
2027	834,775.00	1,665,831.26	–	887,850.00	3,388,456.26
2028	880,350.00	1,662,331.26	–	887,850.00	3,430,531.26
2029	918,620.00	1,665,031.26	–	887,850.00	3,471,501.26
2030	964,795.00	1,661,831.26	–	952,850.00	3,579,476.26
2031	1,013,870.00	1,666,675.00	–	1,014,600.00	3,695,145.00
2032	1,065,670.00	1,665,425.00	–	1,083,100.00	3,814,195.00
2033	1,118,545.00	1,661,950.00	–	1,157,850.00	3,938,345.00
2034	1,178,275.00	1,662,500.00	–	1,228,350.00	4,069,125.00
2035	1,284,400.00	1,665,543.76	–	1,289,600.00	4,239,543.76
2036	1,339,000.00	1,662,237.50	–	1,376,850.00	4,378,087.50
2037	1,380,000.00	1,665,437.50	–	1,468,600.00	4,514,037.50
2038	1,447,800.00	1,666,637.50	–	1,554,350.00	4,668,787.50
2039	1,516,200.00	1,665,837.50	–	1,649,100.00	4,831,137.50
2040	1,590,000.00	1,663,037.50	–	1,747,100.00	5,000,137.50
2041	1,668,800.00	1,663,237.50	–	1,847,850.00	5,179,887.50
2042	1,747,200.00	1,664,800.00	–	1,950,850.00	5,362,850.00
2043	–	1,665,600.00	–	2,655,600.00	4,321,200.00
2044	–	1,664,000.00	–	2,801,600.00	4,465,600.00
2045	–	–	–	3,489,200.00	3,489,200.00
2046	–	–	–	3,650,400.00	3,650,400.00
Total:	$26,486,150.00	$46,605,256.40	$2,915,250.00	$42,318,578.19	$118,325,234.59

Source: Fieldman, Rolapp & Associates

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES C BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Series C 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 will be deposited by the County in the Interest and Sinking Fund of the District, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

The Series C Bonds are payable from ad valorem taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Series C Bonds.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 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. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

The District has pledged all revenues from the property taxes collected from the levy by the Board of Supervisors of the County for the payment of all bonds, including the Series C Bonds (collectively, the "Bonds"), of the District heretofore or hereafter issued pursuant to voter approved measures of the District 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. The Resolution provides that the property taxes and amounts held in the Interest and Sinking Fund shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the Bonds and shall be 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. The Resolution provides that this pledge constitutes an agreement between the District and the owners of Bonds to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds secured by the pledge are or were issued to finance (or refinance) one or more of the projects specified in the applicable voter-approved measure.

Property Taxation System

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 receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the county treasurer-tax collector, the superintendent of schools of which has jurisdiction over the school district holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due, as ex officio treasurer of the school district.

Assessed Valuation of Property Within the District

Taxable property located in the District has a fiscal year 2016-17 assessed value of $11,239,652,775. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "–Appeals of Assessed Valuation; Blanket Reductions of Assessed Values" below.

Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Locally taxed property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State–assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

The following table sets forth the assessed valuation of the various classes of property in the District's boundaries from fiscal year 2007-08 through 2016–17.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
Assessed Valuations
Fiscal Years 2007-08 through 2016–17

Fiscal Year Ending	Local Secured	Utility	Unsecured	Total Valuation
2007-08	$9,544,682,697	$758,154	$243,795,442	$9,789,236,293
2008-09	9,482,432,162	757,481	263,834,906	9,747,024,549
2009-10	8,649,842,239	756,220	279,499,853	8,930,098,312
2010-11	8,608,718,045	760,878	242,857,475	8,852,336,398
2011–12	8,410,879,164	612,519	255,390,374	8,666,882,057
2012–13	8,529,583,220	612,976	267,646,262	8,797,842,458
2013–14	9,027,012,108	612,160	262,964,536	9,290,588,804
2014–15	9,737,213,234	609,494	264,772,067	10,002,594,795
2015–16	10,308,992,898	608,010	268,314,248	10,577,915,156
2016–17	10,972,747,246	503,232	266,402,297	11,239,652,772

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "*–Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor's office, the County has in the past, pursuant to Article XIIIA of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to ad valorem taxes.

Bonding Capacity. As an elementary school district, the District may issue bonds in an amount up to 1.25% of the assessed valuation of taxable property within its boundaries. The District's fiscal year 2016-17 gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately $140.50 million and its net bonding capacity is approximately $94.88 million (taking into account current outstanding debt before issuance of the Series C Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table describes the percentage and value of the total assessed valuation of the property within the District's boundaries that reside in the city of Bakersfield and unincorporated portions of the County for fiscal year 2016–17.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
2016–17 Assessed Valuation by Jurisdiction

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Bakersfield	$10,931,426,670	97.26%	$27,419,614,430	39.87%
Unincorporated Kern County	308,226,105	2.74	$47,291,229,752	0.65%
Total District	$11,239,652,775	100.00%		
Kern County	$11,239,652,775	100.00%	$82,880,528,847	13.56%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table sets forth a distribution of taxable property located in the District on the fiscal year 2016–17 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
2016–17 Assessed Valuation and Parcels by Land Use

	2016–17 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	$133,310,852	1.21%	285	0.70%
Commercial/Office	1,573,600,864	14.34	687	1.68
Vacant Commercial	41,025,438	0.37	125	0.31
Industrial	681,570,132	6.21	391	0.96
Vacant Industrial	25,949,479	0.24	140	0.34
Recreational	79,298,635	0.72	50	0.12
Government/Social/Institutional	180,374,843	1.64	1,239	3.04
Miscellaneous	31,334,020	0.29	115	0.28
Subtotal Non-Residential	$2,746,464,263	25.03%	3,032	7.43%
Residential:				
Single Family Residence	$7,262,625,156	66.19%	31,761	77.84%
Condominium/Townhouse	238,501,712	2.17	2,537	6.22
Mobile Home	17,635,417	0.16	751	1.84
Mobile Home Park	14,152,803	0.13	6	0.01
2-4 Residential Units	203,418,874	1.85	767	1.88
5+ Residential Units/Apartments	341,174,876	3.11	479	1.17
Vacant Residential	148,774,145	1.36	1,472	3.61
Subtotal Residential	$8,226,282,983	74.97%	37,773	92.57%
TOTAL	$10,972,747,246	100.00%	40,805	100.00%

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

Assessed Valuation of Single-Family Homes. The following table sets forth the assessed valuation of single-family homes in the District's boundaries for fiscal year 2016-17.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
2016-17 Per Parcel Assessed Valuation of Single Family Homes

	Number of Parcels	2016-17 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	31,761	$7,262,625,156	$228,665	$200,215

2016-17 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	14	0.044%	0.044%	$226,775	0.003%	0.003%
$25,000 - $49,999	144	0.453	0.497	5,906,037	0.081	0.084
$50,000 - $74,999	554	1.744	2.242	34,917,740	0.481	0.565
$75,000 - $99,999	1,054	3.319	5.560	93,649,772	1.289	1.855
$100,000 - $124,999	2,429	7.648	13.208	277,855,225	3.826	5.681
$125,000 - $149,999	3,781	11.905	25.113	521,147,941	7.176	12.856
$150,000 - $174,999	3,883	12.226	37.338	630,648,734	8.683	21.540
$175,000 - $199,999	3,944	12.418	49.756	737,374,521	10.153	31.693
$200,000 - $224,999	3,426	10.787	60.543	725,940,702	9.996	41.688
$225,000 - $249,999	3,053	9.612	70.155	723,179,362	9.958	51.646
$250,000 - $274,999	2,494	7.852	78.008	653,828,492	9.003	60.649
$275,000 - $299,999	1,999	6.294	84.302	572,178,330	7.878	68.527
$300,000 - $324,999	1,231	3.876	88.177	383,660,247	5.283	73.810
$325,000 - $349,999	760	2.393	90.570	255,692,516	3.521	77.330
$350,000 - $374,999	493	1.552	92.122	177,821,298	2.448	79.779
$375,000 - $399,999	364	1.146	93.268	140,886,569	1.940	81.719
$400,000 - $424,999	281	0.885	94.153	115,692,231	1.593	83.312
$425,000 - $449,999	269	0.847	95.000	117,610,970	1.619	84.931
$450,000 - $474,999	229	0.721	95.721	105,536,693	1.453	96.384
$475,000 - $499,999	179	0.564	96.285	87,089,815	1.199	87.583
$500,000 and greater	1,180	3.715	100.000	901,781,186	12.417	100.000
Total	31,761	100.000%		$7,262,625,156	100.000%	

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

Largest Taxpayers in District. The following table sets forth the 20 taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2016-17 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are set forth below.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
Largest 2016-17 Local Secured Taxpayers

	Property Owner	Primary Land Use	2016-17 Assessed Valuation	Percent of Total[1]
1.	Nestle Dreyers Ice Cream Company	Industrial	$191,752,448	1.75%
2.	Valley Plaza Mall LP	Regional Mall	130,379,395	1.19
3.	Donahue Schriber Realty Group LP	Shopping Center	75,555,189	0.69
4.	Castle & Cooke Cal Inc.	Commercial and Residential	71,895,923	0.66
5.	Chevron USA Inc.	Office Building	57,693,423	0.53
6.	LSREF2 Tractor REO BAK LLC	Office Building	56,488,417	0.51
7.	Bolthouse Properties LLC	Commercial	46,290,105	0.42
8.	GSF Springs I Investors LP	Apartments	39,088,718	0.36
9.	Bakersfield Mall LLC	Movie Theater	38,715,826	0.35
10.	Ming Prop LLC	Office Building	38,679,916	0.35
11.	Kern Schools Federal Credit Union	Credit Union	30,772,183	0.28
12.	Old River Ranch LLC	Agricultural	30,743,687	0.28
13.	Laurelglen Properties LLC	Apartments	30,050,291	0.27
14.	United States Cold Storage of CA	Industrial	29,234,269	0.27
15.	Lennar Fresno Inc.	Residential Development	29,171,986	0.27
16.	C&C Commercial CA Inc.	Shopping Center	28,190,224	0.26
17.	Bakersfield Venture Properties LLC	Hospital	26,980,000	0.25
18.	GSF Edgewater Investors LP	Apartments	26,784,036	0.24
19.	Crimson Resource Mgmt. Corp.	Industrial	22,311,162	0.20
20.	Costco Wholesale Corp.	Commercial	21,614,225	0.20
			$1,022,391,423	9.32%

[1] 2016-17 local secured assessed valuation: $10,972,747,246
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "*–Appeals of Assessed Valuation;* Blanket Reductions of Assessed Values" above.

Tax Rates

The State Constitution permits the levy of an ad valorem tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special ad valorem property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Series C Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Series C Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Series C Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following table sets forth ad valorem property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 1-025). This Tax Rate Area comprises approximately 11.21% of the total assessed value of the District.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
Typical Total Tax Rates per $100 of Assessed Valuation
Fiscal Years 2012-13 through 2016-17

	2012-13	2013-14	2014-15	2015-16	2016-17
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Kern County Water Agency	.054045	.056910	.052537	.053705	.058505
Panama-Buena Vista Union School District	.000000	.019350	.029374	.033026	.024287
Kern High School District	.043663	.039160	.036056	.032389	.025969
Kern Community College District SRID	.008502	.012644	.010450	.013571	.013180
Total	1.106210%	1.128064%	1.128417%	1.132691%	1.121941%

Source: California Municipal Statistics, Inc.

In accordance with the California Constitution and the Education Code, bonds approved pursuant to the 2016 Authorization may not be issued unless the District projects that repayment of all outstanding bonds approved under the 2016 Authorization will require a tax rate no greater than $30.00 per $100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Series C Bonds, the District projects that the maximum tax rate required to repay the Series C Bonds and all other outstanding bonds approved at the 2016 Authorization will be within that legal limit. The tax rate limitation applies only when new bonds are issued and does not restrict the authority of the County Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Series C Bonds and any other series of bonds issued under the 2016 Authorization in each year.

Tax Charges and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory process enacted since that time. Revenues derived from special ad valorem taxes for voter-approved indebtedness, including the Series C Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a $10 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a $15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer-tax collector

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer-tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The county treasurer-tax collector may also bring a civil suit against the taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table sets forth real property tax charges and corresponding delinquencies with respect to the property located in the District for fiscal years 2011-12 through 2015-16.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
Secured Tax Charges and Delinquencies[1]
Fiscal Years 2011-12 through 2015-16

Fiscal Year	Secured Tax Charge[2]	Amount Delinquent June 30	Percent Delinquent June 30
2011-12	$801,192.60	$9,731.63	1.21%
2012-13	0.00	0.00	0.00
2013-14	1,321,995.85	13,184.06	1.00
2014-15	2,126,038.33	19,097.78	0.90
2015-16	3,432,918.56	29,241.99	0.85

Fiscal Year	Secured Tax Charge[3]	Amount Delinquent June 30	Percent Delinquent June 30
2011-12	$11,214,928.40	$167,133.39	1.49%
2012-13	11,249,723.77	151,252.74	1.34
2013-14	11,552,503.37	150,009.20	1.30
2014-15	12,403,957.94	161,978.95	1.31
2015-16	12,848,199.32	162,972.38	1.27

(1) The County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest.
(2) District's general obligation bond debt service levy only.
(3) 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

Teeter Plan. The County has adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing with Section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year end. Under the Teeter Plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and, by such financing, its general fund receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. In addition, the County's general fund benefits from future collections of penalties and interest on all delinquent taxes collected on behalf of participants in this alternative method of apportionment.

Upon adopting the Teeter Plan, the County was required to distribute to participating local agencies, 95% of the then-accumulated, secured roll property tax delinquencies and to place the remaining 5% in a tax losses reserve fund. Taxing entities that maintain funds in the Treasury of the County are all included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. Since the District maintains funds in the Treasury of the County, the District is included in the Teeter Plan.

A Teeter Plan is to remain in effect unless the board of supervisors of a county orders its discontinuance or unless, prior to the commencement of any fiscal year of a county (which commences on July 1), the board of supervisors of such county shall receive a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in such county, in which event the board of supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. In the event that the Teeter Plan were terminated, receipt of revenue of ad valorem taxes in the District would depend upon the collections of the ad valorem property taxes and delinquency rates experienced with respect to the parcels within the District.

Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. dated January 11, 2017 for debt outstanding as of January 1, 2017. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two 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 three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
Statement of Direct and Overlapping Bonded Debt

January 11, 2017

2016-17 Assessed Valuation: $11,239,652,775

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable[1]	Debt 1/1/17
Kern Community College District Safety, Repair and Improvement District	13.895%	$19,005,036
Kern High School District	21.604	39,843,438
Panama-Buena Vista Union School District	100.000	45,615,000[1]
Kern Delta Water District	51.547	296,395
City of Bakersfield 1915 Act Bonds	22.175-57.226	9,995,585
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$114,755,454
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Kern County Certificates of Participation	13.561%	$13,553,541
Kern County Pension Obligation Bonds	13.561	34,470,471
Kern County Board of Education Certificates of Participation	13.561	5,315,912
Kern Community College District Certificates of Participation	12.475	4,061,766
Kern Community College District Post Employment Benefit Obligation Bonds	12.475	9,947,336
Kern High School District Certificates of Participation	21.604	32,811,075
Panama-Buena Vista Union School District Certificates of Participation	100.000	55,265,000
City of Bakersfield General Fund Obligations	39.867	6,448,487
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$161,873,588
COMBINED TOTAL DEBT		$276,629,042[2]

Ratios to 2016-17 Assessed Valuation:

Direct Debt ($45,615,000)..0.41%
Combined Direct Debt ($100,880,000) 0.90%
Total Direct and Overlapping Tax and Assessment Debt................1.02%
Combined Total Debt...2.46%

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(1) Excludes the Series C Bonds.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series C Bonds, AGM will issue its Policy for the Series C Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series C Bonds when due as set forth in the form of the Policy included as Appendix G to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Capitalization of AGM

At December 31, 2016, AGM's policyholders' surplus and contingency reserve were approximately $3,557 million and its net unearned premium reserve was approximately $1,328 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (filed by AGL with the SEC on February 24, 2017).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series C Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Series C Bonds or the advisability of investing in the Series C Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE."

TAX MATTERS

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 Series C 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 Series C 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 C hereto.

To the extent the issue price of any maturity of the Series C Bonds is less than the amount to be paid at maturity of such Series C Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series C 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 Series C 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 Series C Bonds is the first price at which a substantial amount of such maturity of the Series C 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 Series C Bonds accrues daily over the term to maturity of such Series C 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 Series C Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series C Bonds. Beneficial Owners of the Series C Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series C Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series C Bonds in the original offering to the public at the first price at which a substantial amount of such Series C Bonds is sold to the public.

Series C 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 obligations, 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 Series C Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series C 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 Series C Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series C 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 Series C Bonds may adversely affect the value of, or the tax status of interest on, the Series C 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 Series C 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 Series C 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 Series C 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. For example, the presidential budget proposals in previous years have proposed legislation that would limit the exclusion from gross income of interest on the Series C Bonds to some extent for high-income individuals. 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 Series C Bonds. Prospective purchasers of the Series C 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 Series C 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 Series C Bonds ends with the issuance of the Series C 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 Series C 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 Series C 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 Series C Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Series C Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to the Series C Bonds at the time of issuance substantially in the form set forth in Appendix C hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District.

Legality for Investment in California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Series C Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "EMMA System") certain annual 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 notice of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") of the Securities and Exchange Commission (the "SEC").

A review of the District's compliance with its previous continuing disclosure undertakings was conducted and it was found, during the preceding five years, that the District did not timely file notices of certain rating changes. These reporting obligations relate to bonds that have since been defeased.

In order to assist the District in complying with its continuing disclosure obligations, the District has engaged Applied Best Practices LLC as its dissemination agent.

Litigation

No litigation is pending or threatened concerning or contesting the validity of the Series C Bonds or the District's ability to receive ad valorem taxes and to collect other revenues, or contesting the District's ability to issue and retire the Series C Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Series C Bonds or District officials who will sign certifications relating to the Series C Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Series C Bonds.

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

MISCELLANEOUS

Ratings

S&P and Moody's have assigned their respective ratings of "A+" and "A1" to the Series C Bonds. Rating agencies generally base their ratings on their own investigations, studies and assumptions as well as information and materials furnished to them (which may include information and materials from the District, which are not included in this Official Statement). The ratings reflect only the view of the rating agency furnishing the same, and any explanation of the significance of such ratings should be obtained only from the rating agency providing the same. Such ratings are not a recommendation to buy, sell or hold the Series C Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series C Bonds. Neither the Underwriter nor the District has undertaken any responsibility after the offering of the Series C Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

In addition, S&P and Moody's are expected to assign their respective ratings of "AA" (stable outlook) and "A2" (stable outlook) to the Series C Bonds with the understanding that, upon delivery of the Series C Bonds, the Policy will be delivered by the Insurer. See "BOND INSURANCE." Such ratings are expected to be assigned solely as a result of the issuance of the Policy and will reflect only each rating agency's view of the claims-paying ability and financial strength of the Insurer. Neither the District nor the Purchaser have made any independent investigation of the claims-paying ability of the Insurer and no representation is made that any insured rating of the Series C Bonds based upon the purchase of the Policy will remain higher than each rating agency's underlying rating of the Series C Bonds described above, which did not take bond insurance into account. The existence of the Policy will not, of itself, negatively affect such underlying ratings. Without regard to any bond insurance, the Series C Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal of and interest on the Series C Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES C BONDS." However, any downward revision or withdrawal of any rating of the Insurer may have an adverse effect on the market price or marketability of the Series C Bonds.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Series C Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Series C Bonds. Fieldman, Rolapp & Associates is acting as the District's financial advisor with respect to the Series C Bonds and will receive compensation from the District upon the sale and delivery of the Series C Bonds.

Underwriting

The Series C Bonds were purchased by Robert W. Baird & Co., Inc. (the "Purchaser") as the winner of a competitive bid conducted on March 29, 2017. The Underwriter has agreed to purchase the Series C Bonds at a price of $21,435,040.80. Under the Official Notice, the Underwriter is obligated to pay the bond insurance premium related to the Policy. See "THE SERIES C BONDS – Application and Investment of Series C Bond Proceeds."

The Underwriter may offer and sell the Series C Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Series C Bonds. Quotations from and summaries and explanations of the Series C Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

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

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

PANAMA-BUENA VISTA UNION
SCHOOL DISTRICT

By: /s/ Kevin M. Silberberg, Ed.D.
Superintendent

APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this appendix concerning the operations of the Panama-Buena Vista Union School District (the "District"), the District's finances, and State of California (the "State") funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Series C Bonds are payable from the general fund of the District or from State revenues. The Series C Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County of Kern on property within the District in an amount sufficient for the timely payment of principal of and interest on the Series C Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES C BONDS" in the front portion of this Official Statement.

THE DISTRICT

Introduction

On July 1, 1988, the Panama Union School District, founded in 1875, was annexed by the Buena Vista School District to form the District. The District and its predecessor districts have each operated as an elementary school district under the laws of the State.

The District, covering an area of approximately 87 square miles, is located in, and southwest of, the City of Bakersfield, California, which is the county seat of the County of Kern (the "County"). The District provides public education in kindergarten through eighth grade, operating 18 elementary and five junior high schools. California State University, Bakersfield, which has a current enrollment of approximately 9,341 students, is also located within the District.

The District is governed by an independent Board of Trustees consisting of five members who are elected at large to overlapping four-year terms at elections held every two years. The District's affairs are administered by a superintendent, who is appointed by the Board of Trustees. Kevin M. Silberberg, Ed.D., has served as Superintendent of the District since July 2013.

Total assessed valuation of taxable property in the District in fiscal year 2016-17 is $11,239,652,775. The District operates under the jurisdiction of the Kern County Superintendent of Schools.

Board of Trustees

The District is governed by an independent Board of Trustees (the "Board") consisting of five members who are elected at large to overlapping four-year terms at elections held every two years. Each December the Board elects a President, Vice President and Clerk to serve one-year terms. Current voting members of the Board, together with their office and the date their current term expires, are listed below.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)

Board of Trustees

Name	Office	Term Expires
Keith Wolaridge	President	December 2018
Ana Rojas	Vice President	December 2018
Dr. Dean Haddock	Clerk	December 2020
John P. Lake	Trustee	December 2020
Greg White	Trustee	December 2020

Superintendent and Business Services Personnel

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators. Information concerning the District's Superintendent and the Assistant Superintendent of Business Services is set forth below.

Kevin M. Silberberg, Ed.D., Superintendent. Dr. Kevin Silberberg has been the District's Superintendent since July 1, 2013. He came to the District from Standard School District, where he served as superintendent for six years. In his 30 years as a public educator, Dr. Silberberg has been a teacher, assistant principal, principal, regional director and superintendent.

Glenn Imke, Assistant Superintendent of Business Services. Glenn Imke joined the District in 2005 as the Director of Fiscal Services and was promoted to Assistant Superintendent Business Services in September 2012. Glenn has over 25 years experience in public accounting, business management, auditing and finance.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" herein) and a local portion derived from the District's share of the 1% local ad valorem tax authorized by the State Constitution (see "– Local Sources of Education Funding" herein). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has projected to receive approximately 87.38% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local ad valorem tax), projected at approximately $157.83 million in fiscal year 2016-17. Such amount includes both the State funding provided under the LCFF as well as other State revenues (see "–Allocation of State Funding to School Districts; Local Control Funding Formula – Attendance and LCFF" and "–Other District Revenues – Other State Revenues" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory 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), a minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local education agencies therein implemented a new funding formula for school finance system called the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF"). Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" herein for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. The budget requires a simple majority vote of each house of the State Legislature for passage. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two-thirds vote of the State Legislature is required to override any veto by the Governor. 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. The Governor signed the fiscal year 2016-17 State budget on June 27, 2016.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school 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. Should the State Legislature fail to pass a 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 v. Davis 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 v. Davis 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 proceeds of 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 better information regarding the various factors becomes available. Over the long run, the guaranteed amount will 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 "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 Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the California Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact upon the Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

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 from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011 12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Series C Bonds, and the District takes no responsibility for informing owners of the Series C Bonds 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." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.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.

2016-17 State Budget. The Governor signed the fiscal year 2016-17 State budget (the "2016-17 State Budget") on June 27, 2016. The 2016-17 State Budget sets forth a balanced budget for Fiscal Year 2016-17 and allocates funds from Proposition 2 to pay down outstanding budgetary borrowing and retirement liabilities of the State and University of California. The 2016-17 State Budget estimates that total resources available in fiscal year 2015-16 totaled approximately $120.45 billion (including a prior year balance of $3.4 billion) and total expenditures in fiscal year 2015-16 totaled approximately $115.57 billion.

The 2016–17 State Budget projects total resources available for fiscal year 2016–17 of $125.18 billion, inclusive of revenues and transfers of $120.31 billion and a prior year balance of $4.87 billion. The 2016–17 State Budget projects total expenditures of $122.47 billion, inclusive of non-Proposition 98 expenditures of $71.42 billion and Proposition 98 expenditures of $51.05 billion. The 2016–17 State Budget proposes to allocate $966 million of the General Fund's projected fund balance to the Reserve for Liquidation of Encumbrances and $1.75 billion of such fund balance to the State's Special Fund for Economic Uncertainties. In addition, the 2016–17 State Budget estimates the Rainy Day Fund will have a fund balance of $6.71 billion.

Certain budgeted adjustments for K-12 education set forth in the 2016–17 State Budget include the following:

- School District Local Control Funding Formula. The 2016–17 State Budget includes an increase of more than $2.9 billion to continue the implementation of the Local Control Funding Formula. The 2016–17 State Budget proposes to commit most new funding to Supplemental Grants and Concentration Grants. The Governor estimates that the budgeted increase will bring the total Local Control Funding Formula implementation to 96%.

- Proposition 98 Minimum Guarantee. The 2016–17 State Budget includes Proposition 98 funding of $71.9 billion, inclusive of State and local funds, for fiscal year 2016–17. Such amount is expected to satisfy the Proposition 98 minimum guarantee for fiscal year 2016–17.

- Mandate Claims. The 2016–17 State Budget proposes to allocate approximately $1.3 billion in one-time moneys to reduce outstanding mandate claims by K-12 local education agencies. The State expects such funds to be used for activities including, among others, deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology and the implementation of new educational standards.

- College Readiness Block Grant. The 2016–17 State Budget includes a one-time increase of $200 million to the Proposition 98 General Fund for grants to school districts and charter schools that serve high school students. The State will direct grant recipients to such funds be used to support access to higher education and transition to higher education.

- Integrated Teacher Preparation Grant Program. The 2016–17 State Budget includes a one-time allocation of $10 million from the Proposition 98 portion of the General Fund to the Integrated Teacher Preparation Grant Program, which provides competitive grants to colleges and universities to develop or improve teacher credential programs.

- Classified School Employees Credentialing Program. The 2016–17 State Budget includes a one-time allocation of $20 million from the Proposition 98 portion of the General Fund to establish a credentialing program that recruits non-certified school employees and prepares them to become certificated classroom teachers.

- California Center on Teacher Careers. The 2016–17 State Budget includes a one-time increase of $5 million of Proposition 98 General Fund to establish a multi-year competitive grant, which will be awarded to a local education agency to establish and operate the California Center on Teaching Careers. The California Center on Teaching Careers, once established, will recruit individuals to the teaching profession, host a referral database for teachers seeking employment, develop and distribute recruitment publications, conduct outreach activities to high school and college students, provide statewide public service announcements related to teacher recruitment, and provide prospective teachers information on credential requirements, financial aid and loan assistance programs.

- California Collaborative for Educational Excellence. The 2016-17 State Budget provides a one-time increase of $24 million to the Proposition 98 portion of the General Fund for the California Collaborative for Educational Excellence to, among other things, support statewide professional development training relating to evaluation methods and metrics and implement a pilot program related to advising and assisting local education agencies on improving pupil outcomes.

- Safe Drinking Water in Schools. The 2016-17 State Budget includes an increase of $9.5 million of one-time Proposition 98 General Fund to create a grant program to improve access to safe drinking water for schools located in isolated areas and economically disadvantaged areas. The program will be developed and administered by the State Water Resources Control Board in consultation with the California Department of Education.

- Charter School Startup Grants. The 2016-17 State Budget allocates an increase of $20 million of one-time Proposition 98 General Fund resources to support operational startup costs for new charter schools in 2016 and 2017. Such allocation is expected to partially offset the loss of federal funding previously available for such purpose.

- Multi-Tiered Systems of Support. The 2016-17 State Budget allocates an increase of $20 million of one-time Proposition 98 General Fund resources to build upon the $10 million investment included in the 2015-16 State Budget for an increased number of local educational agencies to provide academic and behavioral supports in a coordinated and systematic way. The State expects such funds to, among other things, assist local education agencies as they provide services that support academic, behavioral, social and emotional needs and improve outcomes for students.

- Proposition 47. Proposition 47 (2014) requires a portion of any State savings which have resulted from the State's reduced penalties for certain non-serious and non-violent property and drug offenses, to be allocated to K-12 truancy and dropout prevention, victim services, and mental health and drug treatment. The 2016-17 State Budget includes an increase of $18 million on a one-time basis to the Proposition 98 portion of the General Fund allocated to a grant program for truancy and dropout prevention.

The complete 2016-17 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

2017-18 Proposed State Budget. The Governor released his proposed fiscal year Proposed 2017-18 State Budget (the "Proposed 2017-18 State Budget") on January 10, 2017. The Proposed 2017-18 State Budget sets forth a balanced budget for fiscal year 2017-18. However, the Governor cautions that the State's projected revenues are approximately $5.8 billion lower than projected for 2015-16 through 2017-18 and, absent corrective action, could lead to annual deficits of $1 billion to $2 billion. The Proposed 2017-18 State Budget estimates that total resources available in fiscal year 2016-17 totaled approximately $123.79 billion (including a prior year balance of $5.0 billion) and total expenditures in fiscal year 2016-17 totaled approximately $122.76 billion. The Proposed 2017-18 State Budget projects total resources available for fiscal year 2017-18 of $125.05 billion, inclusive of revenues and transfers of $124.03 billion and a prior year balance of $1.03 billion. The Proposed 2017-18 State Budget projects total expenditures of $122.52 billion, inclusive of non-Proposition 98 expenditures of $71.17 billion and Proposition 98 expenditures of $51.35 billion. The 2016-17 State Budget proposes to allocate $980 million of the General Fund's projected fund balance to the Reserve for Liquidation of Encumbrances and $1.55 billion of such fund balance to the State's Special Fund for Economic Uncertainties. In addition, the Proposed 2017-18 State Budget estimates the Rainy Day Fund will have a fund balance of $7.87 billion.

Certain budgeted adjustments for K-12 education set forth in the Proposed 2017-18 State Budget include the following:

- School District Local Control Funding Formula. The Proposed 2017-18 State Budget includes an increase of more than $744 million to continue the transition to full implementation of the Local Control Funding Formula. The Governor estimates that the Local Control Funding Formula's implementation will reach 96 percent in fiscal year 2017-18.

- Proposition 98 Minimum Guarantee. The Proposed 2017-18 State Budget proposes to fund the Proposition 98 minimum guarantee in fiscal year 2016-17 and 2017-18. However, due to changes in workload factors and budgetary adjustments, the Governor's calculation of the Proposition 98 minimum guarantee will be approximately $55.5 million and $113.5 million less than previously projected for fiscal years 2015-16 and 2016-17, respectively. The Proposed 2017-18 State Budget projects a Proposition 98 minimum guarantee of $73.5 billion in 2017-18.

- One-Time Local Control Funding Formula Cost Shift. The Proposed 2017-18 State Budget proposes to shift $859.1 million in Local Control Funding Formula expenditures from June 2017 to July 2017 in order to maintain 2016-17 programmatic expenditure levels. The Proposed 2017-18 State Budget will repay this deferral in 2017-18.

- One-Time Discretionary Funding. The Proposed 2017-18 State Budget includes an increase of $287 million in one-time Proposition 98 General Fund for school districts, charter schools and county offices of education to use at local discretion. This funding will support investments such as content standards implementation, technology, professional development, induction programs for beginning teachers and deferred maintenance.

- Career Technical Education Funding. The Proposed 2017-18 State Budget includes $200 million for the Career Technical Education Incentive Grant Program, the final installment of funding for this three-year program.

- County Offices of Education Local Control Funding Formula. The Proposed 2017-18 State Budget includes an increase of $2.4 million Proposition 98 General Fund to support a cost-of-living adjustment and average daily attendance changes for county offices of education.

- Charter School Growth. The Proposed 2017-18 State Budget includes an increase of $93 million Proposition 98 General Fund to support projected charter school average daily attendance growth.

- Special Education. The Proposed 2017-18 State Budget includes a decrease of $4.9 million Proposition 98 General Fund to reflect a projected decrease in special education average daily attendance.

- Local Property Tax Adjustments. The Proposed 2017-18 State Budget includes a decrease of $922.7 million in Proposition 98 General Fund for school districts and county offices of education in 2017-18 as a result of increased offsetting local property tax revenues.

- School District Average Daily Attendance. The Proposed 2017-18 State Budget includes a decrease of $63.1 million in fiscal year 2017-18 for school districts as a result of a projected decline in average daily attendance.

- Cost-of-Living Adjustments. The Proposed 2017-18 State Budget includes an increase of $58.1 million Proposition 98 General Fund to support a 1.48-percent cost-of-living adjustment for categorical programs that remain outside of the Local Control Funding Formula, including Special Education, Child Nutrition, Foster Youth, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- California Clean Energy Jobs Act. The California Clean Energy Jobs Act of 2012 increases state corporate tax revenues, and requires half of the increased revenues, up to $550 million per year, to be used to support energy efficiency for fiscal years 2013-14 through 2017-18. The Proposed 2017-18 State Budget includes $422.9 million to support school district and charter school energy efficiency projects.

- Proposition 47. Proposition 47 (2014) requires a portion of any State savings which have resulted from the State's reduced penalties for certain non-serious and non-violent property and drug offenses, to be allocated to K-12 truancy and dropout prevention, victim services, and mental health and drug treatment. The Proposed 2017-18 State Budget includes $10.1 million to support investments aimed truancy and dropout prevention among K-12 public school pupils.

- Proposition 56. Proposition 56 (2016) requires a portion of the revenues from the increased cigarette tax and the tax on other tobacco products to be used for school programs that prevent and reduce the use of tobacco and nicotine products by youths. The Proposed 2017-18 State Budget includes $29.9 million to support tobacco and nicotine prevention and reduction programs at K-12 schools.

- Kindergarten Through Community College Public Education Facilities Bond Act. The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 authorized $7 billion in State general obligation bonds for K-12 schools. The Proposed 2017-18 State Budget states that the Governor will support the expenditures of Proposition 51 funds after, among other things, legislation is approved regarding bond expenditures audit requirements and the State Allocation Board and Office of Public School Construction revise policies and regulations for school participants that request funding through the school facilities program.

The complete Proposed 2017-18 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of 2017-18 Proposed State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the 2017-18 Proposed State Budget entitled "The 2017-18 Budget: Overview of the Governor's Budget" on January 13, 2017 (the "2017-18 Proposed Budget Overview"). In the 2017-18

Proposed Budget Overview, the LAO challenges the Governor's revenue projections with regard to personal income tax revenues as being far too low. While the LAO admits that the Governor's estimated 3.3% personal income tax growth rate is possible, the LAO points out that it is inconsistent with other aspects of the administration's economic outlook, which predicts stock price growth for several years after 2016. By the May revision of the budget, the LAO predicts that the budget will change and reflect considerably more revenue since the State will have more information on its fiscal condition. The LAO also points out that the Governor's budget proposal assumes no major changes in federal policy, which the LAO notes is a reasonable assumption given that at this point, there is no way of knowing precisely what actions the new Congress and President will pursue. The LAO explains that there may be some near-term benefit to state tax revenues based on changes in federal tax policies, but states that other possible federal policy changes, however, could affect the economy, reduce federal funding, and/or increase state costs substantially in future years—especially potential changes in federal health care programs.

With respect to the Proposition 98 budget plan in the 2017-18 Proposed State Budget, the LAO expects that the minimum guarantee for fiscal year 2015-16 will remain unchanged while the fiscal year 2016-17 minimum guarantee could be revised more substantially. In light of the higher revenue that the LAO expects in fiscal year 2017-18, the LAO also predicts that the minimum guarantee for fiscal year 2017-18 will be higher.

As discussed in the 2017-18 Proposed Budget Overview, the largest ongoing budget proposal is a $744 million augmentation to LCFF. According to the LAO, the proposed augmentation is approximately equal to the cost of applying the statutory 1.48% cost-of-living adjustment. The LAO reports that the Governor estimates that LCFF would be 96% funded in fiscal year 2017-18—about the same percentage as fiscal year 2016-17. Under this proposal, school districts would receive 13 months of payments in fiscal year 2017-18, which includes 12 normal monthly LCFF payments plus a one-time payment of $859 million related to the prior-year deferral. The LAO notes that the Governor's proposed budget also includes new community college funding—about half of which is for apportionments, and the remainder is for mainly one-time payments for categorical programs. The 2017-18 Proposed Budget Overview provides that the Governor's budget plan includes $600 million in additional Proposition 98 related funding, including (1) $287 million for the K-12 mandates backlog, (2) $200 million for the Career Technical Education Incentive Grant program, (3) $44 million for deferred maintenance at the community colleges, and (4) $70 million for fund swaps (using one-time payments to support ongoing programs).

The Governor's budget roughly balances new ongoing and one-time Proposition 98 spending in fiscal year 2017-18. Regardless of the exact level of the fiscal year 2017-18 minimum guarantee, the LAO recommends that the Legislature adopt a final budget plan that continues to rely on a mix of ongoing and one-time spending. Under the LAO's advised approach, the Legislature could dedicate a portion of any additional increases in the minimum guarantee to LCFF and California Community College apportionments while using the remainder for one-time payments to reduce or eliminate the K-12 mandates backlog. The LAO cautions that a stronger fiscal year 2017-18 does not necessarily imply a strong fiscal year 2018-19, and by setting aside some funding for one-time purposes, the state would be better positioned to accommodate a drop in the fiscal year 2018-19 minimum guarantee without needing to make cuts to LCFF or community college apportionments.

The 2017-18 Proposed Budget Overview is available on the LAO website at www.lao.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2017-18 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2017–18 State budget from the 2017–18 Proposed State Budget. Additionally, the District cannot predict the impact that the final fiscal year 2017–18 State Budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2017–18 State budget may be affected by national and State economic conditions and other factors which the District cannot predict.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2016–17 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Bonds are payable from ad valorem property taxes, the State budget is not expected to have an impact on the payment of the Bonds.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in 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 community 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 State 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, which local redevelopment agencies have now been dissolved (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Assembly Bill No. 26 & California Redevelopment Association v. Matosantos" herein). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years—such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Allocation of State Funding to School Districts; Local Control Funding Formula. Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under California Education Code Section 42238 and following, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is an LCFF district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base grant ("Base Grant") per unit of average daily attendance ("A.D.A.") with additional supplemental funding (the "Supplemental Grant") allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF has an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. The LCFF includes the following components:

- A Base Grant for each local education agency ("LEA"). The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2016-17, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to $7,820 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to $7,189 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to $7,403 per A.D.A. for grades 7 and 8; (d) a Target Base Grant for each LEA equivalent to $8,801 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12.

- A 20% Supplemental Grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional Concentration Grant of up to 50% of a local education agency's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every LEA receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, LEAs would receive the greater of the Base Grant or the ERT.

Under the new formula, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012–13.

Local Control Accountability Plans. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year local control and accountability plan ("LCAP"). Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "Collaborative"), a newly established body of educational specialists, was created to advise and assist local education agencies in achieving the goals identified in their LCAPs. For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local education agency's LCAP.

Attendance and Base Revenue Limit. The following table sets forth the District's actual A.D.A., enrollment and base revenue limit per unit of A.D.A. for fiscal years 2011–12 and 2012–13 for grades kindergarten through grade eight, including special education.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
Average Daily Attendance, Enrollment and Funded Base Revenue Limit
Fiscal Years 2011–12 and 2012–13

Fiscal Year	Average Daily Attendance(1)	Enrollment(2)	Base Revenue Limit Per Unit of Average Daily Attendance
2011–12(3)	16,126	16,810	$7,037.74
2012–13(4)	16,530	17,325	$7,239.74

____
(1) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(2) Reflects enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") in each school year.
(3) The District had a 20.602% base revenue limit deficit factor and a 2.24% cost of living adjustment in fiscal year 2011–12, which resulted in a funded base revenue limit of $5,587.83.
(4) The District had a 22.272% base revenue limit deficit factor and a 3.243% cost of living adjustment in fiscal year 2012–13, which resulted in a funded base revenue limit of $5,627.31.
Source: Panama-Buena Vista Union School District.

Attendance and LCFF. The following table sets forth the District's actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "EL/LI Students")), and targeted Base Grant per unit of A.D.A. for fiscal years 2013–14 through 2016–17, respectively. The A.D.A. and enrollment numbers reflected in the following table include special education.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013–14 through 2016–17

		A.D.A./Base Grant				Enrollment[7][8]	
Fiscal Year		K-3	4-6	7-8	Total A.D.A.	Total Enrollment[7]	Unduplicated Percentage of EL/LI Students
2013–14	A.D.A.[2]:	7,523.54	5,496.49	3,789.56	16,809.59	17,585	65.68%
	Targeted Base Grant[3]:	$7,675	$7,056	$7,266	—	—	—
2014–15	A.D.A.[2]:	7,525.39	5,497.49	3,786.42	16,809.30	17,566	65.55%
	Targeted Base Grant[3][4]:	$7,740	$7,116	$7,328	—	—	—
2015–16	A.D.A.[2]:	7,610.77	5,619.33	3,717.44	16,947.54	17,643	66.54%
	Targeted Base Grant[3][5]:	$7,820	$7,189	$7,403	—	—	—
2016–17[1]	A.D.A.[2]:	7,678.46	5,655.83	3,859.51	17,193.80	17,988	67.51%
	Targeted Base Grant[3][6]:	$7,820	$7,189	$7,403	—	—	—

(1) Figures are projections.
(2) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(3) Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts were not expected to be fully funded in fiscal years 2013–14, 2014–15, 2015–16 and 2016–17.
(4) Targeted fiscal year 2014–15 Base Grant amounts reflect a 0.85% cost-of-living adjustment from targeted fiscal year 2013–14 Base Grant amounts.
(5) Targeted fiscal year 2015–16 Base Grant amounts reflect a 1.02% cost-of-living adjustment from targeted fiscal year 2014–15 Base Grant amounts.
(6) Targeted fiscal year 2016–17 Base Grant amount reflects a 0.00% cost-of-living adjustment from targeted fiscal year 2015–16 Base Grant amounts.
(7) Reflects enrollment as of October report submitted to the California Department of Education through CBEDS for the 2013–14 and 2014–15 school years and CALPADS for the 2015–16 school year. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013–14 percentage of unduplicated EL/LI Students will be expressed solely as a percentage of its fiscal year 2013–14 total enrollment. For fiscal year 2014–15, the percentage of unduplicated EL/LI Students enrollment will be based on the two-year average of EL/LI Students enrollment in fiscal years 2013–14 and 2014–15. Beginning in fiscal year 2015–16, a school district's percentage of unduplicated EL/LI Students will be based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
(8) The District presently projects enrollment to continue to increase by approximately 100 students in Fiscal Year 2017–18. See " – Effect of Changes in Enrollment" below.
Source: Panama-Buena Vista Union School District.

The District received approximately $138.62 million in aggregate revenues reported under LCFF sources in fiscal year 2015–16 and has projected to receive approximately $148.44 million in aggregate revenues under the LCFF in fiscal year 2016–17 (or approximately 82.18% of its general fund revenues in fiscal year 2016–17). Such amount includes supplemental grants and concentration grants projected to be approximately $9.65 million and $4.47 million, respectively, in fiscal year 2016–17.

Local Sources of Education Funding

The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections

95 and following of the California Revenue and Taxation Code. California Education Code Section 42238(h) itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some State equalization aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See *"–Allocation of State Funding to School* Districts; Local Control Funding Formula" herein for more information about the LCFF.

Local property tax revenues account for approximately 9.03% of the District's aggregate revenues reported under LCFF sources and are projected to be approximately $13.40 million, or 7.42% of total general fund revenues in fiscal year 2016-17.

For information about the property taxation system in California and the District's property tax base, see "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES C BONDS – Property Taxation System," –"Assessed Valuation of Property within the District," and –"Tax Charges and Delinquencies."

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below.

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently.

In an LCFF district, such as the District, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 4.49% (or approximately $8.12 million) of the District's general fund projected revenues for fiscal year 2016–17.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues, consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013–14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs. Other State revenues comprise approximately 12.62% (or approximately $22.79 million) of the District's general fund projected revenues for fiscal year 2016–17.

A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is projected at approximately $3.18 million for fiscal year 2016–17.

Other Local Revenues. In addition to ad valorem property taxes, the District receives additional local revenues from sources such as interest income, leases and rentals, educational foundations, donations and sales of property. Other local revenues comprise approximately 0.71% (or approximately $1.28 million) of the District's general fund projected revenues for fiscal year 2016–17.

Significant Accounting Policies and Audited Financial Reports

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K–12 districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2016, which are included as Appendix B.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The following tables contain data abstracted from financial statements prepared by the District's independent auditor, Daniells Phillips Vaughan & Bock, CPAs & Advisors, Bakersfield, California, for fiscal years 2011–12 through 2015–16.

Daniells Phillips Vaughan & Bock has not been requested to consent to the use or to the inclusion of its reports in this Official Statement, and it has not audited or reviewed this Official Statement. The District is required by law to adopt its audited financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The following table sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2011–12 through 2015–16.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2011–12 through 2015–16

	Fiscal Year 2011–12	Fiscal Year 2012–13	Fiscal Year 2013–14	Fiscal Year 2014–15	Fiscal Year 2015–16
Revenues:					
LCFF Sources:					
State apportionments	$81,569,509	$ 83,402,777	$ 98,884,078	$111,224,141	$125,222,695
Local sources	10,284,998	10,728,894	11,594,401	11,259,127	13,393,985
Federal sources	6,077,004	6,267,444	6,701,606	8,189,579	7,539,629
Other state	22,473,458	22,801,487	16,506,510	13,855,284	30,004,934
Other local	2,145,069	1,740,567	1,398,890	1,561,703	1,694,982
Total Revenues	122,550,038	124,941,169	135,085,485	146,089,834	177,856,225
Expenditures:					
Instruction	74,597,048	78,360,495	84,490,013	91,791,510	100,986,526
Supervision of instruction	4,033,845	4,424,771	5,469,063	6,648,260	4,142,274
Instructional library, media and technology	1,488,402	1,490,321	1,565,904	1,570,245	1,687,126
School administration	7,566,470	7,500,907	7,892,896	8,027,581	8,989,371
Home-to-school transportation	3,493,862	2,659,519	2,757,925	2,990,356	3,439,428
Food services	6,813	–	–	–	–
All other pupil services	7,582,321	7,935,711	8,500,972	9,093,288	10,707,721
Data processing services	559,345	769,311	895,918	831,006	1,100,069
All other general administration	4,676,155	4,420,886	4,371,372	4,856,687	5,168,822
Plant services	12,909,521	13,468,909	14,296,462	14,781,956	16,706,704
Facility acquisition and construction	46,866	467,984	170,568	17,301	2,715,771
Ancillary services	75,719	88,212	91,678	73,874	54,578
Community services	157,902	161,929	138,088	170,741	149,768
Transfers between agencies	7,499,560	7,047,368	7,418,151	7,625,711	11,003,019
Debt service:					
Principal	166,831	173,231	92,806	–	–
Interest	56,632	30,655	23,466	5,003	34,521
Cost of issuance	–	–	–	–	100,521
All Other Financing Uses	–	–	–	2,110,660	–
Total expenditures	124,917,292	129,000,209	138,175,282	150,594,179	166,986,219
Excess (deficiency) of revenues over expenditures	(2,367,292)	(4,059,040)	(3,089,797)	(4,504,345)	10,870,006
Other financing sources (uses):					
Transfers in	305,645	200,379	100,000	1,523,377	1,796,371
Transfers out	–	(2,700,000)	(2,337,809)	–	(46,180)
Proceeds from sale of land	–	1,140,000	–	–	–
Total other financing sources (uses)	305,645	(1,359,621)	(2,237,809)	1,523,377	1,750,191
Net change in fund balances	(2,061,609)	(5,418,661)	(5,327,606)	(2,980,968)	12,620,197
Fund balances, July 1, as originally stated	24,400,889	22,339,280	16,920,619	12,011,393	10,010,468
Prior period adjustments	–	–	418,380	980,043	–
Fund balances, July 1, as restated	24,400,889	22,339,280	17,338,999(1)	12,991,436(1)	10,010,468
Fund balances, June 30	$22,339,280	$ 16,920,619	$ 12,011,393	$ 10,010,468	$ 22,630,665

(1) The beginning fund balances for fiscal years 2013–14 and 2014–15 do not match the ending balance for the prior fiscal year due to adjustments made to correct previous errors. In fiscal year 2013–14, the beginning net position for the General Fund was increased by $418,380 to correct for previous overstatements of accrued vacation. In fiscal year 2014–15, the beginning net position for the General Fund was increased by $980,043 to correct for understatements in accounts receivable and accrued vacation, as well as accrued interest that was deposited to the incorrect fund.

Source: Panama-Buena Vista Union School District Audited Financial Reports for fiscal years 2011–12 through 2015–16.

The following table shows the general fund balance sheet of the District for fiscal years 2011–12 through 2015–16.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
Summary of General Fund Balance Sheet
Fiscal Years 2011–12 through 2015–16

	Fiscal Year 2011–12	Fiscal Year 2012–13	Fiscal Year 2013–14	Fiscal Year 2014–15	Fiscal Year 2015–16
Assets					
Cash	$ 8,781,155	$23,588,071	$12,195,997	$12,909,007	$21,720,495
Investments	–	–	–	–	–
Accounts receivable	40,172,831	29,109,504	19,107,392	4,009,699	5,183,320
Due from other funds	10,521,124	6,868,160	12,699,397	1,756,934	4,136,504
Stores inventories – supplies	340,548	300,297	298,844	372,366	391,999
Stores inventories – food	–	–	–	–	–
Total assets	$59,815,658	$59,866,032	$44,301,630	$19,048,006	$31,432,318
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 5,268,248	$6,486,300	$ 6,928,302	$ 6,609,296	$ 7,952,431
Due to other funds	8,690,291	20,125,723	4,171,913	1,843,595	320,872
Tax revenue anticipation note	23,199,910	15,749,300	20,703,880	–	–
Unearned revenue	317,929	584,090	486,142	584,647	528,350
Total Liabilities	37,476,378	42,945,413	32,290,237	9,037,538	8,801,653
Fund balances:					
Nonspendable:					
Revolving fund	57,850	57,850	57,850	64,625	43,806
Stores inventories	340,548	300,297	298,844	372,366	391,999
Endowments	29,050	29,050	29,050	16,050	16,050
Restricted for:					
Educational programs	1,518,025	1,555,690	4,111,336	1,112,948	2,348,627
Nutritional programs	–	–	–	–	–
Debt service	2,224,502	2,250,267	2,223,251	–	12,070
Assigned to:					
Capital projects	–	–	–	–	–
Committed to:					
Capital projects	–	–	–	–	14,808,526
Unassigned/Unappropriated:			–		
Reserve for economic uncertainties	18,169,305	12,727,465	5,291,062	8,444,479	5,009,587
Total Fund Equity	22,339,280	16,920,619	12,011,393	10,010,468	22,630,665
Total Liabilities and Fund Equity	$59,815,658	$59,866,032	$44,301,630	$19,048,006	$31,432,318

Source: Panama-Buena Vista Union School District Audited Financial Reports for fiscal years 2011–12 through 2015–16.

District Budget Process and County Review

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

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

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

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

A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A school district that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the county superintendent in that fiscal year or in the next succeeding year.

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.

In the last five years, the District received a qualified certification for its first and second interim reports for fiscal year 2011-12. Since then, the District has not received a qualified or negative certification in connection with its first interim reports or second interim reports.

The following table sets forth the District's adopted general fund budgets for fiscal years 2014-15 through 2016-17, unaudited actuals for fiscal years 2014-15 through 2015-16 and first interim report for fiscal year 2016-17.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
General Fund Budgets for Fiscal Years 2014–15 through 2016–17, Unaudited Actuals for Fiscal Years 2014–15 through 2016–17 and First Interim Report for Fiscal Year 2016–17

	2014–15 Original Adopted Budget	2014–15 Unaudited Actuals(1)	2015–16 Original Adopted Budget	2015–16 Unaudited Actuals(1)	2016–17 Original Adopted Budget	2016–17 First Interim Report(2)
REVENUES						
Revenue Limit /LCFF Sources	$123,288,175.00	$122,483,267.47	$136,766,675.23	$138,616,680.33	$146,586,954.00	$148,438,708.00
Federal Revenue	6,835,352.00	8,189,579.09	7,398,126.01	7,539,628.68	7,402,997.37	8,117,585.37
Other State Revenue	12,533,684.00	13,855,284.45	22,586,455.00	30,004,933.73	17,846,424.83	22,793,754.01
Other Local Revenue	1,241,697.00	1,576,854.16	1,247,924.62	1,867,314.56	1,228,541.33	1,276,023.33
TOTAL REVENUES	$143,898,908.00	146,104,985.17	167,999,180.86	178,028,557.30	173,064,917.53	180,626,070.71
EXPENDITURES						
Certificated Salaries	67,677,942.00	68,186,315.56	69,841,609.45	70,398,670.57	74,736,817.23	75,941,477.65
Classified Salaries	20,998,446.00	21,700,475.95	21,438,764.79	23,106,033.63	24,698,171.27	26,162,859.33
Employee Benefits	34,208,366.00	32,402,730.10	38,346,462.32	40,588,090.03	41,441,199.01	48,171,126.86
Books and Supplies	6,614,629.00	7,782,427.17	6,125,171.37	5,885,819.87	6,040,864.52	6,798,640.57
Services, Other Operating Expenses	8,999,642.00	11,537,709.52	11,913,168.32	13,346,386.93	12,531,663.79	11,880,996.04
Capital Outlay	928,847.00	142,293.58	619,905.79	3,168,131.12	60,262.36	1,229,291.36
Other Outgo (excluding Direct Support/Indirect Costs)	6,894,258.00	7,630,714.09	9,969,904.62	11,037,539.93	11,583,680.00	11,884,512.00
Other Outgo – Transfers of Indirect Costs	(434,618.00)	(426,405.38)	(352,898.98)	(344,977.88)	(426,201.84)	(422,561.00)
TOTAL EXPENDITURES	145,887,512.00	148,956,260.59	157,902,087.68	167,185,694.20	170,666,456.34	181,756,342.81
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,988,604.00)	(2,851,275.42)	10,097,093.18	10,842,863.10	2,398,461.19	(1,020,272.10)
OTHER FINANCING SOURCES (USES)						
Inter-fund Transfers In	100,000.00	1,523,375.50	100,000.00	1,796,371.04	–	–
Inter-fund Transfers Out	–	–	–	(46,180.12)	–	–
Other Sources (Uses)	–	(315,701.15)	–	(100,521.54)	–	–
Contributions	–	1.68	–	–	–	–
TOTAL, OTHER FINANCING SOURCES (USES)	100,000.00	1,207,676.03	100,000.00	1,649,669.38	–	–
NET INCREASE (DECREASE) IN FUND BALANCE	(1,888,604.00)	(1,643,599.39)	10,197,093.18	12,492,532.48	2,398,461.19	(1,020,272.10)
BEGINNING BALANCE, as of July 1	11,626,103.00	11,559,183.88	9,778,216.51	11,820,706.93	18,173,762.71	22,503,001.23
Audit Adjustments	–	–	–	–	–	127,664.59
As of July 1 – Audited	11,626,103.00	11,559,183.88	9,778,216.51	11,820,706.93	18,173,762.71	22,630,665.82
Other Restatements	–	1,905,122.44	–	(1,810,238.18)	–	–
Adjusted Beginning Balance	11,626,103.00	13,464,306.32	9,778,216.51	10,010,468.75	18,173,762.71	22,630,665.82
ENDING BALANCE	$9,737,499.00	$11,820,706.93	$19,975,309.69	$22,503,001.23	$20,572,223.90	$21,610,393.72
Unrestricted Ending Balance	$9,213,754.00	$10,721,341.77	$19,380,808.77	$19,994,426.03	$20,000,066.57	$21,054,525.21
Restricted Ending Balance	$523,745.00	$1,099,365.16	$594,500.92	$2,508,575.20	$572,157.33	$555,868.51

(1) The revenues, expenditures, and ending balance of the District's unaudited actuals for fiscal years 2014–15 and 2015–16 differ from the District's Audited Financial Reports for these same fiscal years due to an overstatement of cash held with trustee in 2014–15 and an understatement of cash held with trustee for 2015–16.
(2) Figures are projections.
Source: Panama-Buena Vista Union School District adopted general fund budgets for fiscal years 2014–15 through 2016–17; unaudited actuals for fiscal years 2014–15 through 2015–16; and first interim report for fiscal year 2016–17.

District Debt Structure

Long-Term Debt Summary. A schedule of changes in the District's long-term obligations for the year ended June 30, 2016, consisted of the following:

Long-Term Debt	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year	Due After One Year
General Obligation Bonds						
Series A	$18,055,000	$ –	$1,535,000	$16,520,000	$1,650,000	$14,870,000
Unamortized premium	175,469	–	6,286	169,183	6,286	162,897
Total Series A	18,230,469	–	1,541,286	16,689,183	1,656,286	15,032,897
Series B	28,110,000	–	–	28,110,000	–	28,110,000
Unamortized premium	1,746,123	–	58,568	1,687,555	58,568	1,628,987
Total Series B	29,856,123	–	58,568	29,797,555	58,568	29,738,987
Series T-1	3,380,000	–	–	3,380,000	745,000	2,635,000
Total General Obligation Bonds	51,466,592	–	1,599,854	49,866,738	2,459,854	47,406,884
Certificates of participation	26,920,000	–	880,000	26,040,000	775,000	25,265,000
Unamortized premium	2,720,220	–	116,083	2,604,137	116,083	2,488,054
Total Certificates of Participation	29,640,220	–	996,083	28,664,137	891,083	27,753,054
Qualified Zone Academy Bond	–	30,000,000	–	30,000,000	1,176,471	28,823,529
Capital Leases	84,000	–	21,000	63,000	21,000	42,000
Grant Total	$81,190,812	$30,000,000	$2,616,937	$108,573,875	$4,548,408	$104,025,467

Source: Panama-Buena Vista Union School District Audited Financial Report for fiscal year 2015-16.

General Obligation Bonds. In addition to the Series C Bonds, the District has outstanding three additional series of general obligation bonds, each of which is secured by ad valorem taxes levied upon all property subject to taxation by the District on a parity with the Series C Bonds.

See "THE SERIES C BONDS – Outstanding Bonds" and "– Aggregate Debt Service" in the front portion of this Official Statement for more information about such outstanding bonds.

Certificates of Participation. On August 2, 2006, the District executed and delivered its Certificates of Participation (2006 School Construction) in the aggregate principal amount of $33,880,000 (the "2006 Certificates") to finance the acquisition, construction and improvement of two school construction projects located within the District. On April 23, 2015, the District executed and delivered its Refunding Certificates of Participation (2006 School Construction Project), Series 2015, in the aggregate principal amount of $26,920,000 (the "Refunding Certificates"), to prepay the outstanding 2006 Certificates. The Refunding Certificates mature through 2037 as follows:

Year ending June 30,	Interest Rate	Principal	Interest	Total
2017	2.0%	$775,000	1,106,101	$1,881,101
2018	3.0	795,000	1,086,767	1,881,767
2019	4.0	815,000	1,055,677	1,870,677
2020	5.0	850,000	1,018,768	1,868,768
2021	5.0	900,000	966,435	1,866,435
2022-2026	5.0	5,185,000	4,103,997	9,288,997
2027-2031	5.0	6,620,000	2,612,382	9,232,382
2032-2036	3.375-5.0	8,265,000	967,707	9,232,707
2037	3.5	1,835,000	10,909	1,845,909
	Totals	$26,040,000	12,928,743	$38,968,743

Source: Panama-Buena Vista Union School District Audited Financial Report for fiscal year 2015-16.

Qualified Zone Academy Bonds (QZAB). On March 17, 2016 and April 27, 2016, the District issued $10,000,000 and $20,000,000, respectively of Qualified Zone Academy Bonds ("QZAB") for the purpose of energy efficiency improvements such as solar arrays at school sites, lighting upgrades and energy management. Both QZABs are lease obligations of the District payable from the General Fund. The $10,000,000 QZAB matures in August 18, 2033 and is non-interest bearing. Such QZAB is payable outstanding as of June 30, 2016, as follows:

Year ending June 30,		Lease Payments
2017		$588,235
2018		588,235
2019		588,235
2020		588,235
2021		588,235
2022-2026		2,941,176
2027-2031		2,941,176
2032-2034		1,176,473
	Totals	$10,000,000

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Source: Panama-Buena Vista Union School District Audited Financial Report for fiscal year 2015-16.

The $20,000,000 QZAB matures on April 27, 2033, and bears an interest rate of 1% per annum. Interest payments start on April 27, 2017 and are paid annually as indicated. Such QZAB is payable outstanding as of June 30, 2016, as follows:

Year ending June 30,	Principal	Interest	Total
2017	$1,176,471	$200,000	$1,376,471
2018	1,176,471	200,000	1,376,471
2019	1,176,471	200,000	1,376,471
2020	1,176,471	200,000	1,376,471
2021	1,176,471	200,000	1,376,471
2022-2026	5,882,353	1,000,000	6,882,353
2027-2031	5,882,353	1,000,000	6,882,353
2032-2033	2,352,939	400,000	2,752,939
	$20,000,000	$3,400,000	$23,400,000

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Source: Panama-Buena Vista Union School District Audited Financial Report for fiscal year 2015-16.

Capital Leases. The California Department of Education ("CDE") and the District entered into a contract and lease-to-own agreement for the pre-kindergarten facility at Seibert Elementary. The CDE paid $210,000 for the purchase and installation of the facility. The District agreed to lease the facility with no interest for 10 years. Under terms of the lease the title will be transferred to the District upon repayment of the entire amount of the funds. The future minimum lease payments are as follows:

Year ending June 30,		Lease Payments
2017		$21,000
2018		21,000
2019		21,000
	Totals	$63,000

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Source: Panama-Buena Vista Union School District Audited Financial Report for fiscal year 2015-16.

Other Post-Employment Benefits (OPEBs). In addition to the retirement plan benefits with CalSTRS, the State Public Employees' Retirement System ("CalPERS") and the State Teachers Retirement Plan ("STRP") (see "– Retirement Benefits" below), the District participates in the Panama-Buena Vista Union School District Postemployment Benefits Plan (the "Plan"), which is a single-employer, defined benefit healthcare plan administered by Self-Insurance Schools of California ("SISC"). The Plan provides medical insurance benefits to eligible employees and their spouses (not surviving spouse). Medical benefits include inpatient services at 80% and other base benefits include surgery, anesthesia, diagnostic x-ray and laboratory services. Major medical has a $200 deductible with a family maximum of $500.

The District's Board of Trustees has the authority to establish and amend benefit provisions. Certificated employees who retire from the District on or after attaining age 59 with at least 15 years of service or attaining age 55 with at least 20 years of service, and classified employees who retire on or after attaining age 60 with at least 10 years of service or attaining age 55 with at least 20 years of service, are eligible to participate in the Plan. Coverage for retirees is until age 65. There were 169 and 127 retirees who met these eligibility requirements at June 30, 2016 and June 30, 2015, respectively. For a description of the District's program, see Note 16 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2016."

The Governmental Accounting Standards Board released its Statement Number 45 ("Statement Number 45"), which requires municipalities to account for other post-employment benefits (meaning other than pension benefits) ("OPEB") liabilities much like municipalities are required to account for pension benefits. The expense is generally accrued over the working career of employees, rather than on a pay-as-you-go basis, which has been the practice for most municipalities and public sector organizations. OPEBs generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long term care benefits. Statement Number 45 was phased in over a three-year period based upon the entity's revenues.

The contribution requirements of plan members and the District are established by the District's Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District's Board of Trustees. For fiscal year 2015-16, the annual required contribution was $3,050,700, factoring in the interest on the adjustments, the total annual OPEB cost amounted to $2,970,400. The District contributed $2,115,480 for current premiums, leaving an increase in the net OPEB obligation of $854,920. Plan members receiving benefits contributed $532,293 or approximately 25% of the total premiums. For more information about the District's annual required contribution for fiscal year 2015-16 and the District's net OPEB obligation and prefunding of benefits at June 30, 2016, see Note 16 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2016."

Rael & Letson, Consultants and Actuaries, San Mateo, California, has prepared an actuarial valuation (the "Actuarial Valuation") covering the District's retiree health benefits and reports that, as of July 1, 2016 valuation date, the District had 117 current retirees as well as approximately 237 eligible active plan members. The Actuarial Valuation reports that, as of July 1, 2016, the District had an actuarial accrued liability of $33,749,700, of which 8% is funded. The District's funding policy is to make irrevocable contributions to the Self-Insured Schools of California (SISC) GASB 45 Trust equal to 20% of each year's expected net retiree welfare benefit payment. The Actuarial Valuation provides that the remaining unamortized balance of the initial unfunded actuarially accrued liability is $30,909,400. The Actuarial Valuation assumes, among other things, 6% investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 7% initially, reduced by decrements to an ultimate rate of 5%.

Tax and Revenue Anticipation Notes. The most recent fiscal year in which the District issued tax and revenue anticipation notes ("TRANS") was fiscal year 2013-14. The District does not expect to issue TRANS or borrow funds to supplement the District's cash flow in fiscal year 2016-17. The District may issue TRANS or borrow funds in future fiscal years as and if necessary to supplement cash flow.

Employment

As of March 2017, the Full-Time-Equivalent (FTE) staff employed by the District totaled 972 certificated employees and 844 classified employees. For fiscal year 2015-16, the total certificated and classified payrolls for all funds were approximately $70.56 million and $23.12 million, respectively, and are projected to be approximately $75.94 million and $26.16 million, respectively, in fiscal year 2016-17. These employees, except management, supervisory and temporary employees, are represented by the bargaining units as noted below.

Name of Bargaining Unit	Number of FTEs Represented	Current Contract Expiration Date
Panama-Buena Vista Teachers Association/CTA/NEA	904	June 30, 2017
California School Employees Association (CSEA)	603	June 30, 2017
Teamsters Local #87	160	June 30, 2017

Source: Panama-Buena Vista Union School District.

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, and the State Public Employees' Retirement System ("CalPERS"), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, teachers contributed 8% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). 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. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

As of June 30, 2015, an actuarial valuation (the "2015 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $76.20 billion, an increase of approximately $3.48 million from the June 30, 2015, June 30, 2014 and June 30, 2013 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2015, June 30, 2014 and June 30, 2013, based on the actuarial assumptions, were approximately 68.5%, 68.5% and 66.9%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions. The following are certain of the actuarial assumptions set forth in the 2015 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," 7.50% investment rate of return, 4.50% interest on member accounts, 3.75% projected wage growth, and 3.00% projected inflation. The 2015 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "–Governor's Pension Reform" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

On February 1, 2017, the State Teachers' Retirement Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.00% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.00% to a 2.75% price inflation factor. Due to the revised actuarial assumptions, among other factors, CalSTRS projects that the June 30, 2016 actuarial valuation will reflect a decrease in overall funded ratio of its defined benefit program from 68.5% to approximately 64% based on the actuarial value of assets.

As indicated above, there was no required contribution from teachers, schools districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The 2015 CalSTRS Actuarial Valuation noted that, as of June 30, 2015, the contribution rate, inclusive of contributions from the teachers, the school districts and the State, was equivalent to 33.439% over the next 30 years.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implements a new funding strategy for CalSTRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate would increase by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. Teacher contributions will also increase from 8.00% to a total of 10.25% of pay, phased in over the next three years. The State's total contribution will also increase from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

Pursuant to Assembly Bill 1469, school district's contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	18.13
2020	19.10

Source: Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2012–13 through 2015–16 and the projected contribution for fiscal year 2016–17.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
Contributions to CalSTRS for Fiscal Years 2012–13 through 2016–17

Fiscal Year	Contribution
2012–13	$4,759,892
2013–14	5,088,885
2014–15	5,788,791
2015–16	7,333,367
2016–17[1]	15,052,676

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[1] Figure is a projection based on first interim report for fiscal year 2016–17.
Source: Panama-Buena Vista Union School District

The District's total employer contributions to CalSTRS for fiscal years 2012–13 through 2015–16 were equal to 100% of the required contributions for each year. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years.

The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. All qualifying classified employees of K–12 districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. However, unlike school districts' participating in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

According to the CalPERS Schools Actuarial Valuation as of June 30, 2014, the CalPERS Schools plan had a funded ratio of 86.6% on a market value of assets basis. The funded ratio, on a market value basis, as of June 30, 2014, June 30, 2013, June 30, 2012, June 30, 2011 and June 30, 2010 was 86.6%, 80.5%, 75.5%, 78.7% and 69.5%. In April 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS employed a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which are delayed until fiscal year 2015–16 for the State, schools and all public agencies, are expected to increase contribution rates in the near term but lower contribution rates in the long term. In November 2015, the CalPERS Board of Administration approved a proposal pursuant to which the discount rate would be reduced by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the then-current discount rate of 7.5% by at least four percentage points. In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017–18, 7.25% for fiscal year 2018–19, and 7.00% beginning fiscal year 2019–20. The new discount rates will take effect beginning July 1, 2017 for the State and July 1, 2018 for school districts. The change in the assumed rate of return is expected to result in increases in the District's normal costs and unfunded actuarial liabilities.

In April 2016, CalPERS approved an increase to the contribution rate for school districts from 11.847% during fiscal year 2015–16 to 13.888% during fiscal year 2016–17. In February 2014, the CalPERS Board of Administration adopted actuarial demographic assumptions that take into account public employees living longer. Such assumptions are expected to increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and phased in over three years beginning in fiscal year 2014–15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016–17 for the employers. These new assumptions will apply beginning with the June 30, 2015 valuation for the schools pool, setting employer contribution rates for fiscal year 2016–17. CalPERS estimates that the new demographic assumptions could cost public agency employers up to 9% of payroll for safety employees and up to 5% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that future experiences differ from CalPERS' current assumptions, the required employer contributions may vary.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2012–13 through 2015–16 and the projected contribution for fiscal year 2016–17.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(County of Kern, State of California)
Contributions to CalPERS for Fiscal Years 2012–13 through 2016–17

Fiscal Year	Contribution
2012–13	$2,047,777
2013–14	2,239,994
2014–15	2,045,146
2015–16	7,333,367
2016–17[1]	3,276,115

(1) Figure is a projection based on first interim report for fiscal year 2016–17.
Source: Panama-Buena Vista Union School District

The District's total employer contributions to CalPERS for fiscal years 2012–13 through 2015–16 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "–Governor's Pension Reform" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

SISC Defined Benefit Plan. The District contributes to the SISC Defined Benefit Plan ("SDBP"), a cost-sharing multiple employer public employee retirement plan. The District is part of a "cost sharing" pool with SDBP. One actuarial valuation is performed for those employers participating in the pool and the same contribution rate applies to each. SDBP provides for retirement benefits established by California Government Code Section 6507, which created SISC.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the SISC III Board of Directors. The required employer contribution rate was 4.4% of the annual payroll for fiscal year 2015-16, 3.2% of annual payroll for fiscal year 2014-15 and 3.1% for fiscal year 2013-14. The contribution requirements of the SDBP members are stablished by State statute. The District's contribution to SDBP for fiscal years 2013-14, 2014-15 and 2015-16 were $92,445, $131,949 and $185,406, respectively, and were equal to the required contributions for each year.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS, CalPERS and SDBP are more fully described in Note 15 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2016."

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("Statement Number 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which 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. Statement Number 67 replaces the current requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District participates in six joint ventures under joint powers agreements ("JPAs"): three with SISC, one with Partners in Nutrition Cooperative ("PinCo"), one with School District Facility Services and one with Schools Legal Services. The relationship between the District and the JPAs are such that they are not component units of the District for financial reporting purposes. These entities have budgeting and financial reporting requirements independent of member units.

Self-Insured Schools of California (SISC) arranges for and provides insurance for its members.

Partners in Nutrition Cooperative (PinCO) coordinates the acquisition, storage and distribution of commodities and other related food product to member districts in the State.

School District Facility Services (SDFS) provides administrative services to member districts pursuant to various statutory provisions related to the collection of School Facilities Fees (formerly Developer Fees) levied on new construction and/or other school facilities issues pertinent to school construction funding. Member districts are limited to public school districts or other public educational entities within the County and the County Superintendent of Schools.

Schools Legal Services (SLS) is a legal services consortium serving school and community college districts and county offices of education. The service is based in Bakersfield and is administered by the County Superintendent of Schools and serves agency members throughout the State.

See Note 12 to the District's audited financial statements attached hereto as APPENDIX B— "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2016" for more information.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the State Constitution ("Article XIIIA"). Article XIIIA limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% 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.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the California Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979, thereby adding Article XIIIB to the State 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 appropriation 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 1978-79 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. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Article XIIIC and Article XIIID of the California Constitution

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

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

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% ad valorem property tax levied and collected by the County pursuant to Article XIIIA of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 in Santa Clara County Transportation Authority v. Guardino. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K–12 districts and community college districts (collectively, "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 1986–87, 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 growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance 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 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to 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 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. These additional moneys would enter the base funding calculation for K–14 districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, California voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K–14 districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K–14 districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990–91 fiscal year, based on the actual limit for fiscal year 1986–87, adjusted forward to 1990–91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K–14 districts a certain amount of general fund revenues, as described below.

Under prior law, K–14 districts were guaranteed the greater of (a) 40.9% of 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, school districts would 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 general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Assembly Bill No. 26 & California Redevelopment Association v. Matosantos

On February 1, 2012, pursuant to the California Supreme Court's decision in California Redevelopment Association v. Matosantos, Assembly Bill No. 26 (First Extraordinary Session) ("AB 1X 26") dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency were transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB 1X 26.

It is possible that there will be additional legislation proposed and/or enacted to clarify various inconsistencies contained in AB 1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB 1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB 1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "–Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the Education Protection Account), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the official results of the statewide general election on November 8, 2016 reflect that 63.3% of voters in the State voted in favor of the California Tax Extension to Fund Education and Healthcare Initiative ("Proposition 55"), which extends by twelve years the temporary personal income tax increases on incomes over $250,000 that was first enacted by Proposition 30. Revenues from the tax increase will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "DISTRICT FINANCIAL MATTERS — State Funding of Education; State Budget Process."

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

Rainy Day Fund. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the "Public School System Stabilization Account") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

The Series C Bonds are payable from ad valorem taxes to be levied within the District pursuant to the California Constitution and other State law. Accordingly, the District does not expect SB 858 to adversely affect its ability to pay the principal of and interest on the Series C Bonds as and when due.

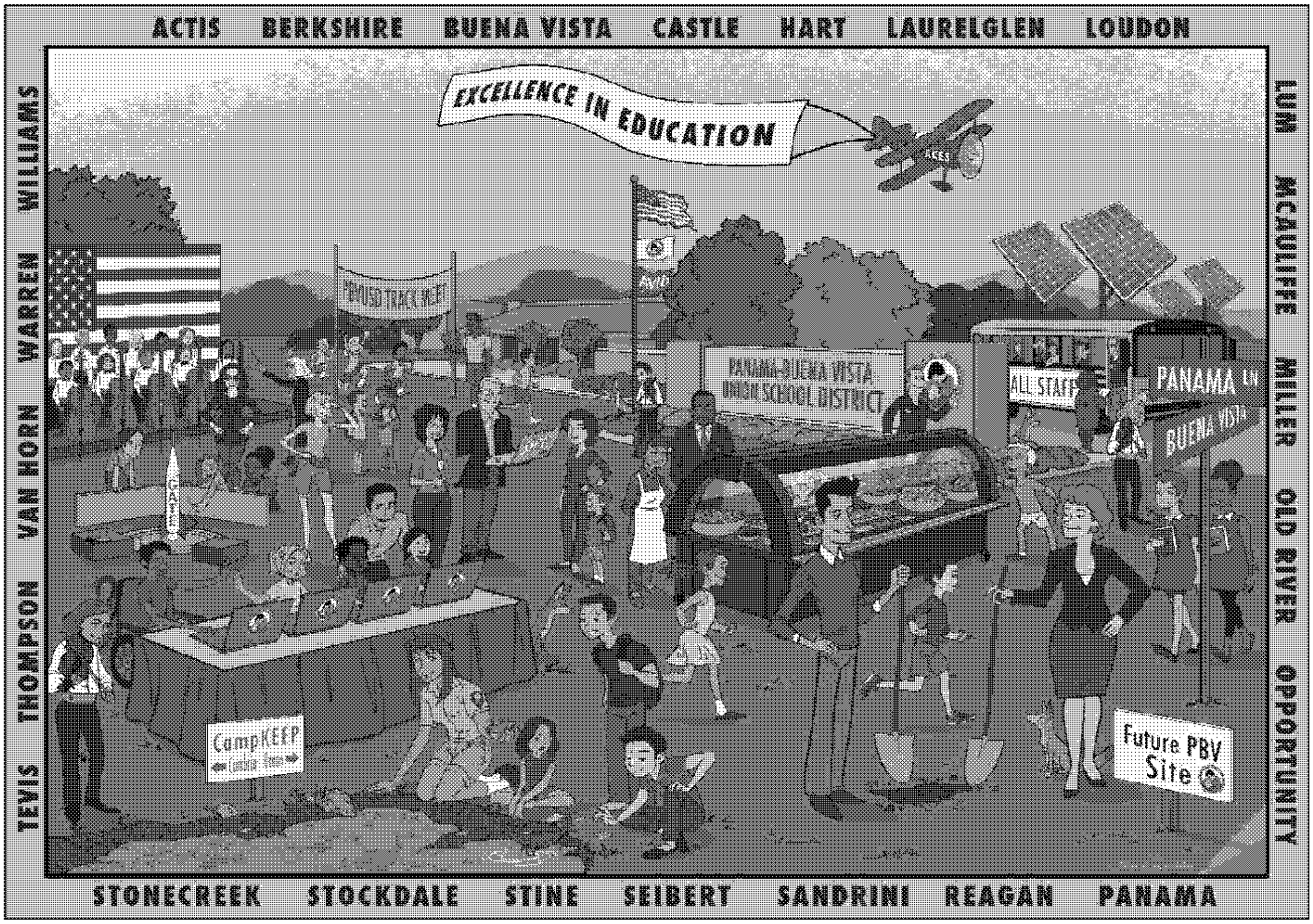
Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 2, 30, 55, 62, 98, 111 and 218, were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2016

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT

Bakersfield, CA

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ending June 30, 2016

Kevin Silberberg, Ed.D
Superintendent

Glenn Imke, CPA, CBO
Assistant Superintendent, Business Services

Tracy Webster, MBA, CBO
Director of Fiscal Services

4200 Ashe Road
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PANAMA-BUENA VISTA UNION SCHOOL DISTRICT

A K-8 School District

Bakersfield, California

Panama-Buena Vista Union School District, a K-8 school district is located in Bakersfield, California.

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INTRODUCTORY SECTION

Panama-Buena Vista Union School District

KEVIN SILBERBERG, Ed.D.
District Superintendent

4200 Ashe Road
Bakersfield, CA 93313
(661) 831-8331 FAX (661) 398-2141

December 13, 2016

To Honorable Board of Trustees and Citizens of the Panama-Buena Vista Union School District:

We hereby submit the Comprehensive Annual Financial Report of the Panama-Buena Vista Union School District for the fiscal year ended June 30, 2016 (FY 2016). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with district management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

This report is prepared in conformance with generally accepted accounting principles (GAAP) for governments as promulgated by the Government Accounting Standards Board (GASB). This report is consistent with legal reporting requirements of the State of California. The report also includes a "State and Federal Compliance Information" section which is designed to meet the reporting requirements of the Office of the California State Controller, the U. S. Government Accountability Office, the U. S. Office of Management and Budget, and the Single Audit Act Amendments of 1996.

The district's financial statements have been audited by Daniells Phillips Vaughan & Bock, a certified public accounting firm. They have issued an unqualified ("clean") opinion on the district's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

The report also includes a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). It provides an objective and easily readable analysis of the district's financial activities on both a short and long term basis. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The district's MD&A can be found immediately following the report of the independent auditor.

Profile of the District

Panama-Buena Vista Union School District, one of forty-seven districts in Kern County California, is an elementary school district serving students from kindergarten to grade eight.

The District serves a general population estimated at 127,527, covering an area of approximately 93 square miles, is located in, and southwest of, the City of Bakersfield, California, which is the County Seat of the County. The District provides public education in kindergarten through eighth grade, operating 18 elementary and five junior high schools. California State University, Bakersfield, which has a current enrollment of approximately 8,232 students, is also located within the District.

In FY 2016 the district employed 1,678 full-time equivalent workers. Of that total, 908 were certificated employees and 770 were classified employees. Certificated employees (teachers, psychologists and counselors, nurses, principals, and other administrators) require a credential as a condition of employment. Classified employees are those for whom having a credential is not a condition of employment. Classified employees include among others instructional aides, school secretaries and other clerical staff, custodians, and maintenance workers.

The District is governed by an independent Board of Trustees consisting of five members who are elected by trustee area to overlapping four-year terms at elections held every two years. The board's duties and powers include establishing a long-term vision for the district; ensuring accountability to the local community; acquiring, maintaining, and disposing of property; developing a sound organizational structure and school program; adopting an annual budget; and, establishing a system of accounting and budgetary controls. The District's affairs are administered by a superintendent, who is appointed by the Board of Trustees.

The superintendent, Dr. Kevin Silberberg, runs the day-to-day operations of the district. The district is a public agency governed by the laws of the State of California.

The district currently has 17,949 students enrolled in eighteen elementary schools (K–6) and five junior high schools (7–8). The district has experienced steady enrollment growth over the last ten years, averaging 1.1% per year. FY 2016 enrollment increased by 1.5% over the prior year. Our demographic forecast shows the student population is projected to increase by 3,139 potential K-8 students by 2021.

The area contained by District boundaries is currently under development. There are several residential development projects planned over the projection timeframe within the Panama-Buena Vista Union School District. They are located throughout the district and are expected to add many new homes to the district. The neighborhoods within Panama-Buena Vista Union School District are experiencing different demographic trends currently.

Core Beliefs and Values

The Panama-Buena Vista Union School District vision is to be the model of Excellence in Education. We are focused on a set of values and beliefs that all members of the school district (parents, students, teachers, and staff) will follow in order to commit to a learning environment that supports the positive academic and behavioral growth of all students. Our learning community provides a safe, supportive environment where all students can ask questions, find answers, reach their full academic potential and become caring, responsible citizens.

Our beliefs and values are:

- All children deserve a quality education in a safe environment.
- We teach all children believing all children can learn.
- Education is a partnership between the school, family and our community.
- Everyone works together as a team to attain maximum achievement.
- We build relationships on trust and respect.
- We value our community diversity.

The Panama-Buena Vista Union School District mission is to partner with parents and community, committing to a high achieving, balanced academic program for all students resulting in responsible, high achieving 21st Century citizens.

District Priorities:

- Academic Excellence: Ensure high quality and innovative teaching and learning opportunities that increase student success while preparing all students to be college and career ready.
- Resource Alignment: Design an inclusive process with the community to prioritize, allocate, and monitor district resources to ensure all stakeholders' needs are responsibly met.
- Organizational Enhancement: Implement processes that create a healthy, effective, efficient and enjoyable organization positioned to exceed the expectations of those who work here and those we serve.

- Community Engagement: Engage and collaborate with groups inside and out of the District community for the mutually beneficial exchange of knowledge and resources in a context of partnership and reciprocity.

Economic Condition and Outlook

At the close of fiscal year 2016 the district's financial health seems good and on the upswing. We have weathered the recent recession due to conservative budgeting practices, community support and a stable tax base. Our general reserves have grown to over 11.9% of total expenditures. Our capital funds are committed to building two new elementary schools.

Thanks to the passage of Proposition 30 in the November 2012 election and an improving economy, the state budget is in good shape. For the first time in several years, school districts are not facing funding cuts and have been receiving revenue increases. This is due to the implementation of the Local Control Funding Formula enacted in 2013-14. We must remain cautious however, since economists remind us that another recession may hit within the next five years. The local housing market bears strongly on property tax collections. During the recent recession homes stayed on the market longer and housing prices declined, although only slightly.

California law stipulates that the assessed valuation (AV) of secured property can rise from one year to the next no more than the year-over-year increase in state CPI or 2%, whichever is less. Offsetting this factor is change in AV due to new homes being built or housing turnover wherein the new AV represents the sales price of the home.

Achievements

- **Future Ready Task Force** - The District began a Future Ready Task Force to continue to address the integration of technology in the classroom environment. Every student in grades 3rd through 8th has a laptop available to them during their school day.
- **School Improvement Grant** - The District was awarded a five-year School Improvement Grant (SIG) to enhance the learning environment at Charles Castle Elementary School to incorporate project-based learning and STEAM (science, technology, engineering, arts and math).
- **#GoOpen Initiative** - As part of the #GoOpen Initiative, digital science textbooks were created and deployed for all junior high schools.

- **Panalytics** - The District developed "Panalytics" (Panama Analytics) a data tool for cabinet, principals and teachers to provide instant feedback and individual learning plans for pupils.
- **Cultural Proficiency** - Cultural proficiency training is being completed in 2016-17 for all district administrators, seven select schools, and clerical support staff to effectively respond to diverse environments.
- **SELPA** – The Board approved a plan to establish a single-district Special Education Local Plan Area (SELPA) to improve special education services.
- **PBVCon** - The District invested in professional development for all employees throughout the year. A professional development convention (PBVCon) was hosted during the summer of 2016 with 400 workshops.
- **Communication Plan** - The Board adopted a communication plan to improve internal and external communication. One part of the plan was the Panama-BVUSD App that was launched in early 2016. This App allows for more seamless communication between parents, teachers, and administrators.
- **Clean Energy** - Clean energy initiatives to include solar arrays, lighting, and energy management have been executed in 2016 and are expected to be completed in January 2017.
- **DIBELS** - Roy W. Loudon Elementary School was nationally recognized for Dynamic Indicators of Basic Early Literacy Skills (DIBELS).
- **Modernization** - The modernization of Sing Lum Elementary School was completed in December 2016.

District Funding Status/Long Term Planning

Local Control Funding Formula

Most California school districts receive a significant portion of their funding from State apportionments consisting of three primary sources: a portion funded from the State's general fund, a portion funded from the State's Education Protection Account, and a local portion derived from the District's share of the 1% local ad valorem property tax authorized by the State Constitution. The District receives approximately 75% of its revenue from State funds. As a result, decreases in State revenue, or in State apportionments made to fund education can significantly affect District operations.

The passage of Proposition 30 in November 2012 changed the way school funding is calculated through the use of the Local Control Funding Formula (LCFF). The LCFF establishes a new uniform funding formula and a new system of academic accountability. The formula replaces revenue limits and most categorical programs with uniform base rates for all pupils and provides significantly more funding for

English learner and low-income students. The new system of academic accountability requires school districts and charter schools to publicly report how they will use the funds provided under the formula, as well as establishes a new system of support and intervention support for underperforming school districts and charter schools.

Additionally, Proposition 30 established the Schools and Local Public Safety Protection Act. This is a temporary tax measure which is intended for the investment in education and public safety. The tax measure increased the personal income tax rates on the State's highest income taxpayers by up to three percent for a period of seven years beginning with the 2012 tax year, and increased the sales tax rate by one-quarter percent for a period of four years beginning on January 1, 2013. The revenue provides an increase of approximately $1,045 per student in funding over 2011-12 levels for kindergarten through twelfth grade education.

Prior to the 2013-14 State budget, annual State apportionments to school districts were computed based on a revenue limit per unit of average daily attendance (ADA). However, the 2013-14 State budget also contains a new formula for funding schools called the Local Control Funding Formula (LCFF). The LCFF model is intended to increase local control and flexibility, reduce State bureaucracy and better allocate resources based on student needs. The new funding formula replaced the existing revenue limit funding system and most categorical programs. The State Budget is projecting this amount to incrementally increase over the next six years.

General Obligation Bonds

In California school districts are limited in their ability to tax the local citizenry to raise monies for schools. State law limits ad valorem taxes to 1% of assessed valuation (AV). AV is defined as 100% of the value of real property at the time of sale. The state limits annual increases in AV to no more than 2%. The only time property is reassessed is at the time of sale with the new assessment reflecting the sale price of the property. Ad valorem property tax revenues provide the base general purpose funding for our schools. The only additional taxing authority school districts have is for general obligation bonds and parcel taxes, both of which require special elections and passage by a 2/3 majority vote. A recently enacted state measure, Proposition 39, permits passage of a local general obligation bond by a 55% majority under special circumstances.

Series A – Series A was issued in the amount of $18,405,000 to finance the costs of improvements within the District related to energy efficiency, rehabilitation of outdated classrooms, repair/replace deteriorated roofs, plumbing, electrical, lighting, ventilation, and acquire, construct, equip and renovate sites, facilities and equipment within the District to enable the District to maintain student achievement growth, relieve overcrowding, attract and retain teachers, and protect the quality of education for all students in the District.

Series B – Series B was issued in the amount of $28,110,000 to finance the costs of improvements within the District related to energy efficiency, rehabilitation of outdated classrooms, the repair and replacement of deteriorated roofs, plumbing, electrical, lighting, ventilation, and the acquisition, construction, and renovation of sites, facilities and equipment within the District to enable the District to maintain student achievement growth, relieve over-crowding, attract and retain teachers, and protect the quality of education for all students in the District.

Series T-1- Series T-1 was issued in the amount of $3,380,000 to finance the purchase of school technology to include classroom laptops, tablets, and projectors, as well as operational and environmental components for an enterprise class server room to support one-to-one student computing.

Certificates of Participation

The District executed a Refunding Certificate of Participation (2006 School Construction Project), Series 2015, in April 2015 for an aggregate principal amount of $26,920,000. This Refunding Certificate of Participation was used to refund the 2006 Certificates originally obtained for the construction of Stonecreek Junior High School and Old River Elementary School.

Qualified Zone Academy Bond

The District obtained Qualified Zone Academy Bonds (QZABs) in the amount of $30,000,000. The QZABs were used to install solar arrays at 17 elementary school sites and 5 junior high school sites as well as energy efficiency strategies such as efficient lighting and energy management. The debt service for the QZABs is expected to be satisfied with the savings from utilities.

Internal and Budgetary Controls

The district maintains internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use and disposition and to provide reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes the importance of a close evaluation of costs and benefits which requires estimates and judgments by management. The objective is to secure efficient internal control, the cost of which must not exceed the benefits derived therefrom. We believe that the district's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

School districts in California are required by Education Code Section 41010 to follow the California School Accounting Manual in preparing reports to the State. The district, under Assembly Bill 1200 (Chapter 1213, Statutes of 1991), utilizes a single-adoption budget schedule. The district adopts a Final Budget prior to the state-mandated July 1 deadline.

Expenditures cannot legally exceed appropriations by major object classification, namely certificated salaries, classified salaries, employee benefits, books and supplies, services and other operating expenditures, capital outlay, debt service, other outgo, direct support/indirect costs, and operating transfers out. Education Code 42600 specifies that school districts may not spend more than the amounts authorized in the Final Budget as adjusted during the school year. The school board reviews and approves (or disapproves) all purchase orders and other expenditures on a regular basis, but no less frequently than once every month.

Fiscal Policies

The district recently revised its reserves policy to reflect recommendations from the Government Finance Officers Association and the California School Boards Association. The new policy targets a general operating reserve of 17%. The state required minimum reserves level for a district our size is 3%. Balances in excess of the minimum reserve will be committed to future projects. District reserves at the end of FY 2016 were 11.9% of total expenditures and other outgo.

At the same time the district also values small class sizes. The district staffed its K–3 classes at a 28:1 student-to-teacher ratio, its grade 4–6 classes at a 31:1 ratio, and its junior high (grades 7–8) at a 29:1 ratio. With a lean district office management staff, the district prides itself on committing resources to where it matters most—to our students.

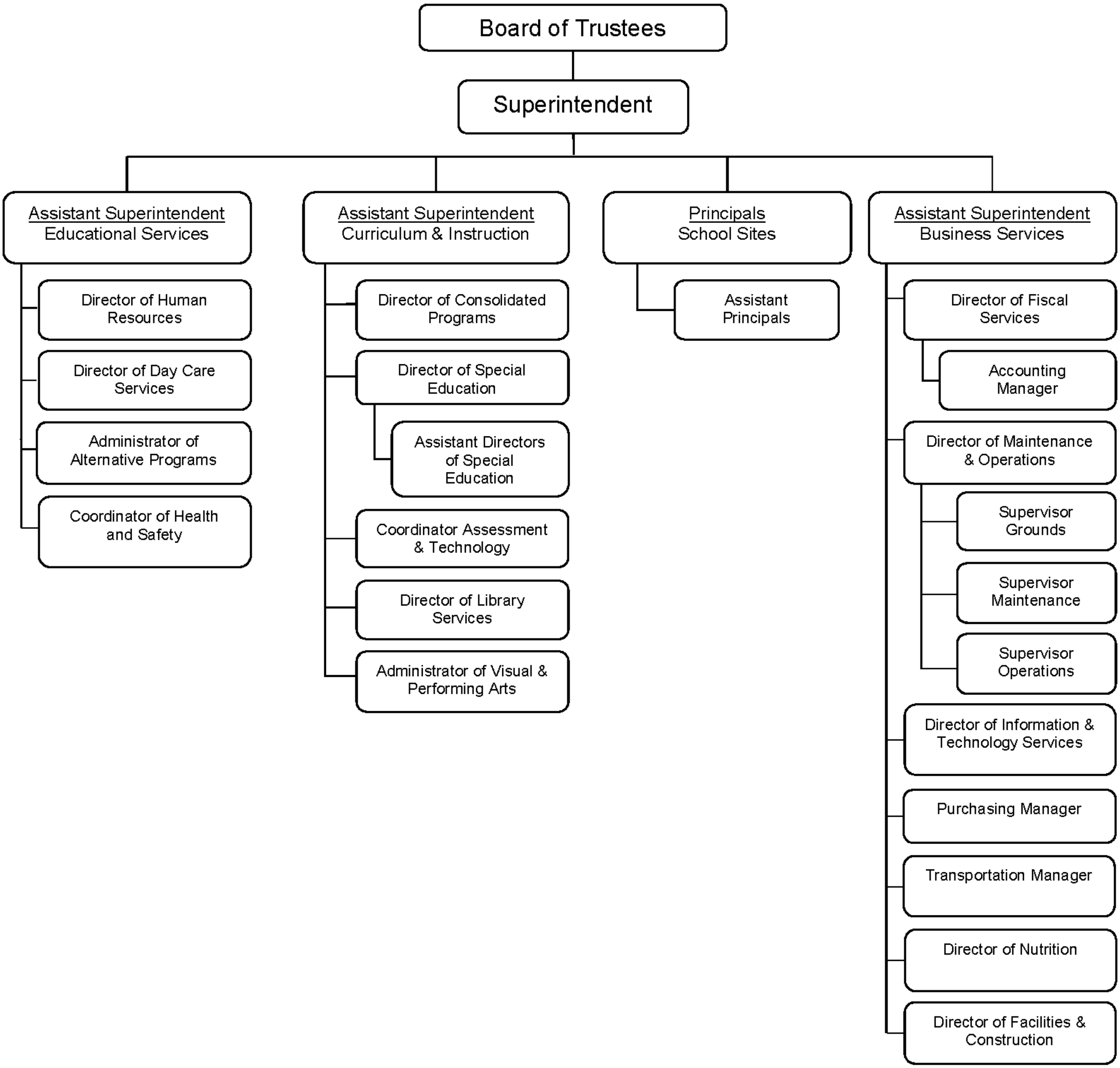
Education Code Section 41020 provides that each school district shall arrange for an audit by certified public accountants of its books and accounts, including the district's income by source of funds and expenditures by object and program. The district's contract auditor for the fiscal year ended June 30, 2016, was Daniells Phillips Vaughan & Bock.

Respectfully submitted,

Kevin Silberberg, Ed.D. Superintendent	Glenn Imke, CPA Assistant Superintendent, Business Services

Panama-Buena Vista Union School District

Management Organization Chart



Panama-Buena Vista Union School District

On July 1, 1988, the Panama Union School District merged with the Buena Vista School District to form the Panama-Buena Vista Union School District (the "District"). The District is comprised of an area of approximately 90 square miles located in the rapidly growing southwest portion of Bakersfield, California. As of June 30, 2016, the District was operating eighteen elementary and five junior high schools.

BOARD OF TRUSTEES AND ADMINISTRATION

SCHOOLS AND SCHOOL PRINCIPALS

ELEMENTARY (K – 6)

Amy B. Seibert Elementary
Becky Stambook

Berkshire Elementary
Marsha Ketchell

Bill Williams Elementary
Dion Lovio

Buena Vista Elementary
Brandie Dye

Charles H. Castle Elementary
Lisa Beasley

Christa McAuliffe Elementary
Dan Pokett

Douglas Miller Elementary
Dan Bickham

Laurelglen Elementary
Robert Machado

Leo B. Hart Elementary
Daryl Newton

Louise Sandrini Elementary
Marc Rosander

Old River Elementary
Mike Boles

Panama Elementary
Brian Malavar

Ronald Reagan Elementary
Pam Somes

Roy W. Loudon Elementary
Sharon Dunn

Sing Lum Elementary
Shawna Manning

Stine Elementary
Daniel Hansford

Stockdale Elementary
Matthew Merickel

Wayne Van Horn Elementary
James Lopez

INTERMEDIATE (7 – 8)

Earl Warren Junior High School
George Thornburgh

O.J. Actis Junior High School
Patrick Spears

Stonecreek Junior High School
Matthew Kennedy

Fred L. Thompson Junior High School
Darryl Pope

Tevis Junior High School
Paul Coon

FINANCIAL SECTION

Daniells
Phillips
Vaughan
& Bock

CPAs & Advisors

An independently owned
member RSM US Alliance

Member of AICPA Division for Firms
Private Companies Practice Section

NANCY C. BELTON

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Panama-Buena Vista
Union School District
Bakersfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Panama-Buena Vista Union School District**, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

300 New Stine Road • Bakersfield, CA 93309 • Tel. 661.834.7411 • Fax. 661.834.4839 • www. dpvb.com

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of other postemployment benefits funding progress, schedules of proportionate share of the net pension liability and schedules of pension contributions on pages 5-18 and 71-77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Panama-Buena Vista Union School District**'s basic financial statements. The supplementary information on pages 79-97, including the schedule of expenditures of federal awards, as required by Title 2, *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is* presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 79-97 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section on pages 99-127 has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016 on our consideration of the **Panama-Buena Vista Union 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 **Panama-Buena Vista Union School District**'s internal control over financial reporting and compliance.

Daniells Phillips Vaughan & Bock

Bakersfield, California
December 7, 2016

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

An overview of the Panama-Buena Vista Union School District's financial activities for the fiscal year ended June 30, 2016, is provided in this discussion and analysis of the District's financial performance.

This Management's Discussion and Analysis (MD & A) should be read in conjunction with the District's financial statements (including notes and supplementary information).

FINANCIAL HIGHLIGHTS

Key financial highlights for 2016 are as follows:

- In total, net position of governmental activities increased by $3,975,186 which represents an 11.7% increase from 2016.

- General revenues accounted for $161,451,716 in revenue or 77% of all revenues. Program specific revenues in the form of charges for services, categorical, capital grants and contributions accounted for $47,862,322 or 23% of total revenues of $209,314,038.

- The District had $205,338,852 in expenses related to governmental activities. Instruction related expenses represented $132,980,945 or 64.8%; only $6,789,649 or 3.3% of total expenses were for general administration.

- As of June 30, 2016, the General Fund reported a positive fund balance of $22,630,665. The non-spendable fund balance was $451,855, the restricted fund balance was $2,360,697, a committed balance of $14,808,526, and the reserve for economic uncertainties was $5,009,587.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

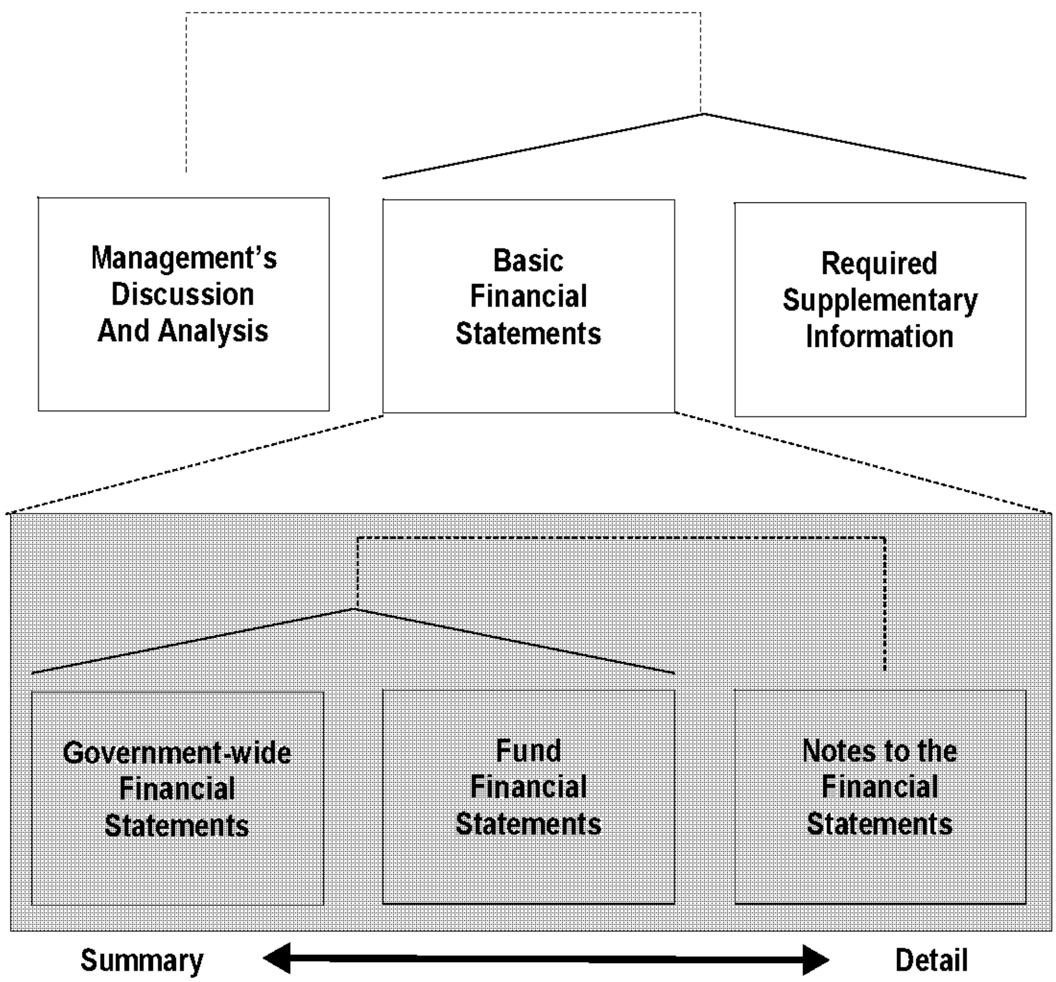
- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
    - Basic services funding (i.e., regular and special education) is described in the governmental funds statements. These statements include short-term financing and the balance remaining for future spending.
    - Financial relationships, for which the District acts solely as an agent or trustee, for the benefit of others to whom the resources belong, are presented in the fiduciary fund statements.

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

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

Figure A shows how the various parts of this annual report are arranged and related to one another.

Figure A
Organization of Panama-Buena Vista Union School District Annual Financial Report



Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

Figure B summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure B

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

The Statement of Net Position and the Statement of Activities

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

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

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

In the Statement of Net Position and the Statement of Activities, districts report two kinds of activities:

- Governmental activities:

  The basic services provided by the District, such as regular and special education, administration, self-insurance services, transportation, day care, and cafeteria are included here. Property taxes and state formula aid finance most of these activities.

- Business-type activities:

  The District currently does not conduct business type-activities.

FUND FINANCIAL STATEMENTS

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

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

- Other funds are established by the District to control and manage money for particular purposes (such as repaying its long-term debts). Other funds may also show proper usage of certain revenues (such as federal grants).

The District has three kinds of funds:

- **Governmental funds:**

  Most of the District's basic services are included in governmental funds, which generally focus on:

  - How cash and other financial assets can be readily converted to cash flow (in and out).

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

- o The balances left at year-end that are available for spending.

A detailed short-term view is provided by the governmental fund statements. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information is provided at the bottom of the governmental fund statements that explains the differences (or relationships) between them.

- **Fiduciary funds:**

For assets that belong to others, such as the student activities funds, the District acts as the trustee, or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. A separate statement of fiduciary net position reports the District's fiduciary activities. These activities are excluded from the District-wide financial statements, as the assets cannot be used by the District to finance its operations.

- **Internal Service Funds:**

Internal Service Funds are used to account for all financial resources intended to provide self-insurance services to other operating funds of the District on a cost-reimbursement basis. The District maintains one Internal Service Fund for Health and Welfare Benefits. The Internal service fund is reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Health and Welfare Benefits Fund was established to pay for claims, administrative costs, insurance premiums, and related expenditures. The Internal Service Fund for Health and Welfare Benefits is reported with the governmental activities in the government-wide financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 summarizes the District's net position for the years ended June 30, 2016 and 2015. Net position increased by 11.7% over this period from $34,135,632 to $38,110,818. The following are significant current year transactions that had an impact on the overall financial health of the District as a whole:

- Due to the prior year implementation of GASB 68, the District must now recognize net pension liability for CalSTRS, CalPERS, and SISC Defined Benefit Plan. GASB 68 requires employers to recognize the proportionate share of the liability held by the defined benefit pension plans. This has resulted in an increase in deferred outflows of 80.0% in the amount of $16,389,838, an increase in net pension liability by 30.7% in the amount of $122,719,823, and decrease in deferred inflows of 69.2% in the amount of $7,174,837.

- Long term debt outstanding has increased 33.7% to $108,573,875 due to the acquisition of a Qualified Zone Academy Bond (QZAB) for $30,000,000. The District has utilized the proceeds from the QZAB to install solar arrays at every school site and to implement energy saving strategies such as efficient lighting and energy management.

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

Table 1: Net Position

	Governmental Activities		Total Percentage Change
	2016	2015	2015-16
Current and other assets:			
Cash	$ 85,120,842	$ 80,961,560	5.1%
Receivables	6,193,413	5,051,338	22.6
Investments	61,263	61,043	.4
Inventories	510,136	489,682	4.2
Total current and other assets	91,885,654	86,563,623	6.2
Capital assets, net of accumulated depreciation	187,169,021	157,354,501	19.0
Total assets	279,054,675	243,918,124	14.4
Deferred Outflows of Resources	16,389,838	9,107,476	80.0
Long-term debt outstanding	108,573,875	81,190,812	33.7
Net OPEB obligation	6,415,781	5,560,861	15.4
Net pension liability	122,719,823	93,867,457	30.7
Other liabilities	12,449,379	14,961,081	-16.8
Total liabilities	250,158,858	195,580,211	27.9
Deferred Inflows of Resources	7,174,837	23,309,757	-69.2
Net position:			
Net investment in capital assets	112,330,663	76,163,689	47.5
Restricted	9,623,437	7,659,332	25.6
Unrestricted	(83,843,282)	(49,687,389)	68.7
Total net position	$ 38,110,818	$ 34,135,632	11.7%

Changes in Net Position

Table 2 summarizes changes in the District's net position for the years ended June 30, 2016 and 2015. The District's total revenue for the year ended June 30, 2016, was $209,314,038 and the cost of all programs and services was $205,338,852. The following are significant current year transactions that had an impact on the change in net position:

- The ending net position for year ended June 30, 2016, was $38,110,818.

- Proposition 30 was passed by the voters on November 6, 2012, subsequently creating the Education Protection Account (EPA). Temporary tax revenues are to be received in the EPA through 2018.

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

- The Gap funding percentage increased by 51.97% and the funded average daily attendance increased by 163. Consequently, the year-end state aide increased by $21,818,066.

Table 2: Changes in Net Position

	Governmental Activities		Total Percentage Change
	2016	2015	2015-16
Revenues			
Program revenues			
Charges for services	$ 1,618,322	$ 1,700,817	-4.9%
Federal and state categorical grants	46,244,000	26,491,557	74.6
General revenues			
Federal and state formula aid	137,145,251	115,327,185	18.9
Other	24,306,465	21,243,103	14.4
Total revenues	209,314,038	164,762,662	27.0
Expenses			
Instruction-related	132,980,945	97,947,168	35.8
Student support services	22,808,248	17,297,678	31.9
Maintenance and operations	18,898,027	13,866,265	36.3
Administration	6,789,649	5,410,928	25.5
Enterprise	7,357,492	22,798,943	-67.7
Other	16,504,491	15,566,311	6.0
Total expenses	205,338,852	172,887,293	18.8
Decrease in net position	3,975,186	(8,124,631)	-148.9
Beginning Net Position	34,135,632	152,541,149	-77.6
Prior period adjustment	-	(110,280,886)	-100.0
Beginning Net Position as Adjusted	34,135,632	42,260,263	-19.2
Ending Net Position	$ 38,110,818	$ 34,135,632	1165.0%

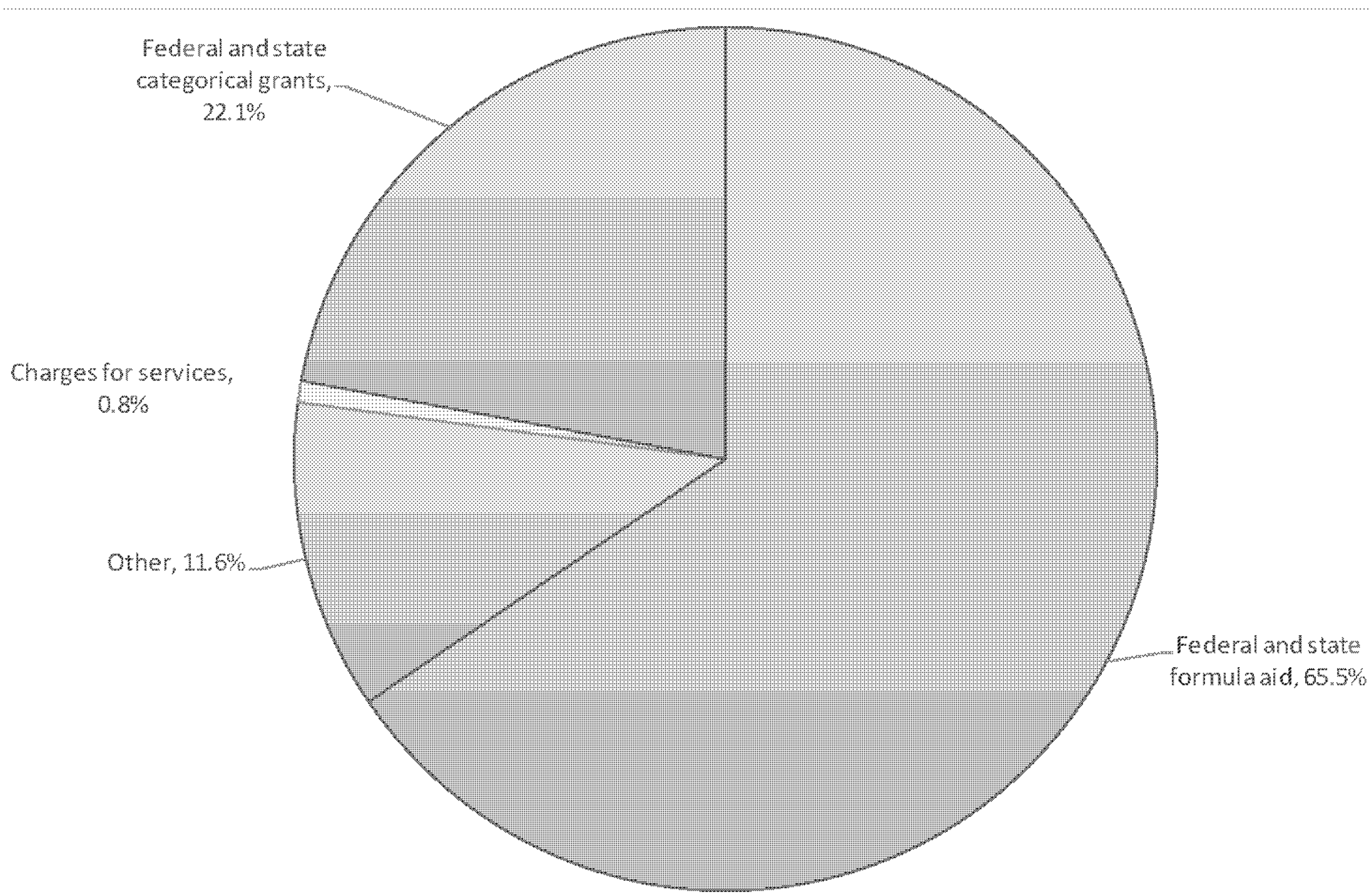
<u>Governmental Activities</u>

As shown in Table 3, the District's most significant source of revenue from governmental functions in the year ended June 30, 2016, was federal and state formula aid, comprising 65.5% of the total. State Aid is primarily from the Local Control Funding Formula. The next most significant revenue category was federal and state categorical grants at 22.1%. Other revenue provided 11.6% and charges for services another 0.8%.

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

Table 3: Summary of Revenues

	FYE 2016 Amount	Percent of Total	Increase (Decrease) from FYE 2015	Total Percentage Change	FYE 2015 Amount
Revenues					
Program revenues					
Charges for services	$ 1,618,322	0.8%	$ (82,495)	-4.9%	$ 1,700,817
Federal and state categorical grants	46,244,000	22.1	19,752,443	74.6	26,491,557
General revenues					
Federal and state formula aid	137,145,251	65.5	21,818,066	18.9	115,327,185
Other	24,306,465	11.6	3,063,362	14.4	21,243,103
Total revenues	$209,314,038	100.0%	$ 44,551,376	27.0%	$164,762,662



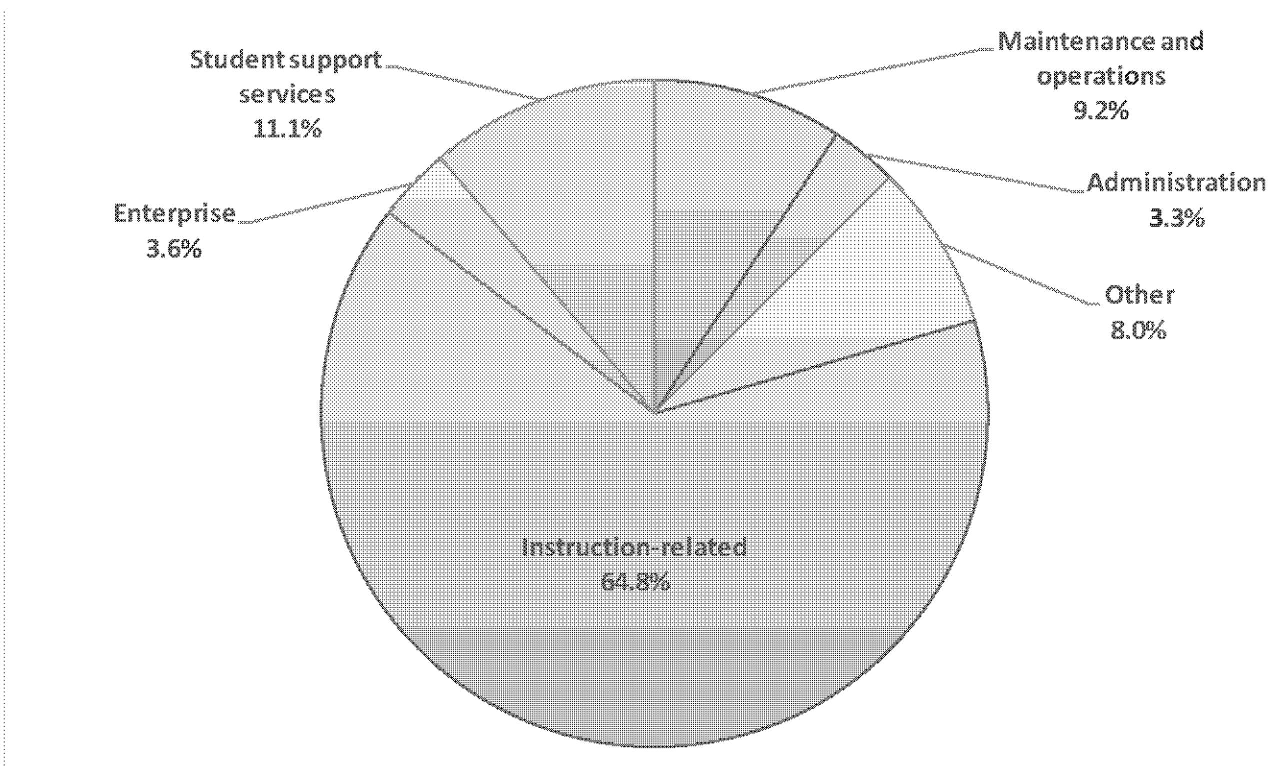
Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

Governmental Activities

Table 4 presents a summary of expenses for governmental activities. The significant majority of expenses in the year ended June 30, 2016, were instruction-related at 64.8% of total expenses. Student support services was the second largest expense category at 11.1%. Maintenance and operations expenses was the next comprising 9.2%. Administration, enterprise activities and other expenses were 3.3%, 3.6%, and 8.0%, respectively.

Table 4: Summary of Expenses

	FYE 2016 Amount	Percent of Total	Increase (Decrease) from FYE 2015	Percent Change	FYE 2015 Amount
Expenses					
Instruction-related	$ 132,980,945	64.8%	$ 35,033,777	35.8%	$ 97,947,168
Student support services	22,808,248	11.1	5,510,570	31.9	17,297,678
Maintenance and operations	18,898,027	9.2	5,031,762	-6.6	13,866,265
Administration	6,789,649	3.3	1,378,721	25.5	5,410,928
Enterprise	7,357,492	3.6	(15,441,451)	-67.7	22,798,943
Other	16,504,491	8.0	938,180	-4.9	15,566,311
Total expenses	$ 205,338,852	100.0%	$ 32,451,559	18.8%	$ 172,887,293



Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

Governmental Activities

Table 5 provides information on the total costs of governmental activities and the net costs after offsetting related program revenues.

Table 5: Total and Net Costs of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	$ 117,016,233	$ (90,695,244)
Pupil services	22,808,248	(10,939,213)
Plant services	18,898,027	(18,615,335)
Instruction-related services	15,964,712	(12,516,651)
Other outgo	12,003,541	(8,966,177)
General administration	6,789,649	(3,934,900)
Enterprise	7,357,492	(7,357,492)
Interest on long-term debt	2,626,314	(2,626,314)
Community services	1,818,419	(1,781,083)
Ancillary services	56,217	(44,121)
Total costs	$ 205,338,852	$ (157,476,530)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Governmental Functions

As shown in Table 6, the District's governmental funds reported a combined fund balance of $80,940,418, which is higher than last year's total of $70,152,786.

The increase in the General Fund results from the receipt of one-time state revenue in the amount of $8,835,626 and Educator Effectiveness funds in the amount of $1,308,083. The one-time funds were committed in fund balance for future obligations. Educator Effectiveness funds are designated for use in the subsequent year.

The decrease in the Building Fund is due to the various school site construction projects funded with the 2012 General Obligation Bonds, Series A, 2012 General Obligation Bonds, Series B and 2012 General Obligation Bonds, Series T-1.

The decrease in the Capital Facilities Fund balance is primarily a result of the decrease in developer fees collected. The decrease in the County Facilities Fund is a result of transferring the balance to the Special Reserve Fund.

Table 6 is an analysis of the District's fund balances and the total change in fund balances from the prior year.

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

Table 6: District's Fund Balances	Fund Balance June 30, 2016	Fund Balance June 30, 2015	Increase (Decrease)
General	$ 22,630,665	$ 10,010,468	$ 12,620,197
Child Development	1,229,128	1,056,131	172,997
Cafeteria	2,889,835	2,646,804	243,031
Building	23,677,181	35,921,845	(12,244,664)
Capital Facilities	8,701,218	8,866,820	(165,602)
County School Facilities	-	8,751	(8,751)
Special Reserve	17,892,707	8,195,428	9,697,279
Bond Interest and Redemption	3,919,684	3,446,539	473,145
Total	$ 80,940,418	$ 70,152,786	$ 10,787,632

General Fund Budgetary Highlights

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting.

Over the course of the year, the District revised its budget four times. These budget amendments fall into three categories:

- Changes made to account for differences between the final state budget and the governor's May revised budget proposal.
- Adjustments to the state formula aide based on revised ADA data.
- Adjustments to state formula aide and categorical program revenues and expenditures after prior year carryovers became known and the state provided final entitlement amounts.

Although the District's final general fund budget anticipated an increase in fund balance of $8,406,803, the actual results provided an increase in fund balance of $12,620,197.

- Total revenues were over budget expectations by $4,660,108 primarily due to the recognition of the STRS On-Behalf Contribution.
- Total expenditures were over budget expectations by $96,905. This is principally attributed to the recognition of the STRS On-Behalf Contribution.
- A contribution in the amount of $1,696,352 was transferred from the Self Insurance Fund to the General Fund to reimburse a prior year contribution from the General Fund to the Self Insurance Fund.

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets amounts to $187,169,021 (net of accumulated depreciation). This investment primarily includes land, school buildings, administrative offices, warehouse and transportation facilities, maintenance shops, furniture, and equipment.

As shown in Table 7, the District's total net capital assets increased $29,814,520 or 18.9% over the prior year. This increase is primarily due to the clean energy project and the modernization of Sing Lum Elementary presently classified as work in progress.

Table 7 additionally reflects an increase in work in progress of $35,231,431 or 787.3%. This increase is due to the ongoing clean energy project, construction for Dolores S. Whitley Elementary School, District Roofing Projects, Sing Lum Elementary School Modernization, and Panama Elementary School Modernization.

Table 7: Changes in Net Capital Assets

	Governmental Activities		Percentage Change
	2016	2015	2015-16
Land	$ 12,150,705	$ 12,150,705	.0%
Buildings	106,291,085	110,358,692	-3.7
Improvements of sites	20,956,354	21,028,466	-.3
Equipment	8,064,590	9,341,782	-13.7
Work in progress	39,706,287	4,474,856	787.3
Net capital assets	$187,169,021	$157,354,501	18.9%

Long-Term Debt

Table 8 shows the changes in the District's outstanding long-term debt for the year ended June 30, 2016. Long-term debt increase overall by 33.7%. The increase is the result of the acquisition of the Qualified Zone Academy Bond (QZAB) in the amount of $30,000,000 for the completion of district-wide solar arrays and various energy efficiency projects. Capital lease obligations decreased by 25.0% as a result of scheduled payments. For more detailed information, see Notes 6, 7, 8, 9, and 10.

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

Table 8: Outstanding Long-Term Debt

	District Total		Percentage Change
	2016	2015	2015-16
General obligation bonds			
(financed with property taxes)	$ 48,010,000	$ 49,545,000	-3.1%
Unamortized premium	1,856,738	1,921,592	-3.4
Certificates of participation	26,040,000	26,920,000	-3.3
Unamortized premium	2,604,137	2,720,220	-4.3
Qualified zone academy bond	30,000,000	-	-
Capital leases	63,000	84,000	-25.0
Total	$108,573,875	$ 81,190,812	33.7%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The economy, legislative or voter-approved changes, bargaining unit agreements and district demographics are key factors in determining the District's financial outlook in future years. Currently known circumstances that will impact the District's financial status in the future are:

The California Legislative Analyst Office (LAO) 2017-18 Budget California's Fiscal Outlook reflects a positive outlook. The state budget is more prepared for an economic downturn than it has been in many decades. The state estimates that $11.5 billion will be retained in reserves ending 2017-18. The LAO further projects that revenues will exceed spending under current policies which will result in further improvement in the state's fiscal condition. It is expected that the state could potentially fund 99 percent of the Local Control Funding Formula full implement cost by 2017-18.

Health insurance and post-retirement costs continue to grow at rates well in excess of the rate of inflation. As a result of the input from a special task force with stakeholders from employee groups, the board and management, the health benefit package has changed for the current fiscal year. The District discontinued its self-insurance plan effective September 30, 2015. The District has joined the Self Insurance School of California (SISC) benefit pool in an effort to reduce costs and improve services.

The District will continue to experience cost pressures associated with increased contributions to CalPERS and CalSTRS. It is expected that rate increases for retirement contributions will exceed the minimum guarantee from Proposition 98.

Enrollment increased during the period ending June 30, 2016. Enrollment projections reflect signs of moderate growth over the next two years.

The passage of Proposition 30 in November 2012 changed the way school funding is calculated through the use of the Local Control Funding Formula (LCFF). The LCFF establishes a new uniform funding formula and a new system of academic accountability. The formula replaces revenue limits and most categorical programs with uniform base rates for all pupils and provides significantly more funding for English learner and low-income students. The new system of academic accountability requires school

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

districts and charter schools to publicly report how they will use the funds provided under the formula, as well as establishes a new system of support and intervention support for underperforming school districts and charter schools. While the transition to the LCFF began in 2013-14, it will take several years before all provisions are fully implemented and districts and charter schools are fully funded to formula targets. Moreover, a number of key decisions have yet to be made regarding the implementation of the new fiscal and academic accountability provisions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Glenn A. Imke, Assistant Superintendent Business Services, Panama-Buena Vista Union School District, 4200 Ashe Road, Bakersfield, CA 93313.

Panama-Buena Vista Union School District
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash	$ 85,120,842
Investments	61,263
Accounts receivable	6,193,413
Stores inventories-supplies	391,999
Stores inventories-food	118,137
Land	12,150,705
Buildings and improvements	219,888,642
Equipment	22,156,828
Work in progress	39,706,287
Less accumulated depreciation	(106,733,441)
Total assets	279,054,675
Deferred Outflows of Resources	
Current year pension contributions	16,389,838
Liabilities	
Accounts payable and other current liabilities	11,864,043
Unearned revenue	585,336
Long-term liabilities	
Due within one year:	
2012 General Obligation Bond	2,459,854
Certification of Partication	891,083
Qualified Zone Academy Bond	1,176,471
Capital Lease	21,000
Due after one year	
2012 General Obligation Bond	47,406,884
Certification of Partication	27,753,054
Qualified Zone Academy Bond	28,823,529
Capital Lease	42,000
Net OPEB Obligation	6,415,781
Net Pension Liability	122,719,823
Total liabilities	250,158,858
Deferred Inflows of Resources	
Difference between projected and actual earnings on pension plan investments	7,174,837
Net position	
Net investment in capital assets	112,330,663
Restricted for:	
Debt Service	3,931,754
Educational programs	2,348,627
Nutritional programs	2,416,961
Other purposes (nonexpendable)	926,095
Unrestricted (Deficit)	(83,843,282)
Total net position	$ 38,110,818

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

Panama-Buena Vista Union School District
Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities				
Instruction	$ 117,016,233	$ -	$ 26,320,989	$ (90,695,244)
Instruction-related services:				
Supervision of instruction	4,530,790	138,347	2,357,047	(2,035,396)
Instructional library, media and technology	1,747,080	-	51,877	(1,695,203)
School site administration	9,686,842	-	900,790	(8,786,052)
Pupil services:				
Home-to-school transportation	3,361,298	-	434,484	(2,926,814)
Food services	7,824,086	1,407,531	6,761,715	345,160
All other pupil services	11,622,864	23,594	3,241,711	(8,357,559)
General administration:				
Data processing	1,000,180	-	45	(1,000,135)
All other general administration	5,789,469	48,850	2,805,854	(2,934,765)
Plant services	18,898,027	-	282,692	(18,615,335)
Ancillary services	56,217	-	12,096	(44,121)
Community services	1,818,419	-	37,336	(1,781,083)
Enterprise	7,357,492	-	-	(7,357,492)
Interest on long-term debt	2,626,314	-	-	(2,626,314)
Other outgo	12,003,541	-	3,037,364	(8,966,177)
Total governmental activities	$ 205,338,852	$ 1,618,322	$ 46,244,000	(157,476,530)
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				13,381,939
Taxes levied for debt service				3,636,071
Federal and state aid not restricted to specific purposes				137,145,251
Interest and investment earnings				451,631
Miscellaneous				6,836,824
Total general revenues				161,451,716
Change in net position				3,975,186
Net position beginning				34,135,632
Net position ending				$ 38,110,818

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

Panama-Buena Vista Union School District
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Assets						
Cash	$ 21,720,495	$ 24,617,249	$ 9,045,517	$ 18,038,961	$ 8,749,873	$ 82,172,095
Investments	-	-	-	61,263	-	61,263
Accounts receivable	5,183,320	56,434	17,532	16,793	913,160	6,187,239
Due from other funds	4,136,504	-	16,825	409,946	48,700	4,611,975
Stores inventories - supplies	391,999	-	-	-	-	391,999
Stores inventories - food	-	-	-	-	118,137	118,137
Total assets	$ 31,432,318	$ 24,673,683	$ 9,079,874	$ 18,526,963	$ 9,829,870	$ 93,542,708
Liabilities and fund balances						
Liabilities:						
Accounts payable	$ 7,952,431	$ 911,671	$ 378,656	$ 24,739	$ 1,080,286	$ 10,347,783
Due to other funds	320,872	84,831	-	609,517	653,951	1,669,171
Unearned revenue	528,350	-	-	-	56,986	585,336
Total Liabilities	8,801,653	996,502	378,656	634,256	1,791,223	12,602,290
Fund balances:						
Nonspendable:						
Revolving fund	43,806	-	-	-	356,103	399,909
Stores inventories	391,999	-	-	-	118,137	510,136
Endowments	16,050	-	-	-	-	16,050
Restricted for:						
Educational programs	2,348,627	-	-	-	-	2,348,627
Nutritional programs	-	-	-	-	2,416,961	2,416,961
Debt service	12,070	-	-	-	3,919,684	3,931,754
Assigned to:						
Capital projects	-	23,677,181	8,701,218	17,892,707	-	50,271,106
Child development programs	-	-	-	-	1,227,762	1,227,762
Committed to:						
Capital projects	14,808,526	-	-	-	-	14,808,526
Unassigned/Unappropriated:						
Reserve for economic uncertainities	5,009,587	-	-	-	-	5,009,587
Total Fund Equity	22,630,665	23,677,181	8,701,218	17,892,707	8,038,647	80,940,418
Total Liabilities and Fund Equity	$ 31,432,318	$ 24,673,683	$ 9,079,874	$ 18,526,963	$ 9,829,870	$ 93,542,708

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

Panama-Buena Vista Union School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016

Total fund balances - governmental funds:			**$ 80,940,418**
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:			
Capital assets : In governmental funds, only current assets are reported. In the statement of net position all assets are reported, including capital assets and accumulated depreciation.			
Capital assets at historical cost	$ 293,902,462		
Accumulated depreciation	(106,733,441)		
		Net	187,169,021
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the district-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(1,506,540)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
General obligation bonds payable	$ (49,866,738)		
Other post employment benefits liability (OPEB)	(6,415,781)		
Qualified Zone Academy Bond (QZAB)	(30,000,000)		
Net pension liability	(122,719,823)		
Certificates of participation payable	(28,644,137)		
Capital leases payable	(63,000)		
		Total	(237,709,479)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.			
Deferred outflows of resources relating to pensions			16,389,838
Deferred inflows of resources relating to pensions			(7,174,837)
Internal Service Funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds are:			2,397
Total net position - governmental activities:			**$ 38,110,818**

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

Panama-Buena Vista Union School District
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
Year Ended June 30, 2016

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Local Control Funding Formula Sources:						
State apportionments	$ 125,222,695	$ -	$ -	$ -	$ -	$ 125,222,695
Local sources	13,393,985	-	-	-	-	13,393,985
Federal	7,539,629	-	-	-	6,495,797	14,035,426
Other state	30,004,934	-	-	-	739,402	30,744,336
Other local	1,694,982	211,688	4,167,711	55,883	7,135,657	13,265,921
Total revenues	177,856,225	211,688	4,167,711	55,883	14,370,856	196,662,363
Expenditures:						
Instruction	100,986,526	-	-	-	150,450	101,136,976
Supervision of instruction	4,142,274	-	-	-	26,553	4,168,827
Instructional library, media, and technology	1,687,126	-	-	-	-	1,687,126
School administration	8,989,371	-	-	-	-	8,989,371
Home to school transportation	3,439,428	-	-	-	-	3,439,428
Food services	-	-	-	-	7,978,997	7,978,997
All other pupil services	10,707,721	-	-	-	-	10,707,721
Data processing services	1,100,069	-	-	-	-	1,100,069
All other general administration	5,168,822	-	65,405	-	344,978	5,579,205
Plant services	16,706,704	-	-	-	106,598	16,813,302
Facility acquisition and construction	2,715,771	12,456,352	2,262,075	19,467,362	21,000	36,922,560
Ancillary services	54,578	-	-	-	-	54,578
Community services	149,768	-	-	-	1,617,364	1,767,132
Transfers between agencies	11,003,019	-	-	-	-	11,003,019
Debt service:						
Principal	-	-	880,000	-	1,535,000	2,415,000
Interest	34,521	-	1,125,833	-	1,646,897	2,807,251
Cost of issuance	100,521	-	-	900,000	-	1,000,521
Total expenditures	166,986,219	12,456,352	4,333,313	20,367,362	13,427,837	217,571,083
Excess (deficiency) of revenues over expenditures	10,870,006	(12,244,664)	(165,602)	(20,311,479)	943,019	(20,908,720)
Other financing sources (uses):						
Proceeds from Qualified Zone Academy Bond	-	-	-	30,000,000	-	30,000,000
Transfers in	1,796,371	-	-	8,758	46,180	1,851,309
Transfers out	(46,180)	-	-	-	(108,777)	(154,957)
Total other financing sources (uses)	1,750,191	-	-	30,008,758	(62,597)	31,696,352
Net change in fund balances	12,620,197	(12,244,664)	(165,602)	9,697,279	880,422	10,787,632
Fund balances, July 1, 2015	10,010,468	35,921,845	8,866,820	8,195,428	7,158,225	70,152,786
Fund balances, June 30, 2016	$ 22,630,665	$ 23,677,181	$ 8,701,218	$ 17,892,707	$ 8,038,647	$ 80,940,418

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

Panama-Buena Vista Union School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2016

Total net change in fund balances - governmental funds:		**$**	**10,787,632**
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:			
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
Expenditures for capital outlay	$ 37,583,368		
Depreciation expense	(7,761,959)		
		Net	29,821,409
Debt service: In the governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			
Payment of certificates of participation	$ 880,000		
Payment of general obligation bond	1,535,000		
Payment of capital leases	21,000		
		Total	2,436,000
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in government funds as proceeds from debt, net of issue premium or discount, were:			(30,000,000)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the district-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:			(6,889)
Pensions: In governmental 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:			(5,435,084)
Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB expense is reported for benefit payments to retirees during the year and those due and payable at year-end. In the statement of activities, OPEB expense is the Annual Required Contribution (ARC) less employer contributions. The difference between employer OPEB contributions and the Annual Required Contribution was:			(854,920)
Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is:			180,935

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

Panama-Buena Vista Union School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Continued)
Year Ended June 30, 2016

Internal Service Funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net decrease in internal service funds was:	(2,953,897)
Change in net position - governmental activities:	**$ 3,975,186**

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

Panama-Buena Vista Union School District
Statement of Net Position
Internal Service Fund
June 30, 2016

	Self-Insurance Fund
Current Assets	
Cash	$ 2,948,747
Accounts receivable	6,174
Due from other funds	84,659
Total current assets	3,039,580
Current Liabilities	
Accounts payable	9,720
Due to other funds	3,027,463
Total current liabilities	3,037,183
Total net position - Unrestricted	$ 2,397

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

Panama-Buena Vista Union School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
Year Ended June 30, 2016

	Self-Insurance Fund
Operating Revenues	
In-district premiums	$ 6,078,272
Interest	21,675
Total Operating Revenues	6,099,947
Operating Expenses	
Premiums & claims expense	5,987,748
Claims administration	1,369,744
Total Operating Expenses	7,357,492
Financing Sources	
Transfers out	(1,696,352)
Change in Net Position	(2,953,897)
Total Net Position, July 1, 2015	2,956,294
Total Net Position, June 30, 2016	$ 2,397

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

Panama-Buena Vista Union School District
Statement of Cash Flows
Internal Service Fund
Year Ended June 30, 2016

	Self-Insurance Fund
Cash Flows From Operating Activities	
Receipts from assessments to other funds	$ 7,807,507
Receipts from interest	21,674
Cash payments for premiums and claims expense	(6,990,585)
Cash payments for claims administration	(1,516,408)
Transfers out	(1,696,352)
Net cash (used in) operating activities	(2,374,164)
Net decrease in cash	(2,374,164)
Cash, July 1, 2015	5,322,911
Cash, June 30, 2016	$ 2,948,747

Reconciliation of operating income to net cash (used in) operating activities:	
Operating (loss)	$ (2,953,897)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Changes in operating assets and liabilities:	
Decrease in accounts receivable	270,163
Decrease in due from other funds	1,729,235
Increase in due to other funds	1,729,023
(Decrease) in accounts payable	(1,324,641)
(Decrease) in estimated liability for self insurance claims	(1,824,047)
Total adjustments	579,733
Net cash (used in) operating activities	$ (2,374,164)

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

Panama-Buena Vista Union School District
Statement of Fiduciary Net Position
June 30, 2016

	Agency Funds Student Body Funds
Assets	
Cash	$ 277,999
Total assets	$ 277,999
Liabilities	
Due to student groups	$ 277,999
Total liabilities	$ 277,999

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
Year Ended June 30, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

The Panama-Buena Vista Union 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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees.

On April 11, 1994, certain members of the District's board of education and District employees formed a nonprofit benefit corporation, known as the Panama-Buena Vista Union School District Financing Corporation (the Corporation), which is organized under Nonprofit Benefit Corporation Law of the State of California. The purpose of the Corporation is to finance the acquisition and construction of facility improvements together with necessary equipment of District schools and other facilities as may be required from time to time at the determination of the Board of Trustees. The Corporation issues Certificates of Participation (COPs), a form of long-term debt, which the District uses to finance construction of such improvements.

The District and the Corporation have a financial and operational relationship that meets the reporting entity definition of GASB Statement No. 61, *The Financial Reporting Entity*, for inclusion of the Corporation as a component unit of the District. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the governmental unit management's operational responsibility over such agencies.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

relationship between the district-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions:

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

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Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue:

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

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

E. Fund Accounting

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

Major Governmental Funds:

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

The Building Fund is used 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

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Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

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).

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

The Special Reserve Fund is used to account for the accumulation of excess General Fund monies for future capital outlay purposes.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains four non-major special revenue funds:

- The Child Development Fund is used to account for resources committed to child development programs maintained by the District.
- The Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeterias.
- The Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.
- The County School Facilities Fund is used to account for state apportionments and District matching funds as authorized by Education Code Section 17070.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The District maintains one non-major debt service fund:

- The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and the redemption of principal of the bonds issued by the District.

Proprietary Funds:

Internal Service Funds are used to account for all financial resources intended to provide self-insurance services to other operating funds of the District on a cost-reimbursement basis. The District maintains one Internal Service Fund for Health and Welfare Benefits. The Health and Welfare Benefits Fund was established to pay for claims, administrative costs, insurance premiums, and related expenditures.

Under the full accrual basis of accounting that is generally accepted for Internal Service Funds, total estimated liabilities for self-insurance are recorded based on estimated claims liabilities, including the estimated liability for incurred but not reported claims. No discount

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

is applied to estimated Health and Welfare Benefits Fund claims because they are generally paid within a short period of time after the claims are filed.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to other operating funds for self-insurance services. Operating expenses include the cost of services including insurance premiums, claims, and administrative costs. All revenues and expenses not meeting this definition are nonoperating revenues and expenses.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains agency funds for student body accounts. The District maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than June 30. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

The District's governing board and District superintendent revise these budgets during the year to give consideration to unanticipated income and expenditures and for anticipated events that are not yet measurable. The original and final revised budgets are presented for the General Fund in the financial statements.

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

G. Encumbrances

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

H. Assets, Liabilities, and Equity

1. Deposits and Investments

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Kern County Treasury. The County pools these funds with those of other Districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

2. Stores Inventories

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and are charged as expenditures when used. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District's central warehouse and cafeteria inventories are valued at a moving average cost for presentation.

3. Capital Assets

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized but are expensed as incurred.

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Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

4. Unearned Revenue

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

5. Compensated Absences

   All vacation pay plus related payroll taxes are accrued when incurred in both the district-wide financial statements and in the governmental funds.

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

6. Accrued Liabilities and Long-Term Debt

   All accrued liabilities and long-term debt are reported in the district-wide financial statements. For governmental fund financial statements, accrued liabilities are generally reported if payment is due as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a fund liability only to the extent they are expected to be paid from expendable available financial resources. Long-term liabilities or liabilities with a maturity of more than one year paid from governmental funds are not recognized within the fund financial statements until payment is due. Long-term debt is reported net of applicable bond premium or discount.

7. Fund Balances

   In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and board policy, the District classifies governmental fund balances as follows:

   a. Nonspendable fund balance includes amounts that are not expected to be converted to cash, such as resources that are not in a spendable form (e.g., inventories and prepaids) or that are legally or contractually required to be maintained intact.

   b. Restricted fund balance includes amounts constrained to specific purposes by their providers or by law.

   c. Committed fund balance includes amounts constrained to specific purposes by the Board. For this purpose, all commitments of funds shall be approved by a majority vote of the Board. The constraints shall be imposed no later than the end of the reporting period of June 30, although the actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements.

   d. Assigned fund balance includes amounts which the Board or its designee intends to use for a specific purpose. The Board delegates authority to assign funds to the

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

assigned fund balance to the Superintendent or designee and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements.

e. Unassigned fund balance includes amounts that are available for any purpose. The District maintains a minimum unassigned fund balance of not less than 3 percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

To protect the district against unforeseen circumstances such as revenue shortfalls and unanticipated expenditures, the Board intends to maintain a minimum unassigned fund balance which includes a reserve for economic uncertainties equal to at least two months of general fund operating expenditures, or 17 percent of general fund expenditures and other financing uses.

If the unassigned fund balance falls below this level due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Board shall develop a plan to recover the fund balance which may include dedicating new unrestricted revenues, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

8. Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of capital assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws and regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position are available.

I. State Aid/Property Tax

The District's state aid is received from a combination of local property taxes, state apportionments, and other local sources.

The County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the

Panama-Buena Vista Union School District
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unsecured roll are due on the lien date (March 1) and become delinquent if unpaid by August 31.

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

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the state General Fund and is known as the State Apportionment.

The District's base revenue is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

J. Management Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related revenues and expenditures for the financial statement reporting period. Actual results may differ from those estimates.

Significant estimates with respect to these financial statements include the OPEB liability, net pension liability, liabilities for self-insurance and the amount receivable from the State of California, as further discussed at Notes 12, 14 and 15.

K. Subsequent Events

Management has evaluated subsequent events through December 7, 2016, the date on which the financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

L. Changes in Accounting Principles

The District has adopted all current Statements of Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2016, the District implemented the following new standards issued by GASB:

Statement No. 72, Fair Value Measurement and Application, effective for the year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, effective for the year ending June 30, 2016. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

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

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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

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

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

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

New Accounting Pronouncements

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

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

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Disclosures for Defined Contribution Plans, as amended, Statement No. 43, and Statement No. 50, Pension Disclosures.

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

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

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

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

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

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

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

In December 2015, the GASB issued Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issues regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting For Pensions. This issue is associated with pensions

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
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provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

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

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

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

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

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

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

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
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service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

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

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

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

NOTE 2 - CASH AND INVESTMENTS

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

	Governmental Funds	Internal Service Fund	Total
Cash in county treasury	$ 71,205,323	$ 2,948,747	$ 74,154,070
Cash on hand, in banks and revolving fund	244,791	-	244,791
Cash with fiscal agent	10,721,981	-	10,721,981
Total cash	82,172,095	2,948,747	85,120,842
Investments	61,263	-	61,263
Total cash and investments	$ 82,233,358	$ 2,948,747	$ 85,182,105

Investments Authorized by the District's Investment Policy

The District's investment policy requires compliance with current state law, current legislation and applicable education codes.

Panama-Buena Vista Union School District
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Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

District policy provides that any given instrument will not have a maturity in excess of five years. No less than fifty percent (50%) of the District's portfolio shall be in maturities of one year or less. Up to thirty-five (35%) cumulative of the portfolio may be invested for two years; and up to ten percent (10%) may be invested in years three and four; and up to five percent (5%) may be invested for five years.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Local Agency Investment Fund (LAIF) does not have a rating provided by a nationally recognized statistical rating organization.

District policy provides for the investigation of the financial soundness, experience and personnel of all institutions or brokerage firms prior to the committal of any funds on behalf of the District.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. District policy does require diversification of the investment portfolio in such a manner not to obligate the District towards dependence in one investment instrument. Investments in any one financial instrument shall not exceed $2,500,000 or 50% of the total portfolio at time of investment settlement with the exception of the United States Government or its agencies, Kern County Treasurer's Fund, or Local Agency Investment Fund.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California

Panama-Buena Vista Union School District
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Year Ended June 30, 2016

Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The District is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The $61,263 fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis that approximates fair value.

NOTE 3 – FAIR VALUE MEASUREMENTS

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

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

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

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

Uncategorized – Investments in LAIF are not measured using the input levels above because the District transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

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

		Fair Value Measurements Using			
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
LAIF	$ 61,263	$ -	$ -	$ -	$ 61,263

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables as of June 30, 2016, consist of the following:

	General Fund	Special Revenue Funds	Other Governmental Funds	Internal Service Fund	Totals
Federal government:					
Categorical aid programs	$ 2,592,315	$ 858,103	$ -	$ -	$ 3,450,418
State government:					
Categorical aid programs	2,204,927	18,964	-	-	2,223,891
Other	168,439	-	-	-	168,439
Total state government	2,373,366	18,964	-	-	2,392,330
Local government:					
Interest	39,832	6,483	71,466	6,174	123,955
Other	177,807	29,610	19,293	-	226,710
Total local	217,639	36,093	90,759	6,174	350,665
Total accounts receivable	$ 5,183,320	$ 913,160	$ 90,759	$ 6,174	$ 6,193,413

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as Interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the district-wide financial statements.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

As of June 30, 2016, interfund receivables and payables were as follows:

Funds	Interfund Receivables	Interfund Payables
General fund	$ 4,136,504	$ 320,872
Building fund	-	84,831
Special reserve fund	409,946	609,517
Capital facilities fund	16,825	-
Non-major governmental funds	48,700	653,951
	4,611,975	1,669,171
Internal Service Fund	84,659	3,027,463
Totals	$ 4,696,634	$ 4,696,634

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

Interfund transfers for the 2015-16 fiscal year were as follows:

Funds	Transfers In	Transfers Out
General fund	$ 1,796,371	$ 46,180
All other funds:		
Child Development Fund	-	100,000
Nutrition Fund	46,180	-
Debt Service Fund	-	19
School Facility Fund	-	8,758
Self-insurance Fund	-	1,696,352
Special Reserve Fund	8,758	-
Total	$ 1,851,309	$ 1,851,309

Transfer of $100,000 from the child development fund to the general fund was a cost reimbursement for the construction of day care relocatable classrooms.

Transfer debt service fund remaining balance of $19 to general fund as there is no need for a Tax Revenue Anticipation Note (TRAN).

Transfer school facility fund remaining balance of $8,758 to special reserve fund as there is no need for a School Facility Fund.

Transfer of $46,180 from the general fund to the nutrition fund for bad debt from school breakfast and lunch.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

Transfer of $1,696,352 from the self-insurance fund to the general fund as the District has discontinued the use of the self-insurance fund following the end of the MERP program on October 1, 2015.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

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

	Balance June 30, 2015	Additions	Deductions	Transfers	Balance June 30, 2016
Capital assets not being depreciated:					
Land	$ 12,150,705	$ -	$ -	$ -	$ 12,150,705
Work in progress	4,474,856	36,778,381	-	(1,546,950)	39,706,287
Total capital assets not being depreciated	16,625,561	36,778,381	-	(1,546,950)	51,856,992
Capital assets being depreciated:					
Buildings	187,139,875	-	-	100,078	187,239,953
Improvements of sites	31,234,315	6,297	-	1,408,077	32,648,689
Equipment	21,355,360	798,690	36,017	38,795	22,156,828
Total capital assets being depreciated	239,729,550	804,987	36,017	1,546,950	242,045,470
Less accumulated depreciation for:					
Buildings	76,781,183	4,167,685	-	-	80,948,868
Improvements of sites	10,205,849	1,486,486	-	-	11,692,335
Equipment	12,013,578	2,107,788	29,128	-	14,092,238
Total accumulated depreciation	99,000,610	7,761,959	29,128	-	106,733,441
Total capital assets being depreciated, net	140,728,940	(6,956,972)	6,889	1,546,950	135,312,029
Governmental activities capital assets, net	$157,354,501	$ 29,821,409	$ 6,889	$ -	$187,169,021

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
Instruction	$ 5,093,549
Facilities acquisition and construction	2,085,218
Plant services	112,621
Home-to-school transportation	153,361
Instructional library, media, and technology	46,386
All other general administration	172,961
Food services	62,850
School site administration	11,280
Supervision of instruction	1,519
Centralized data processing	12,623
All other pupil services	8,439
Community services	1,152
Total depreciation expense	$ 7,761,959

NOTE 7 - GENERAL OBLIGATION BONDS

On May 29, 2013 the District issued $18,405,000 of Series A bonds for rehabilitation, repairs, technology upgrades and modernization at school sites. The interest rate ranges from 3.0% to 4.0%. The final maturity date is August 1, 2042.

On April 23, 2015, the District issued $28,110,000 of Series B bonds for rehabilitation, repairs, and modernization at school sites. The interest rate ranges from 3.0% to 5.0%. The final maturity date is August 1, 2044.

On April 23, 2015, the District also issued $3,380,000 of Series T-1 bonds for technology upgrades. The interest rate is 5.0%. The final maturity date is August 1, 2019.

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

Bond	Interest Rate	Date of Issue	Maturity Date	Amount of Original Issue	Bonds Outstanding June 30, 2015	Redeemed During Year	Bonds Outstanding June 30, 2016
Series A	3.0 to 4.0%	5/29/2013	8/1/2042	$ 18,405,000	$ 18,055,000	$ 1,535,000	$ 16,520,000
Series B	3.0 to 5.0%	4/23/15	8/1/2044	28,110,000	28,110,000	-	28,110,000
Series T-1	5%	4/23/15	8/1/2019	3,380,000	3,380,000	-	3,380,000
				$ 49,895,000	$ 49,545,000	$ 1,535,000	$ 48,010,000

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

The annual requirements to amortize the Series A 2012 General Obligation Bonds Payable, outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 1,650,000	$ 575,066	$ 2,225,066
2018	-	571,025	571,025
2019	-	571,025	571,025
2020	-	573,202	573,202
2021	20,000	569,520	589,520
2022-2026	610,000	2,808,710	3,418,710
2027-2031	1,730,000	2,612,517	4,342,517
2032-2036	3,410,000	2,133,273	5,543,273
2037-2041	5,880,000	1,177,423	7,057,423
2042-2043	3,220,000	78,492	3,298,492
Totals	$ 16,520,000	$ 11,670,253	$ 28,190,253

The annual requirements to amortize the Series B 2012 General Obligation Bonds Payable, outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ -	$ 1,128,242	$ 1,128,242
2018	535,000	1,106,926	1,641,926
2019	560,000	1,079,036	1,639,036
2020	590,000	1,052,526	1,642,526
2021	615,000	1,017,051	1,632,051
2022-2026	3,585,000	4,575,837	8,160,837
2027-2031	4,510,000	3,651,640	8,161,640
2032-2036	5,320,000	2,844,288	8,164,288
2037-2041	6,350,000	1,746,789	8,096,789
2042-2045	6,045,000	392,036	6,437,036
Totals	$ 28,110,000	$ 18,594,371	$ 46,704,371

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

The annual requirements to amortize the Series T-1 2012 General Obligation Bonds Payable, outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 745,000	$ 134,553	$ 879,553
2018	705,000	99,590	804,590
2019	890,000	55,901	945,901
2020	1,040,000	4,559	1,044,559
Totals	$ 3,380,000	$ 294,603	$ 3,674,603

NOTE 8 - CERTIFICATES OF PARTICIPATION

On April 23, 2015, the District refunded the existing certificate of participation (COP) in the amount of $26,920,000 due to the available favorable financing options. The original COP was acquired on July 21, 2006, in the amount of $33,880,000 to provide funds for the acquisition of land and the construction of school facilities. The interest rates on the refunded COP range from 2.0% to 5.0%. Interest is payable each March 1 and September 1.

The certificates mature through 2037 as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2017	2.0%	$ 775,000	$ 1,106,101	$ 1,881,101
2018	3.0%	795,000	1,086,767	1,881,767
2019	4.0%	815,000	1,055,677	1,870,677
2020	5.0%	850,000	1,018,768	1,868,768
2021	5.0%	900,000	966,435	1,866,435
2022-2026	5.0%	5,185,000	4,103,997	9,288,997
2027-2031	5.0%	6,620,000	2,612,382	9,232,382
2032-2036	3.375% - 5.0%	8,265,000	967,707	9,232,707
2037	3.5%	1,835,000	10,909	1,845,909
	Totals	$ 26,040,000	$ 12,928,743	$ 38,968,743

NOTE 9 – QUALIFIED ZONE ACADEMY BONDS (QZAB)

On March 17, 2016 and April 27, 2016, the District issued $10,000,000 and $20,000,000, respectively, of Qualified Zone Academy Bonds (QZAB) for the purpose of energy efficiency improvements such as solar arrays at school sites, lighting upgrades, and energy management.

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Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

The $10,000,000 QZAB matures in August 18, 2033, and is non-interest bearing. The QZAB payable outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Total
2017	$ -
2018	588,235
2019	588,235
2020	588,235
2021	588,235
2022-2026	2,941,176
2027-2031	2,941,176
2032-2034	1,764,708
Totals	$ 10,000,000

The $20,000,000 QZAB matures in April 27, 2033, and bears an interest rate of 1% per annum. Interest payments start on April 27, 2017, and are paid annually as indicated. The QZAB payable outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	$ 1,176,471	$ 200,000	$ 1,376,471
2018	1,176,471	200,000	1,376,471
2019	1,176,471	200,000	1,376,471
2020	1,176,471	200,000	1,376,471
2021	1,176,471	200,000	1,376,471
2022-2026	5,882,353	1,000,000	6,882,353
2027-2031	5,882,353	1,000,000	6,882,353
2032-2033	2,352,939	400,000	2,752,939
Totals	$ 20,000,000	$ 3,400,000	$ 23,400,000

NOTE 10 - CAPITAL LEASES

The California Department of Education (CDE) and the District entered into a contract and lease-to-own agreement for the pre-kindergarten facility at Seibert Elementary. The CDE paid $210,000 for the purchase and installation of the facility. The District agreed to lease the facility with no interest for ten years. Under terms of the lease the title will be transferred to the District upon repayment of the entire amount of the funds.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

The future minimum lease payments are as follows:

Year ending June 30,	Lease Payments
2017	$ 21,000
2018	21,000
2019	21,000
Totals	$ 63,000

NOTE 11 - LONG-TERM DEBT – SCHEDULE OF CHANGES

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

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year	Due After One Year
General obligation bonds						
Series A	$ 18,055,000	$ -	$ 1,535,000	$ 16,520,000	$ 1,650,000	$ 14,870,000
Unamortized premium	175,469	-	6,286	169,183	6,286	162,897
Total Series A	18,230,469	-	1,541,286	16,689,183	1,656,286	15,032,897
Series B	28,110,000	-	-	28,110,000	-	28,110,000
Unamortized premium	1,746,123	-	58,568	1,687,555	58,568	1,628,987
Total Series B	29,856,123	-	58,568	29,797,555	58,568	29,738,987
Series T-1	3,380,000	-	-	3,380,000	745,000	2,635,000
Total General obligation bonds	51,466,592	-	1,599,854	49,866,738	2,459,854	47,406,884
Certificates of participation	26,920,000	-	880,000	26,040,000	775,000	25,265,000
Unamortized premium	2,720,220	-	116,083	2,604,137	116,083	2,488,054
Total Certifications of participation	29,640,220	-	996,083	28,644,137	891,083	27,753,054
Qualified Zone Academy Bond	-	30,000,000	-	30,000,000	1,176,471	28,823,529
Capital Leases	84,000	-	21,000	63,000	21,000	42,000
Grand Total	$ 81,190,812	$ 30,000,000	$ 2,616,937	$ 108,573,875	$ 4,548,408	$ 104,025,467

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

NOTE 12 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in six joint ventures under joint powers agreements (JPA's); three with the Self Insured Schools of California (SISC), one with Partners in Nutrition Cooperative (PinCo), one with School District Facility Services and one with Schools Legal Services. The relationships between the District and the JPA's are such that the JPA's are not component units of the District for financial reporting purposes.

Self Insured Schools of California (SISC) arranges for and provides insurance for its members; a board consisting of representatives from the member districts governs SISC. The board controls the operations of SISC, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SISC.

Partners in Nutrition Cooperative (PinCo) coordinates the acquisition, storage and distribution of commodities and other related food product to member districts in California. An advisory committee consisting of representatives from member districts governs PinCo. The advisory committee controls the operations of PinCo including the review of performance of the lead district; and the review and approval of the monthly service fee to be paid by the member districts to the lead district. The advisory committee functions independently of any influence by the member districts beyond their representation on the committee. Each member district establishes a revolving fund approximately equal to 2.5 times the average monthly purchases, plus some additional expenses.

School District Facility Services (SDFS), established in 1994, provides administrative services to member districts pursuant to various statutory provisions related to the collection of School Facilities Fees (formerly Developer Fees) levied on new construction and/or other school facilities issues pertinent to school construction funding. Member districts are limited to public school districts or other public educational entities within the County of Kern and the Kern County Superintendent of Schools. The SDFS Advisory Board is comprised of fifteen elected officials from member districts and the agency is funded through an assessment of 1.5% of the fees collected on behalf of each member district. Advisory Board members include small and large school districts, both urban and rural, with the governing board structured to ensure input from each. The Kern County Superintendent of Schools acts as the administrative agent for the SDFS JPA.

Schools Legal Service (SLS) is a legal services consortium serving school and community college districts and county offices of education since 1976. The first such agency of its kind in California, the service is based in Bakersfield, administered by the Kern County Superintendent of Schools, and serves agency members throughout the state. The SLS governing board is made up of representatives of school and community college districts and county office of education members. Governing Board members include small and large school districts, both urban and rural, with the governing board structured to ensure input from each. Members pay a minimum annual fee for legal services based on student enrollment; collective bargaining services are provided for an additional fee based on district size and number of bargaining units. (Fees allocated to hours of collective bargaining services rendered and related expenses are generally recoverable as mandated costs). SLS services include the following:

o Help-desk for general education law matters

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

- Personnel advice and representation in disciplinary proceedings
- Advice and representation in student discipline matters
- Special education advice and representation at difficult IEPs, mediations and fair hearings
- Construction document review
- Construction litigation
- Collective bargaining advice and representation at the bargaining table
- Representation in PERB hearings
- Monitor legislative developments of concern to members
- Defense in most litigation matters not covered by insurance
- Formation and counseling of educational foundations
- Copyright and trademark registration
- General transactional work (Contract review and drafting)
- Workshops and clinics on special topics
- Access to publications and websites

NOTE 13 - COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

The District's financial statements include revenues apportioned from the State of California that are considered continuously appropriated under State Education Code. Continuously Appropriated means that the State does not specifically appropriate the apportionment year after year in its budget approval process under this guidance.

Property Taxes

The County of Kern and its related municipal entities have been subjected to continuing taxpayer litigation suits asserting over assessments of property taxes. The Auditor-Controller of Kern County has advised the District that it would be prudent to impound funds in anticipation of possibly adverse findings by the courts. The balance in the District's impound account was $2,653,902 at June 30, 2016. The pending appeals less interest was $2,520,986 which leaves a net contingent asset of $132,915 as of June 30, 2016.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

Contractual Obligations

The District has active construction projects as of June 30, 2016. At year end, the District's major commitments with contractors are as follows:

Project	Spent -to-Date	Remaining Commitment
Clean Energy Project	$ 22,822,588	$ 11,475,888
Dolores S. Whitley Elementary School	1,416,406	383,238
District Roofing Projects	2,184,137	546,871
Panama Elementary Modernization	1,408,577	1,046,558
Sing Lum Elementary Modernization	14,010,475	1,569,435
Total	$ 41,842,183	$ 15,021,990

Retirement Incentives

See Note 13 for a full description of the retirement incentive commitments as of June 30, 2016.

Employee Benefits

Historically, all full-time District employees were required to participate, along with their spouses and dependents, in a pooled, composite-rated plan administered by Self Insured Schools of California (SISC). Employees working half-time or more are allowed to participate at their option but the District's contribution for their benefits is limited to the same percentage as the employee's full time equivalence. The SISC risk pool comprises numerous other California school districts. Under this program, a pseudo premium is assessed for each employee participant in each district reflecting the level of benefits each District elected to provide its employees, and the cost trend and reserves of the pool.

Effective January 1, 2012, the District's risk was no longer pooled with that of other districts. Instead, the District paid the actual claims and administration costs for its employees. The District's risk was limited by stop-loss coverage. Employees who were not eligible to participate in a SISC health plan participated in a Medical Expense Reimbursement Plan (MERP). As a result, the District avoided primary responsibility for the claim payments of its MERP participants.

Effective October 1, 2015, the District discontinued the MERP program and all eligible employees are now covered through SISC.

NOTE 14 - RETIREMENT INCENTIVE

The District adopted a supplementary retirement plan (the Plan) in January 2011 supplementing STRS/PERS, and qualifying under the relevant sections of Section 403(b) of the Internal Revenue Code. Participants will receive five annual contributions totaling $50,000 to a 403(b) annuity contract or custodial account with a District-approved vendor of the employee's choosing. Each annual contribution is $10,000. A total of 42 employees satisfied the conditions for eligibility as described. The District's contribution to the Plan was funded on July 1, 2015, in the amount of $420,000.

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Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

The sum of the contributions equaled:

- Certificated non-management employees = 80% of final pay;
- Certificated management employees = $10,000
- Classified employees = 50% of final pay

The District additionally adopted a supplementary retirement plan in January 2015 supplementing STRS/PERS, and qualifying under the relevant sections of Section 403 (b) of the Internal Revenue Code. Participants will receive five annual contributions totaling $50,000 to a 403(b) annuity contract or custodial account with a District-approved vendor of the employee's choosing. Each annual contribution is $10,000. A total of 26 employees satisfied the conditions for eligibility as described.

The District's contributions to the Plan will be funded in annual installments as follows:

Supplementary Retirement Plan
Contribution Schedule

Date	Amount
7/1/2016	$ 260,000
7/1/2017	260,000
7/1/2018	260,000
7/1/2019	260,000
	$ 1,040,000

NOTE 15 - EMPLOYEE RETIREMENT SYSTEMS

A. General Information about the Pension Plans

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California and the Kern County Superintendent of Schools. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). Part-time temporary and seasonal (PTS) employees may elect to become members of SISC (see Note 11) Defined Benefit Plan (SDBP).

The District implemented GASB Statements No. 68 and No. 71 during the fiscal year ended June 30, 2015. As a result, the District now reports its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Panama-Buena Vista Union School District
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Pension Plan	Proportionate Share of Net Pension Liability	Proportionate Share of Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS	$ 95,299,000	$ 7,356,579	$ 38,333	$ 11,157,013
CalPERS	27,193,000	8,703,411	7,068,187	4,230,708
SISC Defined	227,823	329,848	68,317	249,190
Total	$ 122,719,823	$ 16,389,838	$ 7,174,837	$ 15,636,910

The details of each plan are as follows:

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. State statutes, as legislatively amended, within the Public Employees' Retirement Law, establish benefit provisions. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Benefits Provided

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

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

Eligibility (Hire) date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	1.1% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.00%
Required employer contribution rates	11.847%	11.847%

Contributions

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Estimated rate increases based on actuarial information for CalPERS are as follows:

July 1, 2016, by 3.23 percent
July 1, 2017, by 4.83 percent
July 1, 2018, by 6.43 percent
July 1, 2019, by 8.13 percent
July 1, 2020, by 8.63 percent

For the year ended June 30, 2016, the contributions recognized as part of the pension expense for the Plan were as follows:

	CalPERS
Contributions - employer	$ 2,683,045
Contributions - employee (paid by employer)	$ -

California State Teacher's Retirement System (CalSTRS)

Plan Description

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

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

Benefits Provided

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

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

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

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

Eligibility (Hire) date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits, as a % of eligible compensation	2.0% to 2.4%	2.0% to 2.4%
Required employee contribution rates	9.20%	8.56%
Required employer contribution rates	10.73%	10.73%
Required state contribution rate	7.39%	7.39%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period, commencing July 1,

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

2014. The amount of contributions will increase by the following percentages of the creditable compensation upon which members' contributions under the Defined Benefit Program are based:

July 1, 2016, by 4.33 percent
July 1, 2017, by 6.18 percent
July 1, 2018, by 8.03 percent
July 1, 2019, by 9.88 percent
July 1, 2020, by 10.85 percent

For fiscal year 2021-22 and each fiscal year thereafter, the STRS board shall increase or decrease the percentages paid from the percentage paid in during the prior year to reflect the contribution required to eliminate by the June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the STRS board based on a recommendation from its actuary.

For the year ended June 30, 2016, the contributions recognized as part of the pension expense for the Plan were as follows:

	CalSTRS
Contributions - employer	$ 7,333,367
Contributions - employee (paid by employer)	$ -

SISC Defined Benefit Plan (SDBP)

Plan Description

The District contributes to the SISC Defined Benefit Plan (SDBP), a cost-sharing multiple employer public employee retirement plan. The District is part of a "cost sharing" pool with SDBP. One actuarial valuation is performed for those employers participating in the pool, and the same contribution rate applies to each. The plan provides for retirement benefits established by California Government Code Section 6507, which created Self-Insured Schools of California (SISC), a Joint Powers Agency with the authority to establish and amend the benefit provisions of the plan. SDBP issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the SDBP annual financial report may be obtained from the SDBP, 1300 17th Street, Bakersfield, California 93301.

Funding Policy

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the SISC III Board of Directors. The required employer contribution rate was 4.4% of the annual payroll for 2016, 3.2% of annual payroll for 2015 and 3.1% for 2014. The contribution requirements of the plan members are established by state statute. The District's contributions to SDBP for the fiscal years ending June 30, 2016, 2015, and 2014 were $185,406, $131,949, and $92,445, respectively, and were equal to the required contributions for each year.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

The SISC Defined Benefit Plan provisions and benefits in effect as June 30, 2016 are summarized as follows:

Eligibility (Hire) date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	1.5% at 65	1.5% at 65
Benefit vesting schedule	Beginning date of participation	Beginning date of participation
Benefit payments	Monthly for life	Monthly for life
Retirement age	65+	65+
Monthly benefits, as a % of eligible compensation	1.50%	1.50%
Required employee contribution rates	0.00%	1.60%
Required employer contribution rates	4.40%	2.80%

Contributions

The Omnibus Budget Reconciliation Act of 1990 required governmental agencies to cover their part-time, temporary, and seasonal employees under a retirement plan. This legislation allows governmental agencies to satisfy this requirement by utilizing either Social Security, a Defined Contribution Plan, or Defined Benefit Plan (such as the SISC plan). The rate for the SISC plan is established on an annual basis as approved from the SISC board. The SISC board relies on data from their actuary to establish annual contribution rates.

For the year ended June 30, 2016, the contributions recognized as part of the pension expense for the Plan were as follows:

	SISC DBP
Contributions - employer	$ 133,301
Contributions - employee (paid by employer)	$ 52,105

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
CalPERS	$ 27,193,000
CalSTRS	95,299,000
SISC DBP	227,823
Total Net Pension Liability	$ 122,719,823

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

The District's net pension liability for each plan is measured as a proportionate share of the net pension liability. Both CalPERS and CalSTRS plans were measured as of June 30, 2015 and the SISC Defined Benefit Plan was measured as of December 31, 2015. For the CalPERS and CalSTRS plans, the total liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. Likewise, the total liability for the SISC Defined Benefit Plan was determined by an actuarial valuation as of December 31, 2015. The District's long-term share of contributions to the pension plans relative to the projections contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each plan was as follows:

	CalPERS	CalSTRS	SISC DBP
Proportion - June 30, 2014	0.185%	0.125%	4.421%
Proportion - June 30, 2015	0.184%	0.142%	4.606%
Change - Increase (Decrease)	(0.001%)	0.017%	0.185%

For the year ended June 30, 2016, the District recognized pension expense of $15,636,910. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 10,201,818	$ -
Changes in assumptions	14,232	1,670,837
Differences between expected and actual experience	1,577,354	68,317
Net differences between projected and actual earnings on plan investments	4,596,434	5,435,683
Total	$ 16,389,838	$ 7,174,837

$10,201,818 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

Year Ended June 30,		
2016	$	(695,002)
2017		(695,002)
2018		(690,978)
2019		1,122,312
2020		(6,484)
Therafter		(21,663)
Total	$	(986,817)

Actuarial Methods and Assumptions – The total pension liabilities in the June 30, 2014, actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	CalSTRS	SISC DBP
Valuation Date	June 30, 2014	June 30, 2014	December 31, 2015
Measurement Date	June 30, 2015	June 30, 2015	December 31, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Projected Unit Cost Method
Actuarial Assumptions:			
Discount Rate	7.65%	7.60%	7.00%
Inflation	2.75%	3.00%	3.00%
Payroll Growth	3.00%	3.75%	3.00%
Projected Salary Increase	3.3% - 14.2% (1)	3.75%	3.50%
Investment Rate of Return	7.5% (2)	7.6% (2)	7.0% (2)
Mortality	RP 2000 Derived using CalPERS Membership Data for all Funds	RP 2000 Adjusted to fit CalSTRS experience	RP 2014 Employee and Healthy Annuitant Mortality, without projection

(1) Depending on age, service, type of employment
(2) Net of pension plan investment expense, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details can be found on the websites for CalPERS, CalSTRS and SISC Defined Plan.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for CalPERS, 7.60% for CalSTRS, and 7.00% for SISC DBP. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, the Plans stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% for CalPERS, 7.60% for CalSTRS, and

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

7.00% for SISC DBP will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results can be obtained from each of the Plan's websites.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for the pension plan administrative expense. The percentages of investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. The Plans checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

Each of the Plans are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review. Any changes to the discount rates will require Board action and proper stakeholder outreach. For these reasons, each of the Plan expect to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. The Plans will continue to check the materiality difference in calculation until such time as we have changed out methodology.

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

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

CalPERS		
Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global Equity	51%	5.71%
Global Fixed Income	19%	2.43%
Inflation Sensitive	6%	3.36%
Private Equity	10%	6.95%
Real Estate	10%	5.13%
Infrastructure and Forestland	2%	5.09%
Liquidity	2%	-1.05%

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

CalSTRS		
Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global Equity	47.0%	4.50%
Private Equity	12.0%	6.20%
Real Estate	15.0%	4.35%
Inflation Sensitive	5.0%	3.20%
Fixed Income	20.0%	0.20%
Cash/Liquidity	1.0%	0.00%

SISC Defined Benefit Plan	
Asset Class	Estimated Real Rate of Return
Fixed Income/Money Market	2.0%
Equity	5.0%
Cash/Other	1.0%

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

	CalPERS	CalSTRS	SISC DBP
1% Decrease	6.65%	6.60%	6.00%
Net Pension Liability	$ 44,259,000	$ 143,895,000	$ 415,608
Current Discount Rate	7.65%	7.60%	7.00%
Net Pension Liability	$ 27,193,000	$ 95,299,000	$ 227,823
1% Increase	8.65%	8.60%	8.00%
Net Pension Liability	$ 13,002,000	$ 54,913,000	$ 67,303

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in each of the Plan's financial reports.

NOTE 16 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description: The Panama-Buena Vista Union School District Postemployment Benefits Plan (the Plan) is a single-employer, defined benefit healthcare plan administered by Self-Insured Schools of California (SISC). The Plan provides medical insurance benefits to eligible employees and their spouses (not surviving spouse). Medical benefits include inpatient services at 80%. Other base benefits include surgery, anesthesia, diagnostic x-ray and laboratory. Major medical has a $200 deductible with a family maximum of $500.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

The District's Board of Trustees has the authority to establish and amend benefit provisions. The Plan is included in the financial report of Self-Insured Schools of California (SISC) which can be obtained by contacting Glenn A. Imke, Assistant Superintendent Business Services, Panama-Buena Vista Union School District, 4200 Ashe Road, Bakersfield, California 93313.

Eligibility: Certificated employees, who retire from the District on or after attaining age 59 with at least 15 years of service or attaining age 55 with at least 20 years of service, and classified employees who retire on or after attaining age 60 with at least 10 years of service or attaining age 55 with at least 20 years of service. Coverage for retirees is until age 65. There were 169 and 127 retirees who met these eligibility requirements at June 30, 2016 and 2015, respectively.

Funding Policy: The contribution requirements of plan members and the District are established by the District's Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District's Board of Trustees. For the year ended June 30, 2016, the District contributed $2,115,480 for current premiums. Plan members receiving benefits contributed $532,293, or approximately 25 percent of the total premiums.

Annual OPEB Cost and Net OPEB Obligation: 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 Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The 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 to the Plan:

Annual required contribution	$ 3,050,700
Interest on net OPEB Obligation	361,500
Adjustment to annual required contribution	(441,800)
Annual OPEB cost (expense)	2,970,400
Contributions made	(2,115,480)
Increase in net OPEB obligation	854,920
Net OPEB obligation, beginning of year	5,560,861
Net OPEB obligation, end of year	$ 6,415,781

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements, Continued
Year Ended June 30, 2016

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and net OPEB obligation for 2016 was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	$ 2,970,400	71.2%	$ 6,415,781
6/30/2015	$ 2,992,200	62.4%	$ 5,560,861
6/30/2014	$ 3,005,300	77.1%	$ 4,436,750
6/30/2013	$ 3,015,000	79.6%	$ 3,747,380
6/30/2012	$ 2,450,900	103.6%	$ 3,132,502

Funded Status and Funding Progress: As of July 1, 2016, the most recent actuarial valuation date, the plan was 8.0% funded. The actuarial accrued liability for benefits was $33,749,700, and the actuarial value of assets was $2,840,300, resulting in an unfunded actuarial accrued liability (UAAL) of $30,909,400. The covered payroll (annual payroll of active employees covered by the plan) was $90,008,800, and the ratio of the UAAL to the covered payroll was 34 percent.

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.

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

In the July 1, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 6.5 percent investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent. 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 dollar over a static 30 years starting at July 1, 2012.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

Panama-Buena Vista Union School District
General Fund Budgetary Comparison Schedule
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Local control funding formula sources	$ 136,766,676	$ 138,285,060	$ 138,616,680	$ 331,620
Federal revenues	7,398,126	7,930,948	7,539,629	(391,319)
Other state revenues	22,586,455	25,389,623	30,004,934	4,615,311
Other local revenues	1,247,925	1,590,486	1,694,982	104,496
Total revenues	167,999,182	173,196,117	177,856,225	4,660,108
Expenditures:				
Certificated salaries	69,841,609	70,564,015	70,398,671	165,344
Classified salaries	21,438,765	23,106,034	23,106,034	-
Employee benefits	38,346,463	39,056,528	40,588,090	(1,531,562)
Books and supplies	6,125,171	6,357,936	5,868,147	489,789
Services and other operating expenditures	11,913,169	13,196,653	13,046,387	150,266
Capital outlay	619,906	3,815,162	3,185,904	629,258
Other outgo	9,617,006	10,692,565	10,692,565	-
Debt service:				
Interest	-	34,521	34,521	-
Other financing uses	-	65,900	65,900	-
Total expenditures	157,902,089	166,889,314	166,986,219	(96,905)
Surplus of revenues over expenditures	10,097,093	6,306,803	10,870,006	4,563,203
Other financing sources (uses)				
Transfers in	100,000	2,100,000	1,796,371	(303,629)
Transfers out	-	-	(46,180)	(46,180)
Total other financing sources	100,000	2,100,000	1,750,191	(349,809)
Surplus of revenues and other financing sources over expenditures and other uses	10,197,093	8,406,803	12,620,197	4,213,394
Fund balances, July 1, 2015	10,010,468	10,010,468	10,010,468	-
Fund balances, June 30, 2016	$ 20,207,561	$ 18,417,271	$ 22,630,665	$ 4,213,394

Panama-Buena Vista Union School District
Schedule of Other Postemployment Benefits
Funding Progress
Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/01/16	$2,840,300	$33,749,700	$ 30,909,400	8.0%	$90,008,800	34%
7/01/14	$1,980,300	$26,903,800	$ 24,923,500	7.0%	$68,790,300	36%
7/01/12	$ 624,800	$26,408,100	$ 25,783,300	2.0%	$64,309,700	40%
7/01/10	$ 248,600	$20,560,100	$ 20,311,500	1.2%	$66,187,300	31%
7/01/08	$ -	$23,825,800	$ 23,825,800	0.0%	$67,271,200	35%

Panama-Buena Vista Union School District
Schedules of Proportionate Share of the Net Pension Liability
As of June 30, 2016

Cal PERS - Last 10 Years*

	2016	2015
Proportion of the net pension liability	0.184%	0.185%
Proportionate share of the net pension liability	$ 27,193,000	$ 21,004,000
Covered - employee payroll	$ 22,249,149	$ 20,432,813
Proportionate share of the net pension liability as percentage of covered-employee payroll	122.22%	102.80%
Plan's fiduciary net position	$ 104,992,815	$ 105,351,209
Plan fiduciary net position as a percentage of the total pension liability	386.10%	501.58%

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown

Cal STRS - Last 10 Years*

	2016	2015
Proportion of the net pension liability	0.142%	0.125%
Proportionate share of the net pension liability	$ 95,299,000	$ 72,829,000
Covered - employee payroll	$ 68,917,226	$ 65,188,973
Proportionate share of the net pension liability as percentage of covered-employee payroll	138.28%	111.72%
Plan's fiduciary net position	$ 271,530,363	$ 237,385,058
Plan fiduciary net position as a percentage of the total pension liability	284.92%	325.95%

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown

Panama-Buena Vista Union School District
Schedules of Proportionate Share of the Net Pension Liability
As of June 30, 2016

SISC Defined Benefit Plan - Last 10 Years*

	2016	2015
Proportion of the net pension liability	4.606%	4.421%
Proportionate share of the net pension liability	$ 227,823	$ 34,457
Covered - employee payroll	$ 4,754,048	$ 4,181,624
Proportionate share of the net pension liability as percentage of covered-employee payroll	4.792%	0.824%
Plan's fiduciary net position	$ 38,934,357	$ 39,114,739
Plan fiduciary net position as a percentage of the total pension liability	17089.739%	113517.541%

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown

Panama-Buena Vista Union School District
Schedules of Pension Contributions
As of June 30, 2016

CalPERS - Last 10 Years*

	2016	2015
Contractually required contribution (actuarially determined)	$ 2,683,045	$ 2,405,146
Contributions in relation to the actuarially determined contributions	2,683,045	2,405,146
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 22,249,149	$ 20,432,813
Contributions as a percentage of covered-employee payroll	12.102%	11.771%
Notes to schedule:		
Valuation date:	6/30/2014	6/30/2013

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	19 years	15 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Inflation	2.75%	3.50%
Salary increases	4.5%, average, including inflation of 3.0%	4.5%, average, including inflation of 3.0%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation	7.75%, net of pension plan investment expense, including inflation
Retirement age	57 yrs.	57 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table	RP-2000 Healthy Annuitant Mortality Table

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown

Panama-Buena Vista Union School District
Schedules of Pension Contributions
As of June 30, 2016

CalSTRS - Last 10 Years*

	2016	2015
Contractually required contribution (actuarially determined)	$ 7,333,367	$ 5,788,791
Contributions in relation to the actuarially determined contributions	7,333,367	5,788,791
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 68,917,226	$ 65,188,973
Contributions as a percentage of covered-employee payroll	10.79%	8.88%

Notes to schedule:

Valuation date:	6/30/2014	6/30/2013

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age	Entry age
Amortization method	Level dollar basis	Level dollar basis
Remaining amortization period	23 years	24 years
Asset valuation method	Fair value of net assets	Fair value of net assets
Inflation	3.00%	3.00%
Salary increases	3.75%, average, including inflation of 3.0%	3.5%, average, including inflation of 3.0%
Investment rate of return	7.60%, net of pension plan investment expense, including inflation	7.50%, net of pension plan investment expense, including inflation
Retirement age	60 yrs.	60 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table	RP-2000 Healthy Annuitant Mortality Table

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown

Panama-Buena Vista Union School District
Schedules of Pension Contributions
As of June 30, 2016

SISC Defined Benefit Plan - Last 10 Years*

	2016	2015
Contractually required contribution (actuarially determined)	$ 185,406	$ 131,949
Contributions in relation to the actuarially determined contributions	185,406	131,949
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 4,754,048	$ 4,181,624
Contributions as a percentage of covered-employee payroll	3.90%	3.16%

Notes to schedule:

Valuation date:	12/30/2015	12/30/2014

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age	Entry age
Amortization method	Level dollar, open period	Level dollar, open period
Remaining amortization period	7 years	7 years
Asset valuation method	Fair market value, projected from preceding September 30 with expected contributions, distributions and earnings on investments	Fair market value, projected from preceding September 30 with expected contributions, distributions and earnings on investments
Inflation	3.00%	3.00%
Salary increases	3.50%	3.50%
Investment rate of return	7.0%, net of investment expense, including inflation	7.0%, net of investment expense, including inflation
Retirement age	70 yrs.	70 yrs.
Mortality	RP-2014 Employee and Healthy Annuitant Mortality, without projection	RP-2000 Combined Mortality, static projection to 2012 by scale AA (Male and Female tables)

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown

OTHER SUPPLEMENTARY INFORMATION

Panama-Buena Vista Union School District
District Organization Structure
June 30, 2016

Panama-Buena Vista Union School District

On July 1, 1988, the Panama Union School District merged with the Buena Vista School District to form the Panama-Buena Vista Union School District (the "District"). The District is comprised of an area of approximately 90 square miles located in the rapidly growing southwest portion of Bakersfield, California. As of June 30, 2016, the District was operating eighteen elementary and five junior high schools.

BOARD OF TRUSTEES AND ADMINISTRATION

GOVERNING BOARD		
MEMBER	OFFICE	TERM
Dolores Whitley	President	November 2012 - December 2016
Dean Haddock, Psy.D.	Vice President	November 2012 - December 2016
Keith C. Wolaridge	Clerk	November 2014 - December 2018
Linda Brenner	Trustee	November 2012 - June 2016
Greg White	Trustee	June 2016 - December 2016
Ana Rojas	Trustee	November 2014 - December 2018

ADMINISTRATION

Kevin Silberberg, Ed.D.	District Superintendent
Gerrie Kincaid	Assistant Superintendent, Educational Services
Glenn A. Imke, CPA	Assistant Superintendent, Business Services
Pam Bianchi, Ed.D.	Assistant Superintendent, Curriculum/Instruction

Panama-Buena Vista Union School District
Building Fund
Budgetary Comparison Schedule
June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other local	$ 75,000	$ 75,000	$ 211,688	$ 136,688
Total revenues	75,000	75,000	211,688	136,688
Expenditures:				
Salaries and benefits	277,792	-	-	-
Materials and suplies	2,000	407,414	407,414	-
Services and other operating	72,000	1,458,462	1,458,462	-
Capital outlay	9,687,889	8,713,794	10,590,476	(1,876,682)
Total expenditures	10,039,681	10,579,670	12,456,352	(1,876,682)
Revenues over (under) expenditures	(9,964,681)	(10,504,670)	(12,244,664)	(1,739,994)
Net changes in fund balance	(9,964,681)	(10,504,670)	(12,244,664)	(1,739,994)
Fund balances, July 1, 2015	35,921,845	35,921,845	35,921,845	-
Fund balances, June 30, 2016	$ 25,957,164	$ 25,417,175	$ 23,677,181	$ (1,739,994)

Panama-Buena Vista Union School District
Capital Facilities Fund
Budgetary Comparison Schedule
June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other local	$ 5,009,000	$ 3,509,000	$ 4,167,711	$ 658,711
Total revenues	5,009,000	3,509,000	4,167,711	658,711
Expenditures:				
Materials and suplies	-	43,379	43,379	-
Services and other operating	133,000	316,242	316,242	-
Capital outlay	8,100,000	2,538,737	1,967,859	570,878
Other outgo	1,285,191	2,005,833	2,005,833	-
Total expenditures	9,518,191	4,904,191	4,333,313	570,878
Revenues over (under) expenditures	(4,509,191)	(1,395,191)	(165,602)	1,229,589
Fund balances, July 1, 2015	8,866,820	8,866,820	8,866,820	-
Fund balances, June 30, 2016	$ 4,357,629	$ 7,471,629	$ 8,701,218	$ 1,229,589

Panama-Buena Vista Union School District
Special Reserve Fund
Budgetary Comparison Schedule
June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other local	$ 40,000	$ 40,000	$ 55,883	$ 15,883
Total revenues	40,000	40,000	55,883	15,883
Expenditures:				
Materials and suplies	-	16,104	16,104	-
Services and other operating	-	1,446,548	1,346,547	100,001
Capital outlay	3,925,000	20,133,402	19,004,711	1,128,691
Total expenditures	3,925,000	21,596,054	20,367,362	1,228,692
Revenues over (under) expenditures	(3,885,000)	(21,556,054)	(20,311,479)	1,244,575
Other financing uses				
Transfer from School Construction Fund	-	-	8,758	(8,758)
Other financing source - QZAB	-	21,465,111	30,000,000	(8,534,889)
Total other financing uses	-	21,465,111	30,008,758	(8,543,647)
Net changes in fund balance	(3,885,000)	(90,943)	9,697,279	(7,299,072)
Fund balances, July 1, 2015	8,195,428	8,195,428	8,195,428	-
Fund balances, June 30, 2016	$ 4,310,428	$ 8,104,485	$ 17,892,707	$ (7,299,072)

Panama-Buena Vista Union School District
Balance Sheet
Other Non-Major Governmental Funds
June 30, 2016

	Child Development	Cafeteria	Debt Service	County School Facilities	Bond Interest & Redemption	Total Other Non-Major Governmental Funds
Assets						
Cash	$ 1,534,624	$ 2,362,019	$ -	$ -	$ 4,853,230	$ 8,749,873
Accounts receivable	45,148	868,012	-	-	-	913,160
Due from other funds	-	48,700	-	-	-	48,700
Stores inventories - food	-	118,137	-	-	-	118,137
Total Assets	$ 1,579,772	$ 3,396,868	$ -	$ -	$ 4,853,230	$ 9,829,870
Liabilities and fund balances						
Liabilities:						
Accounts payable	$ 64,924	$ 81,816	$ -	$ -	$ 933,546	$ 1,080,286
Due to other funds	228,734	425,217	-	-	-	653,951
Unearned revenue	56,986	-	-	-	-	56,986
Total Liabilities	350,644	507,033	-	-	933,546	1,791,223
Fund balances:						
Nonspendable:						
Revolving fund	1,366	354,737	-	-	-	356,103
Stores inventories	-	118,137	-	-	-	118,137
Restricted for:						
Nutritional programs	-	2,416,961	-	-	-	2,416,961
Debt service	-	-	-	-	3,919,684	3,919,684
Assigned to:						
Child development programs	1,227,762	-	-	-	-	1,227,762
Total Fund Equity	1,229,128	2,889,835	-	-	3,919,684	8,038,647
Total Liabilities and Fund Equity	$ 1,579,772	$ 3,396,868	$ -	$ -	$ 4,853,230	$ 9,829,870

Panama-Buena Vista Union School District
Statement of Revenues, Expenditures and Changes in Fund Balances of Other Non-Major Governmental Funds
June 30, 2016

	Child Development	Cafeteria	Debt Service	County School Facilities	Bond Interest & Redemption	Total Other Non-Major Governmental Funds
Revenues:						
Federal	$ -	$ 6,495,797	$ -	$ -	$ -	$ 6,495,797
Other state	211,967	481,295	-	-	46,140	739,402
Other local	2,050,937	1,475,792	19	7	3,608,902	7,135,657
Total revenues	2,262,904	8,452,884	19	7	3,655,042	14,370,856
Expenditures:						
Instruction	150,450	-	-	-	-	150,450
Supervision of instruction	26,553	-	-	-	-	26,553
Food services	-	7,978,997	-	-	-	7,978,997
All other general administration	67,942	277,036	-	-	-	344,978
Plant services	106,598	-	-	-	-	106,598
Facility acquisition and construction	21,000	-	-	-	-	21,000
Community services	1,617,364	-	-	-	-	1,617,364
Principal	-	-	-	-	1,535,000	1,535,000
Interest	-	-	-	-	1,646,897	1,646,897
Total expenditures	1,989,907	8,256,033	-	-	3,181,897	13,427,837
Excess (deficiency) of revenues over expenditures	272,997	196,851	19	7	473,145	943,019
Other financing sources (uses):						
Transfers in	-	46,180	-	-	-	46,180
Transfers out	(100,000)	-	(19)	(8,758)	-	(108,777)
Total other financing sources (uses)	(100,000)	46,180	(19)	(8,758)	-	(62,597)
Net change in fund balances	172,997	243,031	-	(8,751)	473,145	880,422
Fund balances, July 1, 2015	1,056,131	2,646,804	-	8,751	3,446,539	7,158,225
Fund balances, June 30, 2016	$ 1,229,128	$ 2,889,835	$ -	$ -	$ 3,919,684	$ 8,038,647

Panama-Buena Vista Union School District
Other Non-Major Governmental Funds -
Child Development Fund
Budgetary Comparison Schedule
June 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
Revenues:				
Other state	$ 206,144	$ 206,144	$ 211,967	$ 5,823
Other local	1,981,967	2,004,947	2,050,937	45,990
Total revenues	2,188,111	2,211,091	2,262,904	51,813
Expenditures:				
Certificated salaries	121,612	126,036	126,036	-
Classified salaries	1,180,981	1,190,375	1,190,375	-
Employee benefits	533,220	527,407	475,635	51,772
Materials and suplies	59,584	59,584	55,170	4,414
Services and other operating	101,230	101,230	74,749	26,481
Other outgo	74,542	74,542	67,942	6,600
Total expenditures	2,071,169	2,079,174	1,989,907	89,267
Revenues over expenditures	116,942	131,917	272,997	141,080
Other financing uses				
Transfer to General Fund	(100,000)	(100,000)	(100,000)	-
Total other financing uses	(100,000)	(100,000)	(100,000)	-
Net changes in fund balance	16,942	31,917	172,997	141,080
Fund balances, July 1, 2015	1,056,131	1,056,131	1,056,131	-
Fund balances, June 30, 2016	$ 1,073,073	$ 1,088,048	$ 1,229,128	$ 141,080

Panama-Buena Vista Union School District
Other Non-Major Governmental Funds - Cafeteria Fund
Budgetary Comparison Schedule
June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other federal	$ 6,061,370	$ 6,061,370	$ 6,495,797	$ 434,427
Other state	467,319	467,319	481,295	13,976
Other local	1,548,097	1,548,097	1,475,792	(72,305)
Total revenues	8,076,786	8,076,786	8,452,884	376,098
Expenditures:				
Classified salaries	2,559,675	2,670,565	2,670,565	-
Employee benefits	1,501,831	1,426,662	1,411,393	15,269
Materials and suplies	3,733,531	3,622,641	3,608,906	13,735
Services and other operating	124,703	124,703	112,967	11,736
Capital Outlay	100,000	175,169	175,169	-
Other outgo	278,357	278,357	277,033	1,324
Total expenditures	8,298,097	8,298,097	8,256,033	42,064
Revenues over (under) expenditures	(221,311)	(221,311)	196,851	418,162
Transfer from General Fund	-	-	46,180	46,180
Total other financing sources	-	-	46,180	46,180
Net changes in fund balance	(221,311)	(221,311)	243,031	464,342
Fund balances, July 1, 2015	2,646,804	2,646,804	2,646,804	-
Fund balances, June 30, 2016	$ 2,425,493	$ 2,425,493	$ 2,889,835	$ 464,342

Panama-Buena Vista Union School District
Other Non-Major Governmental Funds -
County School Facilities Fund
Budgetary Comparison Schedule
June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other local	$ -	$ -	$ 7	$ 7
Total revenues	-	-	7	7
Expenditures:				
Total expenditures	-	-	-	-
Revenues over expenditures	-	-	7	7
Other financing uses				
Transfer to Special Reserve	-	-	(8,758)	8,758
Total other financing uses	-	-	(8,758)	8,758
Net changes in fund balance	-	-	(8,751)	8,765
Fund balances, July 1, 2015	8,751	8,751	8,751	-
Fund balances, June 30, 2016	$ 8,751	$ 8,751	$ -	$ 8,765

Panama-Buena Vista Union School District
Other Non-Major Governmental Funds - Debt Service Fund
Budgetary Comparison Schedule
June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other local	$ -	$ -	$ 19	$ 19
Total revenues	-	-	19	19
Expenditures:				
Total expenditures	-	-	-	-
Revenues over expenditures	-	-	19	19
Other financing uses				
Transfer to General Fund	-	-	(19)	19
Total other financing uses	-	-	(19)	19
Net changes in fund balance	-	-	-	38
Fund balances, July 1, 2015	-	-	-	-
Fund balances, June 30, 2016	$ -	$ -	$ -	$ 38

Panama-Buena Vista Union School District
Other Non-Major Governmental Funds -
Bond Interest and Redemption Fund
Budgetary Comparison Schedule
June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other state	$ -	$ -	$ 46,140	$ 46,140
Other local	2,485,535	2,485,535	3,608,902	1,123,367
Total revenues	2,485,535	2,485,535	3,655,042	1,169,507
Expenditures:				
Debt service - interest	950,535	950,535	1,646,897	(696,362)
Debt service - principal	1,535,000	1,535,000	1,535,000	-
Total expenditures	2,485,535	2,485,535	3,181,897	696,362
Revenues over expenditures	-	-	473,145	473,145
Net changes in fund balance	-	-	473,145	473,145
Fund balances, July 1, 2015	3,446,539	3,446,539	3,446,539	-
Fund balances, June 30, 2016	$ 3,446,539	$ 3,446,539	$ 3,919,684	$ 473,145

Panama-Buena Vista Union School District
Statement of Changes in Assets and Liabilities
Fiduciary Funds
June 30, 2016

	Balance as of June 30, 2015	Additions	Deletions	Balance as of June 30, 2016
Assets				
Cash				
Stonecreek Junior High School	$ 51,509	$ 118,503	$ 106,499	$ 63,513
Tevis Junior High School	50,904	113,244	102,781	61,367
Fred L. Thompson Junior High School	50,253	97,758	95,473	52,538
O.J. Actis Junior High School	25,865	85,929	83,498	28,296
Charles H. Castle Elementary	17,949	32,020	33,604	16,365
Earl Warren Junior High School	10,416	115,891	115,287	11,020
Sing Lum Elementary	8,534	6,378	5,429	9,483
Loiuse Sandrini Elementary	13,927	2,637	9,951	6,613
Buena Vista Elementary	3,195	7,357	4,122	6,430
Ronald Reagan Elementary	3,730	3,652	2,952	4,430
Laurelglen Elementary	4,741	2,285	3,337	3,689
Christa McAuliffe Elementary	1,215	7,581	5,344	3,452
Douglas J. Miller Elementary	7,351	15,035	19,408	2,978
Stockdale Elementary	672	1,176	41	1,807
Leo B. Hart Elementary	1,886	2,574	2,752	1,708
Stine Elementary	1,907	2,764	3,388	1,283
Wayne Van Horn Elementary	540	1,879	1,331	1,088
Roy W. Loudon Elementary	1,032	3,097	3,530	599
Berkshire Elementary	595	-	-	595
Bill L. Williams Elementary	591	3,246	3,336	501
Amy B. Seibert Elementary	151	4,164	4,103	212
Old River Elementary	32	-	-	32
Panama Elementary	1,454	18,765	20,219	-
Total cash	258,449	645,935	626,385	277,999
Total assets	$ 258,449	$ 645,935	$ 626,385	$ 277,999
Liabilities				
Due to student groups				
Stonecreek Junior High School	$ 51,509	$ 118,503	$ 106,499	$ 63,513
Tevis Junior High School	50,904	113,244	102,781	61,367
Fred L. Thompson Junior High School	50,253	97,758	95,473	52,538
O.J. Actis Junior High School	25,865	85,929	83,498	28,296
Charles H. Castle Elementary	17,949	32,020	33,604	16,365
Earl Warren Junior High School	10,416	115,891	115,287	11,020
Sing Lum Elementary	8,534	6,378	5,429	9,483
Loiuse Sandrini Elementary	13,927	2,637	9,951	6,613
Buena Vista Elementary	3,195	7,357	4,122	6,430
Ronald Reagan Elementary	3,730	3,652	2,952	4,430
Laurelglen Elementary	4,741	2,285	3,337	3,689
Christa McAuliffe Elementary	1,215	7,581	5,344	3,452
Douglas J. Miller Elementary	7,351	15,035	19,408	2,978
Stockdale Elementary	672	1,176	41	1,807
Leo B. Hart Elementary	1,886	2,574	2,752	1,708
Stine Elementary	1,907	2,764	3,388	1,283
Wayne Van Horn Elementary	540	1,879	1,331	1,088
Roy W. Loudon Elementary	1,032	3,097	3,530	599
Berkshire Elementary	595	-	-	595
Bill L. Williams Elementary	591	3,246	3,336	501
Amy B. Seibert Elementary	151	4,164	4,103	212
Old River Elementary	32	-	-	32
Panama Elementary	1,454	18,765	20,219	-
Total due to student groups	258,449	645,935	626,385	277,999
Total liabilities	$ 258,449	$ 645,935	$ 626,385	$ 277,999

Panama-Buena Vista Union School District
Schedule of Average Daily Attendance
Year Ended June 30, 2016

Elementary:	Second Period Report	Annual Report
Kindergarten through Grade 3	7,567.72	7,584.23
Grades 4 through 6	5,593.79	5,604.15
Grades 7 and 8	3,694.97	3,703.74
ADA Totals	16,856.48	16,892.12

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.

Panama-Buena Vista Union School District
Schedule of Instructional Time
Year Ended June 30, 2016

Grade Level	1986-87 Minutes Requirements	2015-16 Actual Minutes	No. of Days Traditional Calendar	Status
Kindergarten	36,000	52,500	180	Complied
First	50,400	52,500	180	Complied
Second	50,400	52,500	180	Complied
Third	50,400	52,500	180	Complied
Fourth	54,000	56,100	180	Complied
Fifth	54,000	56,100	180	Complied
Sixth	54,000	56,100	180	Complied
Seventh	54,000	58,260	180	Complied
Eighth	54,000	58,260	180	Complied

Districts must maintain their instructional minutes at the 1986-87 requirement as required by Education Code Section 46201. EC Section 46207 requires that beginning in 2015–16 all school districts once funded at their LCFF target must offer at least the following number of instructional minutes by grade span:

Kindergarten, 36,000 minutes
Grades 1 to 3, inclusive, 50,400 minutes
Grades 4 to 8, inclusive, 54,000 minutes

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District complied with the provision of Education Code Sections 46200 through 46207 and has exceeded the Local Control Funding Formula target for instructional minutes.

Panama-Buena Vista Union School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2016

General Fund	(Budget) 2017	2016	2015	2014
Revenues and Other Financial Sources	**$ 178,980,825**	$ 179,652,596	$ 147,613,211	$ 135,185,485
Expenditures	**178,903,812**	166,986,219	150,594,179	138,175,282
Other Uses and Transfers Out	**-**	46,180	-	2,337,809
Total Outgo	**178,903,812**	167,032,399	150,594,179	140,513,091
Change in Fund Balance (Deficit)	**$ 77,013**	$ 12,620,197	$ (2,980,968)	$ (5,327,606)
Ending Fund Balance	**$ 22,707,678**	$ 22,630,665	$ 10,010,468	$ 12,011,393
Available Reserves	**$ 21,026,187**	$ 19,818,113	$ 8,444,479	$ 5,291,062
Committed for Capital Projects	**$ 15,659,073**	$ 14,808,526	$ -	$ -
Designated for Economic Uncertainties	**$ 5,367,114**	$ 5,009,587	$ 8,444,479	$ 5,291,062
Unassigned/Unappropriated Fund Balance	**$ -**	$ -	$ -	$ -
Available Reserves as a Percentage of Total Outgo	**11.75%**	11.86%	5.61%	3.77%
Total Long-Term Debt	**$ 104,025,467**	$ 108,573,875	$ 81,190,812	$ 49,103,601
Average Daily Attendance at P-2	**16,975**	16,856	16,693	16,713

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

The General Fund balance increased by $12,620,197 in the year ended June 30, 2016. The fiscal year 2016-17 budget projects an increase of $77,013. For a district of this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has recognized an operating surplus totaling $4,311,623 over the past three years and is anticipating a surplus of $77,013 for 2016-17. Total long-term debt has increased over the past two years by $59,470,274 primarily due to the issuance of the 2012 General Obligation Bonds and the Qualified Zone Academy Bond (QZAB).

Average daily attendance increased by 143 over the past two years. District management anticipates modest growth in ADA for the fiscal year 2016-17.

Panama-Buena Vista Union School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

	Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
	U.S. Department of Education			
	Passed Thorugh California Department of Education (CDE):			
	Special Education Cluster:			
①	84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	13379	$ 2,709,733
①	84.027	Special Ed: IDEA Local Assistance, Part B, Private Schools	10115	2,590
①	84.173	Special Ed: IDEA Preschool Grants, Part B, Sec 619	13430	118,422
①	84.027A	Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611	13682	262,298
		Subtotal Special Education Cluster		3,093,043
①	84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	14329	3,385,559
	84.367	NCLB: Title II, Part A, Teacher Quality	14341	374,503
		Total U.S. Department of Education		6,853,105
	U.S. Department of Health Care Services			
	Passed Through CDE:			
	93.778	Medi-Cal Billing Option	10013	589,909
	U.S. Department of Agriculture:			
	Passed Through CDE:			
	10.555	National School Lunch	13391	8,107,291
	10.555	Estimated fair value of commodities	13391	709,504
	10.582	Child Nutrition-Fresh Fruit & Vegetable Program	14968	148,743
		Total U.S. Department of Agriculture		8,965,538
		Total expenditures of federal awards		$ 16,408,552

① Audited as a major program

The accompanying notes are an integral part of this schedule.

Panama-Buena Vista Union School District
Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2016

Note1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Panama-Buena Vista Union School District under programs of the federal government for the year ended June 30, 2016. 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). Because the Schedule presents only a selected portion of the operations of Panama-Buena Vista Union School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Panama-Buena Vista Union School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Panama-Buena Vista Union School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Panama-Buena Vista Union School District
Reconciliation of Annual Financial and Budget Report (SACS)
With Audited Financial Statements
Year Ended June 30, 2016

		General Fund
June 30, 2016, Annual Financial and Budget Report (SACS) Fund Balance	$	22,503,001
Adjustments and Reclassifications:		
Understatement of cash		127,664
June 30, 2016 audited financial statement fund balance	$	22,630,665

		Building Fund
June 30, 2016, Annual Financial and Budget Report (SACS) Fund Balance	$	23,278,755
Adjustments and Reclassifications:		
Overstatement of liabilities		398,426
June 30, 2016 audited financial statement fund balance	$	23,677,181

There were no adjustments proposed to any other funds of the District.

Panama-Buena Vista Union School District
Notes to State and Federal Compliance Information
Year Ended June 30, 2016

NOTE 1 --- CHARTER SCHOOLS

The District does not sponsor any charter schools.

NOTE 2 --- EARLY RETIREMENT INCENTIVE

Education Code section 14503 requires certain disclosure in the financial statements of districts which adopt early retirement incentive programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2016, the District did not adopt this program.

STATISTICAL SECTION (UNAUDITED)

Introduction

The Statistical Section presents information useful in giving the reader an overall understanding of the school district as well as a historical perspective regarding financial information in this report. Unless noted otherwise, historical data is presented for the most recent ten-year period. The information in this section helps the reader better understand the overall financial health of the district.

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

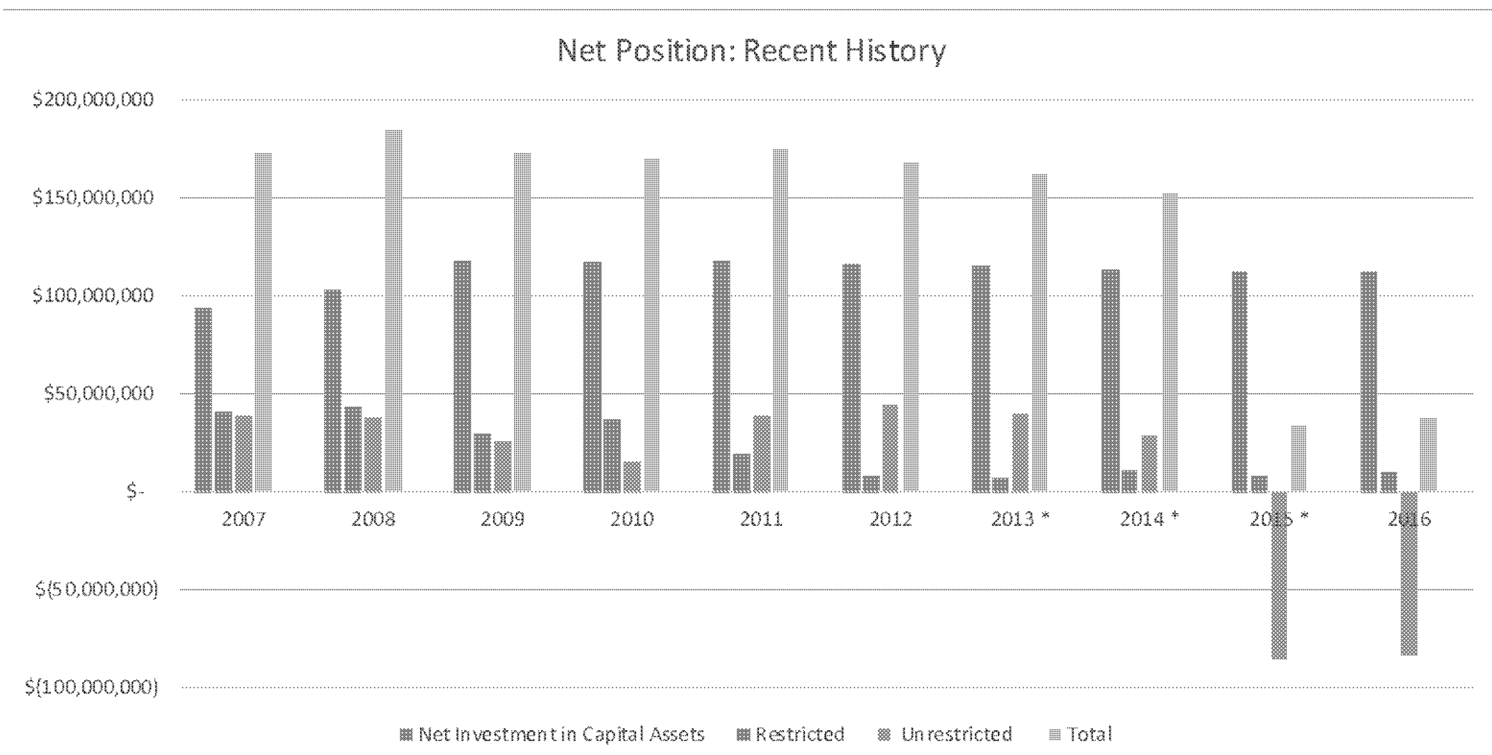
These schedules contain service and capital asset data to help the reader understand how the information in the financial report relates to the services the district provides and the activities it performs.

Net Position by Component

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total
2007	$ 93,803,279	$ 40,204,978	$ 39,115,677	$ 173,123,934
2008	102,627,982	43,406,483	37,756,686	183,791,151
2009	117,560,440	29,665,053	25,616,773	172,842,266
2010	117,433,398	37,281,775	15,283,424	169,998,597
2011	117,688,317	18,990,239	38,314,957	174,993,513
2012	116,235,280	7,567,245	44,736,659	168,539,184
2013 *	115,054,851	7,109,504	39,515,291	161,679,646
2014 *	113,538,844	10,817,471	28,184,834	152,541,149
2015 *	112,085,534	7,659,332	(85,609,234)	34,135,632
2016	112,330,663	9,623,437	(83,843,282)	38,110,818

* Certain items have been reclassified to conform to the 2016 presentation with no effect on change in net position

Source: Data extracted from District Financial Statements



Change in Net Position

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Expenses										
Governmental Activities										
Instruction	$ 80,686,753	$ 88,057,435	$ 90,319,111	$ 82,342,216	$ 82,195,145	$ 74,044,055	$ 71,775,639	$ 76,906,982	$ 84,126,215	$ 117,016,233
Instruction-related services	12,088,761	13,215,106	13,363,171	13,155,996	12,808,199	12,199,403	11,596,181	12,900,247	13,820,953	15,964,712
Pupil services	13,238,766	14,454,104	14,875,909	14,318,896	16,397,341	15,993,406	15,589,768	16,272,356	17,297,678	22,808,248
General administration	5,054,651	5,585,568	5,770,048	5,627,539	5,365,706	5,290,212	4,935,390	5,901,559	5,410,928	6,789,649
Plant services	15,095,801	15,064,044	15,589,664	13,837,253	13,426,956	13,378,437	12,476,006	12,683,989	13,866,265	18,898,027
Enterprise	-	-	-	-	-	10,192,047	18,313,254	23,246,864	22,798,943	7,357,492
Other educational programs	2,259,444	2,307,173	2,268,715	2,011,956	1,974,628	1,837,892	1,596,751	1,601,399	1,539,791	1,874,636
Interest and fiscal charges	8,668,528	9,236,623	12,139,852	10,907,157	9,401,555	9,141,825	8,631,525	9,926,804	14,026,520	14,629,855
Total Governmental Activities	137,092,704	147,920,053	154,326,470	142,201,013	141,569,530	142,077,277	144,914,514	159,440,200	172,887,293	205,338,852
Total Expenses										
Revenues										
Program Revenues										
Charges for Services										
Pupil Services	1,807,352	1,742,591	1,587,692	1,449,231	1,519,868	1,539,739	1,765,155	1,683,058	1,700,817	1,618,322
Operating Grants and Contributions										
Total Program Revenues	36,033,663	34,719,971	23,255,786	28,952,347	37,024,746	24,002,654	24,652,394	27,253,512	26,491,557	46,244,000
Net Revenue/Expense	(99,251,689)	(111,457,491)	(129,482,992)	(111,799,435)	(103,024,916)	(116,534,884)	(118,496,965)	(130,503,630)	(144,694,919)	(157,476,530)
General Revenues										
Property taxes	10,896,368	14,506,789	13,277,161	11,176,775	12,657,737	11,133,783	10,752,744	12,949,415	13,508,189	17,018,010
Grants and entitlements, unrestricted	96,787,653	98,005,499	98,845,124	90,970,262	90,452,516	92,793,927	94,854,766	101,757,179	115,327,185	137,145,251
Interest and investment earnings	3,936,006	3,442,080	1,642,514	698,372	561,462	405,316	243,196	262,382	265,944	451,631
Miscellaneous	6,935,480	6,170,340	4,769,308	6,110,357	4,348,117	4,192,529	5,347,326	8,406,490	7,468,970	6,836,824
Gain on sale of land	-	-	-	-	-	-	439,395	-	-	-
Loss on disposal of assets	(23,653)	-	-	-	-	-	-	-	-	-
Total General Revenues	118,531,854	122,124,708	118,534,107	108,955,766	108,019,832	108,525,555	111,637,427	123,375,466	136,570,288	161,451,716
Total Revenues	156,372,869	158,587,270	143,377,585	139,357,344	146,564,446	134,067,948	138,054,976	152,312,036	164,762,662	209,314,038
Change in Net Position	**$ 19,280,165**	**$ 10,667,217**	**$ (10,948,885)**	**$ (2,843,669)**	**$ 4,994,916**	**$ (8,009,329)**	**$ (6,859,538)**	**$ (7,128,164)**	**$ (8,124,631)**	**$ 3,975,186**

Source: Data Extracted from District Financial Statements

Government-wide Expenses by Function, Total

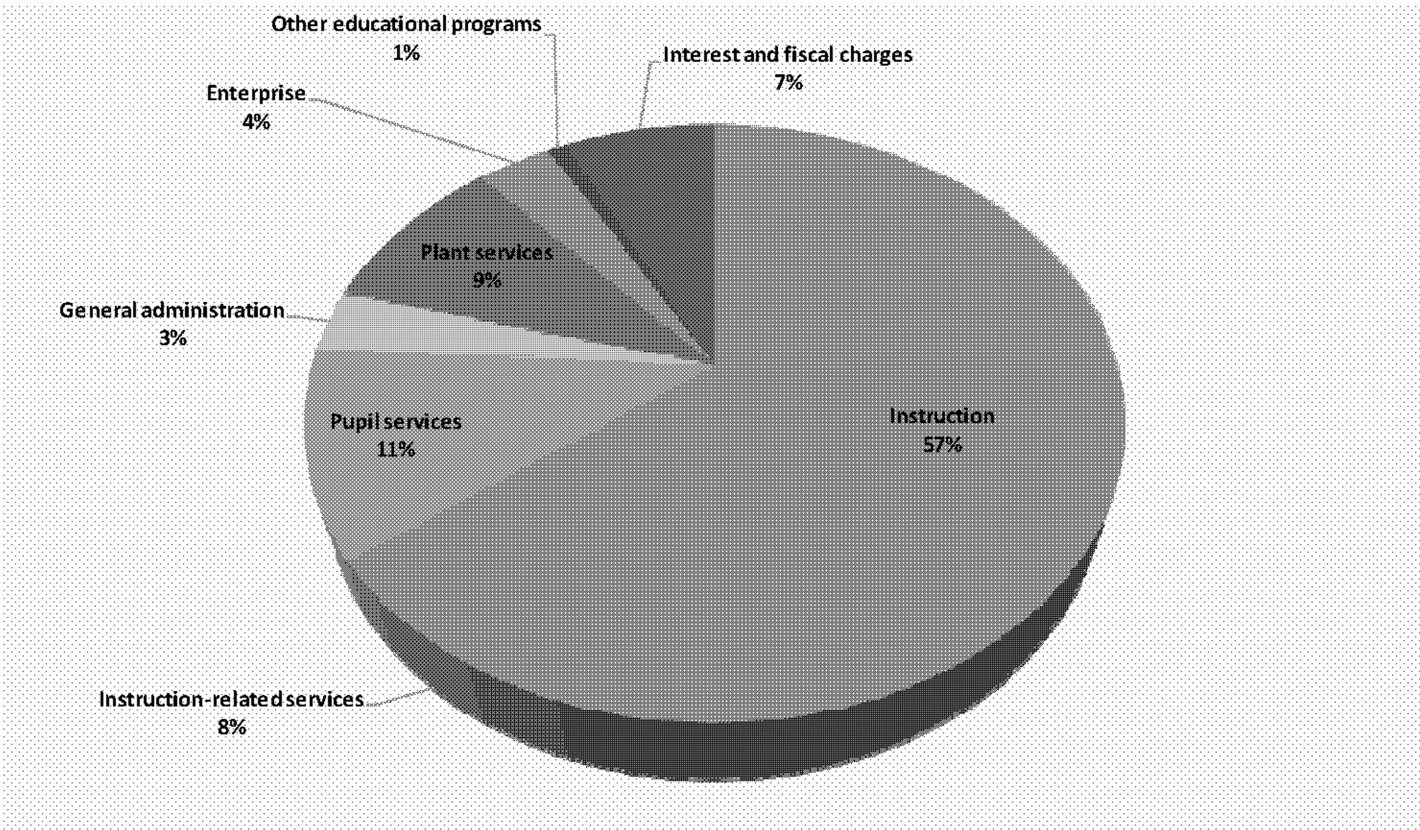
Fiscal Year	Enrollment	Instruction	Instruction-related services	Pupil services	General administration	Plant services	Enterprise	Other educational programs	Interest and fiscal charges	Total
2007	15,792	$ 80,686,753	$ 12,088,761	$ 13,238,766	$ 5,054,651	$ 15,095,801	$ -	$ 2,259,444	$ 8,668,528	$ 137,092,704
2008	16,561	88,057,435	13,215,106	14,454,104	5,585,568	15,064,044	-	2,307,173	9,236,623	147,920,053
2009	16,385	90,319,111	13,363,171	14,875,909	5,770,048	15,589,664	-	2,268,715	12,139,852	154,326,470
2010	16,529	82,342,216	13,155,996	14,318,896	5,627,539	13,837,253	-	2,011,956	10,907,157	142,201,013
2011	16,562	82,195,145	12,808,199	16,397,341	5,365,706	13,426,956	-	1,974,628	9,401,555	141,569,530
2012	16,810	74,044,055	12,199,403	15,993,406	5,290,212	13,378,437	10,192,047	1,837,892	9,141,825	142,077,277
2013	17,325	71,775,639	11,596,181	15,589,768	4,935,390	12,476,006	18,313,254	1,596,751	8,631,525	144,914,514
2014	17,484	76,906,982	12,900,247	16,272,356	5,901,559	12,683,989	23,246,864	1,601,399	9,926,804	159,440,200
2015	17,468	84,126,215	13,820,953	17,297,678	5,410,928	13,866,265	22,798,943	1,539,791	14,026,520	172,887,293
2016	17,545	117,016,233	15,964,712	22,808,248	6,789,649	18,898,027	7,357,492	1,874,636	14,629,855	205,338,852

Source: District records

Government-wide Expenses by Function, Per Student

Fiscal Year	Enrollment	Instruction	Instruction-related services	Pupil services	General administration	Plant services	Enterprise	Other educational programs	Interest and fiscal charges	Total
2007	15,792	$ 5,109	$ 765	$ 838	$ 320	$ 956	$ -	$ 143	$ 549	$ 8,680
2008	16,561	5,317	798	873	337	910	-	139	558	8,932
2009	16,385	5,512	816	908	352	951	-	138	741	9,418
2010	16,529	4,982	796	866	340	837	-	122	660	8,603
2011	16,562	4,963	773	990	324	811	-	119	568	8,548
2012	16,810	4,405	726	951	315	796	606	109	544	8,452
2013	17,325	4,143	669	900	285	720	1,057	92	498	8,364
2014	17,484	4,399	738	931	338	725	1,330	92	568	9,121
2015	17,468	4,816	791	990	310	794	1,305	88	803	9,897
2016	17,545	6,699	914	1,306	389	1,082	421	107	838	11,756

Source: District records

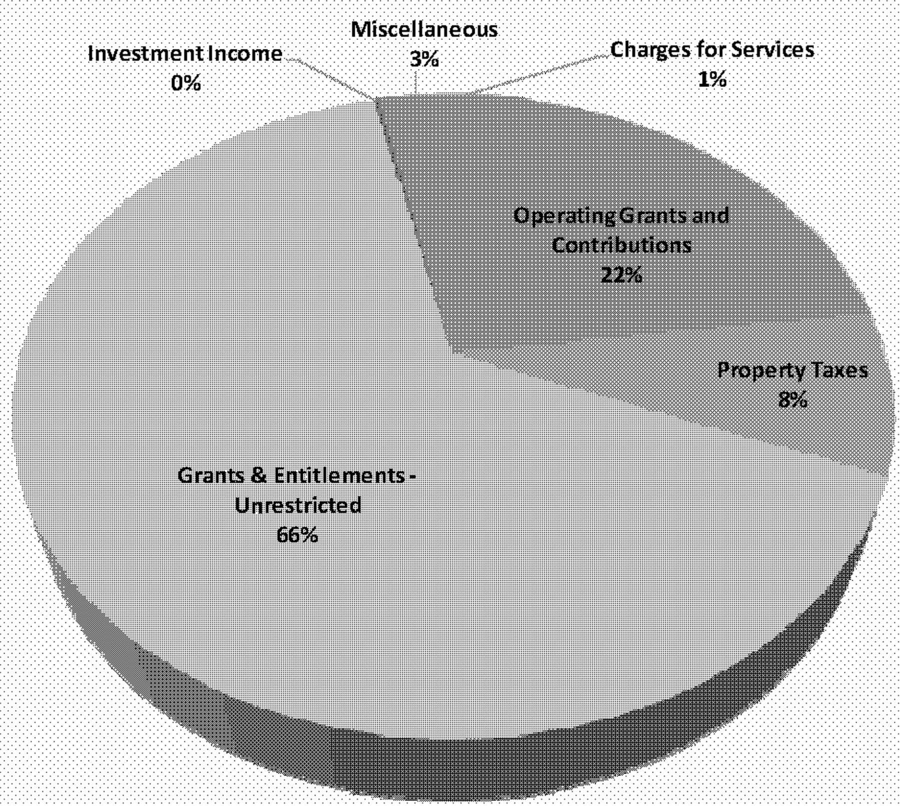


Government-wide Expenses, FY 2016

Government-wide Revenues

	Program Revenues		General Revenues				
Fiscal Year	Charges for Services	Operating Grants and Contributions	Property Taxes	Grants & Entitlements - Unrestricted	Investment Income	Miscellaneous	Total
2007	$ 1,807,352	$ 36,033,663	$ 10,896,368	$ 96,787,653	$ 3,936,006	$ 6,911,827	$ 156,372,869
2008	1,742,591	34,719,971	14,506,789	98,005,499	3,442,080	6,170,340	158,587,270
2009	1,587,692	23,255,786	13,277,161	98,845,124	1,642,514	4,769,308	143,377,585
2010	1,449,231	28,952,347	11,176,775	90,970,262	698,372	6,110,357	139,357,344
2011	1,519,868	37,024,746	12,657,737	90,452,516	561,462	4,348,117	146,564,446
2012	1,539,739	24,002,654	11,133,783	92,793,927	405,316	4,192,529	134,067,948
2013	1,765,155	24,652,394	10,752,744	94,854,766	243,196	5,786,721	138,054,976
2014	1,683,058	27,253,512	12,949,415	101,757,179	262,382	8,406,490	152,312,036
2015	1,700,817	26,491,557	13,508,189	115,327,185	265,944	7,468,970	164,762,662
2016	1,618,322	46,244,000	17,018,010	137,145,251	451,631	6,836,824	209,314,038

Source: District records



Government-wide Revenues, FY 2016

General District Revenues by Source

Fiscal Year	State Aide Sources	Federal	Other State	Other Local	Other Financing Sources	Operating Transfers In	Total Revenues
2007	$ 93,637,887	$ 8,461,671	$ 29,229,897	$ 9,585,864	$ 34,473,798	$ 6,455,018	$ 181,844,135
2008	100,819,495	9,286,164	26,960,835	8,728,273	-	1,101,883	146,896,650
2009	97,401,817	14,210,983	26,154,882	6,947,345	210,000	2,100,000	147,025,027
2010	85,469,766	14,585,251	23,343,386	6,651,118	-	2,100,000	132,149,521
2011	90,662,366	16,143,198	23,055,741	6,523,973	-	100,000	136,485,278
2012	91,854,507	11,222,872	23,050,685	6,733,435	-	305,645	133,167,144
2013	94,131,671	11,676,346	23,354,036	8,304,429	1,140,000	2,900,379	141,506,861
2014	110,478,479	12,300,977	17,114,868	6,292,007	-	288,592	146,474,923
2015	122,483,268	14,327,001	14,537,364	7,369,803	-	15,124,260	173,841,696
2016	138,616,680	14,035,426	30,744,336	13,265,921	30,000,000	1,851,309	228,513,672

Funds included are General Fund, Special Revenue Funds, and Other Non-Major Governemental Funds
Source: District records

General District Expenditures & Other Uses by Object

Fiscal Year	Certificated Salaries	Classified Salaries	Employee Benefits	Books & Supplies	Services & Other Oper Exp	Capital Outlay	Other Outgo	Operating Transfers Out	Total Expenditures & Other Uses
2007	$ 59,739,656	$ 18,938,070	$ 24,963,238	$ 10,125,050	$ 9,231,332	$ 1,221,698	$ 7,222,422	$ 25,622,076	$ 157,063,542
2008	62,322,862	20,698,450	27,477,473	12,247,605	10,171,529	3,330,597	7,728,090	11,898,105	155,874,710
2009	64,240,617	21,217,578	28,160,076	11,194,622	10,154,699	3,358,619	11,245,913	2,100,000	151,672,123
2010	57,467,452	20,295,817	26,871,143	9,919,642	10,156,042	1,911,140	9,631,813	2,100,000	138,353,049
2011	57,847,302	21,135,235	27,599,769	9,490,663	9,858,896	4,283,817	7,941,018	100,000	138,256,701
2012	56,655,838	21,125,359	29,845,013	7,526,538	10,905,800	2,638,860	7,723,024	305,645	136,726,077
2013	59,416,899	21,893,741	30,100,998	8,771,111	9,978,506	1,605,638	9,951,633	2,900,379	144,618,906
2014	63,871,808	23,544,140	32,301,098	9,305,187	10,793,689	2,440,325	7,513,857	2,626,401	152,396,505
2015	68,245,585	24,922,760	34,154,052	11,998,712	12,383,385	1,230,041	8,797,755	6,937,352	168,669,641
2016	70,524,706	26,966,973	42,475,118	10,016,792	16,757,805	33,603,899	17,225,790	154,957	217,726,040

Funds included are General Fund, Special Revenue Funds, and Other Non-Major Governemental Funds
Source: District records

General District Expenditures by Function

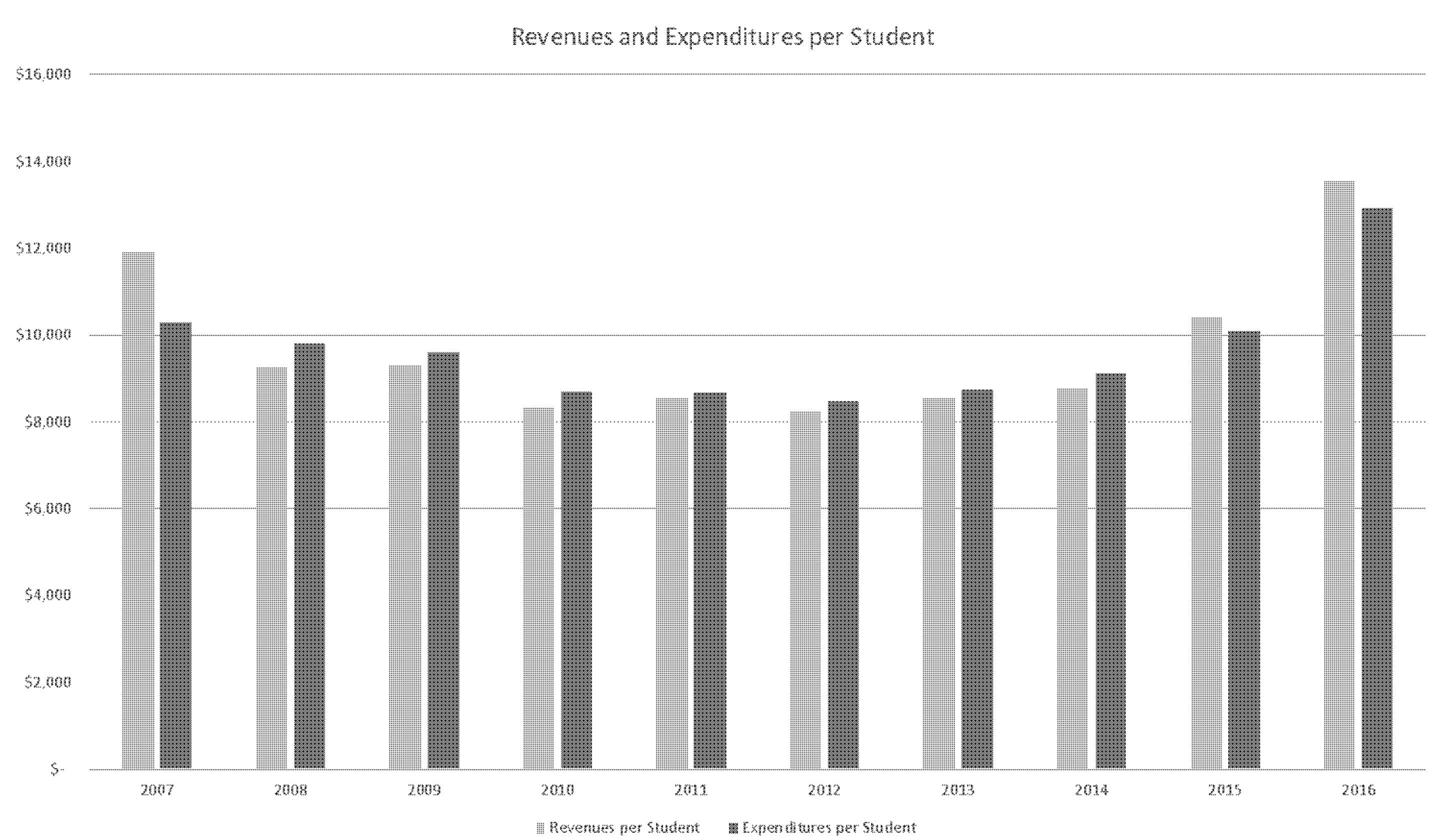
Fiscal Year	Instruction	Instruction-related services	Pupil services	General administration	Plant services	Other educational programs	Total
2007	$ 77,290,512	$ 12,007,790	$ 12,997,235	$ 5,017,706	$ 14,702,208	$ 9,138,434	$ 131,153,885
2008	83,407,477	13,427,818	14,475,721	5,925,881	16,705,620	9,688,128	143,630,645
2009	85,159,675	12,831,173	14,741,884	5,395,767	17,948,285	12,618,762	148,695,546
2010	76,804,189	12,954,281	14,013,682	5,611,148	15,237,713	11,220,664	135,841,677
2011	76,701,342	12,584,587	16,260,501	5,285,868	17,347,106	9,698,214	137,877,618
2012	74,732,824	13,107,177	17,461,601	5,626,425	15,790,106	9,478,834	136,196,967
2013	78,498,071	13,434,691	17,708,900	5,624,463	17,251,832	8,870,349	141,388,306
2014	84,635,316	14,946,432	18,361,589	5,681,959	16,759,314	9,234,489	149,619,099
2015	91,950,375	16,266,867	20,023,559	6,114,098	16,210,790	13,381,700	163,947,389
2016	117,016,233	15,964,712	22,808,248	6,789,649	18,898,027	16,504,491	197,981,360

Funds included are General Fund, Special Revenue Funds, and Other Non-Major Governemental Funds
Source: District records

General District Revenues and Expenditures, per Student

Fiscal Year	Total Revenues	Total Expenditures	Enrollment	Revenues per Student	Expenditures per Student
2007	$ 181,844,135	$ 157,063,542	15,258	$ 11,918	$ 10,294
2008	146,896,650	155,874,710	15,893	9,243	9,808
2009	147,025,027	151,672,123	15,807	9,301	9,595
2010	132,149,521	138,353,049	15,870	8,327	8,718
2011	136,485,278	138,256,701	15,962	8,551	8,662
2012	133,167,144	136,726,077	16,126	8,258	8,479
2013	141,506,861	144,618,906	16,530	8,561	8,749
2014	146,474,923	152,396,505	16,713	8,764	9,118
2015	173,841,696	168,669,641	16,693	10,414	10,104
2016	228,513,672	217,726,040	16,856	13,557	12,917

Funds included are General Fund, Special Revenue Funds, and Other Non-Major Governmental Funds.
Expenditures include Operating Transfers Out
Source: District records



Fund Balances, Governmental Funds

General Fund

Fiscal Year	Reserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2007	$ 19,616,641	$ 464,277	$ 3,325,628	$ -	$ -	$ -	$ 23,406,546
2008	20,095,931	153,293	2,781,983	-	-	-	23,031,207
2009	17,876,985	381,274	5,500,112	-	-	-	23,758,371
2010	21,322,762	371,448	834,131	-	-	-	22,528,341
2011	21,352,381	2,538,570	509,939	-	-	-	24,400,890
2012	18,169,304	2,661,211	1,508,764	-	-	-	22,339,279
2013	12,727,465	2,651,350	1,541,803	-	-	-	16,920,618
2014	4,844,843	2,623,121	4,091,220	-	-	-	11,559,184
2015	8,444,479	453,041	1,112,948	-	-	-	10,010,468
2016	5,009,587	451,855	2,360,697	14,808,526	-	-	22,630,665

All Other Governmental Funds

Fiscal Year	Reserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2007	$ -	$ -	$ -	$ -	$ -	$ 40,748,219	$ 40,748,219
2008	-	-	-	-	-	53,825,209	53,825,209
2009	-	-	-	-	-	35,151,507	35,151,507
2010	-	-	-	-	-	31,798,791	31,798,791
2011	-	578,220	17,242	-	-	35,624,648	36,220,110
2012	-	596,185	1,760,266	-	29,966,287	1,821,104	34,143,842
2013	-	171,799	2,501,916	-	47,288,499	2,007,745	51,969,959
2014	-	505,799	2,261,565	-	45,105,435	2,377,594	50,250,393
2015	-	454,132	5,639,211	-	54,048,975	-	60,142,318
2016	-	474,240	6,336,645	-	51,498,868	-	58,309,753

Total, All Governmental Funds

Fiscal Year	Reserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2007	$ 19,616,641	$ 464,277	$ 3,325,628	$ -	$ -	$ 40,748,219	$ 64,154,765
2008	20,095,931	153,293	2,781,983	-	-	53,825,209	76,856,416
2009	17,876,985	381,274	5,500,112	-	-	35,151,507	58,909,878
2010	21,322,762	371,448	834,131	-	-	31,798,791	54,327,132
2011	21,352,381	3,116,790	527,181	-	-	35,624,648	60,621,000
2012	18,169,304	3,257,396	3,269,030	-	29,966,287	1,821,104	56,483,120
2013	12,727,465	2,823,149	4,043,719	-	47,288,499	2,007,745	68,890,577
2014	4,844,843	3,128,920	6,352,785	-	45,105,435	2,377,594	61,809,577
2015	8,444,479	907,173	6,752,159	-	54,048,975	-	70,152,786
2016	5,009,587	926,095	8,697,342	14,808,526	51,498,868	-	80,940,418

Note: GASB 54 requirements for fund balance reporting changed as of fiscal year 2011

Source: District records

Changes in Fund Balances, Governmental Funds

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues:										
Revenue limit sources	$ 93,637,887	$ 100,819,495	$ 97,401,817	$ 85,469,766	$ 90,662,366	$ 91,854,507	$ 94,131,671	$ 110,478,479	$ 155,730,302	$ 138,616,680
Federal	8,461,671	9,286,164	14,210,983	14,585,251	16,143,198	11,222,872	11,676,346	12,300,977	14,327,001	14,035,426
Other State	39,607,020	34,942,841	26,792,967	25,072,117	31,578,686	23,050,685	23,354,036	17,114,868	14,537,364	30,744,336
Other Local	14,689,944	13,520,207	9,585,622	9,637,394	8,222,501	7,969,630	8,460,434	12,417,712	12,353,673	13,265,921
Total Revenues	156,396,522	158,568,707	147,991,389	134,764,528	146,606,751	134,097,694	137,622,487	152,312,036	196,948,340	196,662,363
Expenditures:										
Instruction	77,290,512	83,407,477	85,159,675	76,804,189	76,704,342	74,732,824	78,498,071	84,635,316	91,950,375	101,136,976
Instruction-related services										
Supervision of instruction	3,513,424	4,111,828	3,901,446	3,637,155	3,930,988	4,052,305	4,443,463	5,487,632	6,669,041	4,168,827
Instruction library, media and technology	1,608,255	1,796,246	1,532,435	1,706,338	1,466,804	1,488,402	1,490,321	1,565,904	1,570,245	1,687,126
School site administration	6,886,111	7,519,744	7,397,292	7,610,788	7,186,795	7,566,470	7,500,907	7,892,896	8,027,581	8,989,371
Pupil services:										
Home-to-school transportation	2,196,302	2,641,508	2,381,361	1,567,904	2,808,633	3,493,862	2,659,519	2,757,925	2,990,356	3,439,428
Food services	5,134,592	5,556,949	5,669,644	5,875,749	6,254,772	6,385,418	6,813,670	7,102,692	7,939,915	7,978,997
All other pupil services	5,666,341	6,277,264	6,690,879	6,570,029	7,197,096	7,582,321	7,935,711	8,500,972	9,093,288	10,707,721
General adminstration										
Data processing	516,554	844,319	793,795	838,622	724,947	559,345	769,311	895,918	831,006	1,100,069
All other general administration	4,501,152	5,126,155	4,621,578	4,799,470	4,560,921	5,080,450	4,855,152	4,905,790	5,380,851	5,579,205
Plant services	14,959,975	15,098,201	15,756,662	13,680,452	13,261,940	13,858,300	13,588,103	14,390,136	14,877,296	16,813,302
Facilities acquisition and construction	25,338,047	10,986,898	17,790,280	3,631,358	4,114,374	1,931,806	4,077,830	7,221,060	16,238,882	36,922,560
Other educational programs	2,258,267	2,305,996	2,249,472	2,000,222	1,964,872	1,979,274	1,822,981	1,816,338	1,839,169	1,821,710
Transfer between agencies	6,880,167	7,382,132	10,369,290	9,220,442	7,733,342	7,499,560	7,047,368	7,418,151	7,625,711	11,003,019
Other outgo	-	-	-	-	-	-	391,535	3,442	-	-
Debt service:										
Issuance costs	609,686	201	-							
Principal	1,701,106	1,800,489	1,625,327	1,582,578	1,567,608	1,621,831	1,693,231	817,806	1,100,000	2,415,000
Interest, fees and issuance costs	1,800,631	1,872,670	1,780,138	1,729,948	1,730,463	1,637,707	1,552,230	1,977,796	2,654,320	2,807,251
All Other Financing Uses	-	-	-	-	-	-	-	-	2,899,868	1,000,521
Total Expenditures	160,861,122	156,728,077	167,719,274	141,255,244	141,207,897	139,469,875	145,139,403	157,389,774	181,687,904	217,571,083
Excess (deficiency) of revenues over (under) expenditures	(4,464,600)	1,840,630	(19,727,885)	(6,490,716)	5,398,854	(5,372,181)	(7,516,916)	(5,077,738)	15,260,436	(20,908,720)
Other financing sources (uses):										
Operating transfers in	26,087,076	11,898,105	2,100,000	2,100,000	100,000	305,645	2,900,379	288,592	16,881,294	1,851,309
Operating transfers out	(26,087,076)	(11,898,105)	(2,100,000)	(2,100,000)	(100,000)	(305,645)	(2,900,379)	(2,626,401)	(22,318,645)	(154,957)
Proceeds from capital leases	-	-	210,000	-	-	-	-		-	-
Proceeds from sale of land	-	-	-	-	-	-	1,140,000		-	-
Proceeds from bond issuances	-	-	-	-	-	-	18,593,592		-	30,000,000
All other financing sources (uses)	34,473,798	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	34,473,798	-	210,000	-	-	-	19,733,592	(2,337,809)	(5,437,351)	31,696,352
Net changes in fund balances	30,009,198	1,840,630	(19,517,885)	(6,490,716)	5,398,854	(5,372,181)	12,216,676	(7,415,547)	9,823,085	10,787,632
Fund balances beginning	48,798,257	78,807,455	80,648,085	61,130,200	54,639,484	60,038,338	54,666,157	66,882,833	59,920,107	70,152,786
Prior Period Adjustments	-	-	-	-	-	-	-	452,821	409,594	-
Fund balances ending	$ 78,807,455	$ 80,648,085	$ 61,130,200	$ 54,639,484	$ 60,038,338	$ 54,666,157	$ 66,882,833	$ 59,920,107	$ 70,152,786	$ 80,940,418
Debt service as a % of non-capital expenditures	2.7%	2.6%	2.3%	2.5%	2.5%	2.4%	2.4%	1.9%	2.3%	3.0%

Source: Data extracted froom District Financial Statements

Revenue Base: Assessed Valuation (AV) and Property Tax Collections

Fiscal Year	Local Secured	Utility	Unsecured	Total Net (Taxable) AV	Weighted Average Tax Rate per $100 AV
2007	$ 8,261,955,095	$ 1,060,300	$ 212,157,542	$ 8,475,172,937	0.1795
2008	9,544,682,697	758,154	243,795,442	9,789,236,293	0.1795
2009	9,482,432,162	757,481	263,834,906	9,747,024,549	0.1795
2010	8,649,842,239	756,220	279,499,853	8,930,098,312	0.1795
2011	8,608,718,045	760,878	242,857,475	8,852,336,398	0.1795
2012	8,410,879,164	612,519	255,390,374	8,666,882,057	0.1795
2013	8,529,583,220	612,976	267,646,262	8,797,842,458	0.1795
2014	9,027,012,108	612,160	262,964,536	9,290,588,804	0.1795
2015	9,737,213,234	609,494	264,772,067	10,002,594,795	0.1795
2016	10,308,992,898	608,010	268,314,248	10,577,915,156	0.1795

Source: California Municipal Statistics, Inc.

Revenue Base: Property Tax Rates, All Direct and Overlapping Governments

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
County-wide Rate (a)	**1.0000%**	**1.0000%**	**1.0000%**	**1.0000%**	**1.0000%**	**1.0000%**	**1.0000%**	**1.0000%**	**1.0000%**	**1.0000%**
Kern County Water Agency Zone 7 Debt	0.0194%	0.0292%	0.0289%	0.0332%	0.0315%	0.0363%	0.0271%	0.0299%	0.0248%	0.0240%
Kern County Water Agency Zone 17 Debt	0.0083%	0.0100%	0.0084%	0.0109%	0.0094%	0.0148%	0.0103%	0.0107%	0.0113%	0.0136%
Kern County Water Agency Zone 19 Debt	0.0104%	0.0142%	0.0122%	0.0160%	0.0145%	0.0237%	0.0166%	0.0164%	0.0165%	0.0162%
Panama-Buena Vista Union School District Bond Series 1987B	**0.0111%**	**0.0101%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Panama-Buena Vista Union School District Bond Series 2002	**0.0100%**	**0.0090%**	**0.0088%**	**0.0099%**	**0.0116%**	**0.0115%**	**-**	**-**	**-**	
Panama-Buena Vista Union School District Bond Series 2012-A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.0194%**	**0.0294%**	**0.0202%**
Panama-Buena Vista Union School District Bond Series 2012-B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.0060%**
Panama-Buena Vista Union School District Bond Series 2012-C	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.0068%**
Kern High School District Bond 96A	0.0144%	0.0132%	0.0136%	0.0163%	0.0172%	-	-	-	-	-
Kern High School District Bond 1990E	0.0028%	0.0025%	0.0026%	0.0030%	0.0030%	0.0031%	-	-	-	-
Kern High School District Bond 2004A	0.0073%	0.0056%	0.0061%	0.0073%	0.0072%	0.0073%	0.0011%	-	-	-
Kern High School District Bond 2004B	0.0160%	0.0073%	0.0078%	0.0106%	0.0104%	0.0104%	0.0094%	0.0016%	0.0016%	-
Kern High School District Bond 2004C	-	0.0096%	0.0058%	0.0060%	0.0068%	0.0068%	0.0059%	0.0061%	0.0054%	0.0057%
Kern High School District Bond 2004D	-	-	-	-	-	-	0.0015%	0.0017%	0.0018%	0.0049%
Kern High School District Bond 2011	-	-	-	-	-	0.0086%	0.0160%	0.0172%	0.0115%	0.0083%
Kern High School District Bond 2012	-	-	-	-	-	-	0.0097%	0.0014%	0.0077%	0.0070%
Kern High School District Bond 2013	-	-	-	-	-	-	-	0.0112%	0.0080%	0.0066%
Kern Community College District SRID 2002A	-	0.0060%	0.0001%	0.0024%	0.0031%	0.0033%	0.0032%	0.0026%	-	-
Kern Community College District SRID 2002A Refunding	0.0037%	0.0019%	0.0070%	0.0058%	0.0057%	0.0058%	0.0053%	0.0084%	0.0059%	-
Kern Community College District SRID 2002B	0.0016%	0.0001%	0.0019%	0.0013%	0.0013%	-	-	-	-	0.0020%
Kern Community College District SRID 2002C	-	-	-	-	-	-	-	-	0.0035%	0.0033%
Kern Community College District SRID 2005A Refunding	-	-	-	-	-	-	-	0.0016%	0.0011%	0.0083%
TOTAL	**1.1050%**	**1.1187%**	**1.1031%**	**1.1225%**	**1.1217%**	**1.1316%**	**1.1062%**	**1.1281%**	**1.1284%**	**1.1327%**

(a) Maximum rate for purposes other than paying debt service in accordance with Article XIIIA of the State Constitution. Only a portion of this rate applies to the District.

Source: County of Kern Auditor-Controller's Office

Data Extracted from Above

Panama-Buena Vista Union School District's share of the county-wide general purpose 1% secured tax rate is based on historical formulas and can vary slightly from year to year. For purposes of this table, we show the weighted average tax rate for all tax rates within the district. Tax rates for the ten year period directly applicable to Panama-Buena Vista Union School District include its share of the general purpose tax rate and the special purpose bond rate.

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Panama-Buena Vista Union School District, General Purpose	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%
Panama-Buena Vista Union School District Bond Series 1987B	0.0111%	0.0101%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Panama-Buena Vista Union School District Bond Series 2002	0.0100%	0.0090%	0.0088%	0.0099%	0.0116%	0.0115%	0.0000%	0.0000%	0.0000%	0.0000%
Panama-Buena Vista Union School District Bond Series 2012-A	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0194%	0.0294%	0.0202%
Panama-Buena Vista Union School District Bond Series 2012-B	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0060%
Panama-Buena Vista Union School District Bond Series 2012-C	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0068%
Total	0.2006%	0.1985%	0.1883%	0.1894%	0.1911%	0.1909%	0.1795%	0.1988%	0.2089%	0.1997%

Principal Local Secured Taxpayers

2015-16 compared to ten years earlier

Rank	Property Owner	Primary Land Use	2015-16 Assessed Valuation	% of Total (1)	2006-07 Assessed Valuation	Rank	% of Total (1)
1	Nestle Dreyers Ice Cream Company	Industrial	$ 188,177,076	1.83%	$ 224,297,480	1	2.71%
2	Valley Plaza Mall LP	Regional Mall	128,293,385	1.24%			
3	Donahue Schriber Realty Group LP	Shopping Center	75,293,750	0.73%			
4	Chevron USA Inc.	Office Building	62,344,238	0.60%	31,330,342	9	0.38%
5	Castle & Cooke Inc.	Commercial and Residential	61,098,362	0.59%	88,072,114	3	1.07%
6	LSREF2 Tractor REO Bak LLC	Office Building	55,639,909	0.54%			
7	Bakersfield Mall LLC	Movie Theater	39,694,959	0.39%	148,582,342	2	1.81%
8	GSF Springs I Investors LP	Apartments	38,505,625	0.37%	34,238,665	8	0.41%
9	Ming Prop LLC	Office Building	38,084,401	0.37%			
10	Bolthouse Properties LLC	Commercial	35,386,719	0.34%			
11	Lennar Fresno Inc.	Residential Development	31,531,754	0.31%			
12	Kern Schools Federal Credit Union	Credit Union	30,083,858	0.29%			
13	Laurelglen Properties LLC	Apartments	29,514,869	0.29%			
14	United States Cold Storage of CA	Industrial	29,387,657	0.29%	31,326,828	10	0.38%
15	Crimson Resource Mgmt Corp	Industrial	27,956,960	0.27%			
16	C&C Commercial CA Inc.	Shopping Center	27,524,787	0.27%			
17	GSF Edgewater Investors LP	Apartments	26,450,188	0.26%			
18	Vintage Production Cal LLC	Office Building	24,572,795	0.24%			
19	Costco Wholesale Corp	Commercial	21,454,431	0.21%			
20	LBUBS 2004 C6 Stockdale Office LP	Office Building	19,955,775	0.19%			
	DS Marketplace Bakersfield LLC	Shopping Center			81,074,882	4	0.98%
	State Farm Insurance Co.	Office Building			57,700,000	5	0.70%
	Lennar Homes of California, Inc	Residential Development			49,082,043	6	0.59%
	LBREP L Suncal McAllister Ranch LLC	Residential Development			35,789,445	7	0.43%
	Ming Centre LLC	Office Building			28,072,222	11	0.34%
	TGM Cambridge Village Inc.	Apartments			21,026,949	12	0.25%
	Sears Holding Corp	Commercial			17,953,058	13	0.22%
	Stockdale Village Corp	Shopping Center			17,473,517	14	0.21%
	Grupe Real Estate Investors 8	Apartments			17,332,393	15	0.21%
	Albertsons	Apartments			16,405,017	16	0.20%
	Standard Pacific Corp	Residential Development			15,329,580	17	0.17%
	Healthsouth Corporation Trust	Office Building			13,893,000	18	0.17%
	Centex Homes	Residential Development			13,079,476	19	0.16%
	Stockdale Tower I LLC	Shopping Center			12,225,805	20	0.15%
			$ 990,951,498	9.62%	$ 954,285,158		11.54%

(1) 2015-16 Local Secured Assessed Valuation: $10,308,992,898

(1) 2006-07 Local Secured AV: $8,261,955,095

Source: California Municipal Statistics, Inc.

Property Tax Levies and Collections

General Purpose Levy

Fiscal Year	Taxes Levied (a)	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years	Total Amount Collected	Total Collected as % of Total Levy
2007	$ 11,665,342	$ 11,665,342	100.00%	$ -	$ 11,665,342	100.00%
2008	13,192,797	13,192,797	100.00%	-	13,192,797	100.00%
2009	13,130,277	13,130,277	100.00%	-	13,130,277	100.00%
2010	12,134,985	12,134,985	100.00%	-	12,134,985	100.00%
2011	11,986,368	11,986,368	100.00%	-	11,986,368	100.00%
2012	11,583,131	11,583,131	100.00%	-	11,583,131	100.00%
2013	11,912,407	11,912,407	100.00%	-	11,912,407	100.00%
2014	12,516,592	12,516,592	100.00%	-	12,516,592	100.00%
2015	13,524,938	13,524,938	100.00%	-	13,524,938	100.00%
2016	14,220,727	14,220,727	100.00%		14,220,727	100.00%

(a) Under the Teeter Plan (an alternative method of approportioning tax revenues to school districts), Kern County distributes 100% of the general purpose taxes levied to its districts each year.

Debt Service Levy

Fiscal Year	Taxes Levied (a)	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years	Total Amount Collected	Total Collected as % of Total Levy
2007	$ 1,501,302	$ 1,480,319	98.60%	-	$ 1,480,319	98.60%
2008	1,526,632	1,504,272	98.54%	-	1,504,272	98.54%
2009	752,801	746,450	99.16%	-	746,450	99.16%
2010	737,181	740,138	100.40%	-	740,138	100.40%
2011	837,358	836,831	99.94%	-	836,831	99.94%
2012	834,750	832,183	99.69%	-	832,183	99.69%
2013	27,561	26,373	95.69%	-	26,373	95.69%
2014	1,325,785	1,323,143	99.80%	-	1,323,143	99.80%
2015	2,175,709	2,171,343	99.80%	-	2,171,343	99.80%
2016	3,655,042	3,655,042	100.00%		3,655,042	100.00%

Total, All Levies

Fiscal Year	Taxes Levied (a)	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years	Total Amount Collected	Total Collected as % of Total Levy
2007	$ 13,166,644	$ 13,145,661	99.84%	-	$ 13,145,661	99.84%
2008	14,719,429	14,697,069	99.85%	-	14,697,069	99.85%
2009	13,883,079	13,876,727	99.95%	-	13,876,727	99.95%
2010	12,872,166	12,875,123	100.02%	-	12,875,123	100.02%
2011	12,823,726	12,823,199	100.00%	-	12,823,199	100.00%
2012	12,417,881	12,415,314	99.98%	-	12,415,314	99.98%
2013	11,939,968	11,938,780	99.99%	-	11,938,780	99.99%
2014	13,842,377	13,839,735	99.98%	-	13,839,735	99.98%
2015	15,700,647	15,696,281	99.97%	-	15,696,281	99.97%
2016	17,875,768	17,875,769	100.00%		17,875,769	100.00%

Source: Kern County and California Municipal Statistics, Inc.

Computation of Legal Debt Margin

Fiscal Year	Assessed Valuation	Statutory Bonding Capacity (1)	Outstanding Debt	Additional Bonding Capacity (Debt Margin)	Ratio of Debt Margin to Debt Limit
2007	$ 8,475,172,937	$ 105,939,662	$ 5,240,000	$ 100,699,662	95.1%
2008	9,789,236,293	122,365,454	3,730,000	118,635,454	97.0%
2009	9,747,024,549	121,837,807	3,040,000	118,797,807	97.5%
2010	8,930,098,312	111,626,229	2,345,000	109,281,229	97.9%
2011	8,852,336,398	110,654,205	1,615,000	109,039,205	98.5%
2012	8,666,882,057	108,336,026	841,500	107,494,526	99.2%
2013	8,797,842,458	109,973,031	18,405,000	91,568,031	83.3%
2014	9,290,588,804	116,132,360	18,405,000	97,727,360	84.2%
2015	10,002,594,795	125,032,435	49,545,000	75,487,435	60.4%
2016	10,577,915,156	132,223,939	48,010,000	84,213,939	63.7%

Source California Municipal Statistics, Inc. and Kern County

(1) Statuatory Bonding Capactiy is equal to 1.25% of the District's total assessed valuation

Ratio of Total Debt to AV / Capita

Year	Net General Bonded Debt	Assessed Value	Debt / AV	Bakersfield Estimated Population	Debt / Capita
2007	$ 5,240,000	$ 8,475,172,937	0.062%	311,824	17
2008	3,730,000	9,789,236,293	0.038%	323,213	12
2009	3,040,000	9,747,024,549	0.031%	328,692	9
2010	2,345,000	8,930,098,312	0.026%	333,719	7
2011	1,615,000	8,852,336,398	0.018%	348,930	5
2012	841,500	8,666,882,057	0.010%	353,581	2
2013	18,405,000	8,797,842,458	0.209%	358,106	51
2014	18,405,000	9,290,588,804	0.198%	363,956	51
2015	49,545,000	10,002,594,795	0.495%	368,694	134
2016	48,010,000	10,577,915,156	0.454%	358,700	134

Estimated population from the U.S. Census Bureau,
http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk

Direct and Overlapping Debt

2015-16 Assessed Valuation: $ 10,577,915,156

DIRECT AND OVERLAPPING TAX AND ASSESSEMENT DEBT:	% Applicable	Debt 6/30/2016
Kern Community College Safety, Repair and Improvement District	12.962%	$ 18,679,030
Kern High School District	20.646	40,572,737
Panama-Buena Vista Union School District	**100.**	**48,010,000**
Kern Delta Water District	50.035	381,938
City of Bakersfield 1915 Act Bonds	22.175-57.226	11,377,091
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		119,020,796
DIRECT AND OVERLAPPING GENERAL FUND DEBT		
Kern County Certificates of Participation	12.176%	12,884,643
Kern County Pension Obligations	12.176	33,493,194
Kern County Board of Education Certificates of Participation	12.176	4,772,992
Kern Community College District Certificates of Participation	11.675	3,801,380
Kern Community College District Post Employment Benefit Obligation Bonds	11.675	9,412,969
Kern High School District Certificates of Participation	20.646	31,356,113
Panama-Buena Vista Union School District Certificates of Participation	**100.**	**26,040,000**
City of Bakersfield General Fund Obligations	39.581	6,402,227
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		128,163,518
NET COMBINED TOTAL DEBT		$ 247,184,314

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations

Ratios to 2015-16 Assessed Valuation:	
Direct Debt ($48,010,000)	**0.45%**
Combined Direct Debt ($74,050,000)	**0.70%**
Total Direct and Overlapping Tax and Assessment Debt	1.13%
Combined Total Debt	2.34%

Source: California Municipal Statistics

Ratio of Annual Debt Services Expenditures to General Expenditures

Fiscal Year	Annual Debt Service	Total General Expenditures (1)	Debt / Expenditures
2007	$ 3,501,737	$ 124,489,137	2.81%
2008	3,673,159	135,228,155	2.72%
2009	3,405,465	137,410,908	2.48%
2010	3,312,526	124,922,026	2.65%
2011	3,298,071	124,623,727	2.65%
2012	3,259,538	127,917,292	2.55%
2013	3,245,461	129,000,209	2.52%
2014	2,795,602	138,175,282	2.02%
2015	3,754,320	150,594,178	2.49%
2016	5,222,251	166,986,219	3.13%

(1) General Fund expenditures only

Annual debt service is bond debt due in the upcoming fiscal year as of June 30 of the prior year and excludes bonds issued during the fiscal year

Source: District records, Annual Budget Documents

Enrollment & Attendance History

Fiscal Year	Average Daily Attendance (ADA) 2nd Period	Enrollment (October)	Ratio, ADA to Enrollment	Enrollment Growth: %
2007	15,258	15,792	0.97	3.9%
2008	15,893	16,561	0.96	4.9%
2009	15,807	16,385	0.96	-1.1%
2010	15,870	16,529	0.96	0.9%
2011	15,962	16,562	0.96	0.2%
2012	16,126	16,810	0.96	1.5%
2013	16,530	17,325	0.95	3.1%
2014	16,713	17,484	0.96	0.9%
2015	16,693	17,468	0.96	-0.1%
2016	16,856	17,545	0.96	0.4%

Source: District records

Student-Teacher Ratios

Fiscal Year	Student Enrollment	No. of Classroom Teachers	Student-Teacher Ratio
2007	15,792	784.77	20.12
2008	16,561	823.80	20.10
2009	16,385	838.64	19.54
2010	16,529	706.43	23.40
2011	16,562	713.98	23.20
2012	16,810	668.97	25.13
2013	17,325	681.61	25.42
2014	17,484	722.09	24.21
2015	17,468	778.42	22.44
2016	17,545	787.73	22.27

Source: District records

New Construction for Kern County

Number of New Units

Year	Single Unit	Multi-Units	Total
2006	5,355	1,227	6,582
2007	3,198	882	4,080
2008	1,471	901	2,372
2009	1,583	192	1,775
2010	1,172	445	1,617
2011	712	257	969
2012	1,238	348	1,586
2013	885	253	1,138
2014	797	20	817
2015	2,098	102	2,200

Valuation

Year	Single Unit	Multi-Units	Total
2006	$ 790,872,373	$ 79,710,908	$ 870,583,281
2007	452,353,758	62,337,408	514,691,166
2008	255,540,300	64,468,043	320,008,343
2009	288,050,139	9,989,315	298,039,454
2010	212,085,780	39,443,143	251,528,923
2011	132,718,477	17,977,798	150,696,275
2012	255,535,560	28,145,477	283,681,037
2013	153,963,458	22,073,619	176,037,077
2014	136,853,089	1,280,173	138,133,262
2015	465,175,856	8,754,220	473,930,076

Source: U.S. Census Bureau
(http://censtats.census.gov/bldg/bldgprmt.shtml)

Total Taxable Transactions for Bakersfield and Kern County

Year		Bakersfield		Kern County
2005	$	5,447,738	$	10,651,857
2006		5,750,771		11,975,693
2007		5,590,533		11,874,302
2008		5,314,000		12,085,853
2009		4,422,123		9,932,101
2010		4,667,745		11,057,910
2011		5,450,380		13,742,659
2012		5,954,794		14,666,473
2013		8,134,147		15,199,124
2014		6,284,932		15,722,694

Source: State Board of Equalization (http://www.boe.ca.gov/news/tsalescont.htm)

* Information unavailable for 2015

Bank Deposits for Kern County

Data unavailable for the District

Fiscal Year		Deposits
2007	$	5,596,820
2008		5,419,807
2009		5,561,871
2010		5,869,135
2011		6,425,149
2012		6,408,092
2013		6,804,683
2014		7,304,427
2015		7,769,366
2016		8,109,356

Source: Federal Deposit Insurance Corporation
(http://www2.fdic.gov/sod/sodMarketBank.asp)

Principal Employers, Kern County

Most recent (FY 2015) compared to nine years earlier

					Fiscal Year 2006		
2015 Rank	Employer	Industry	Employees	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
1	China Lake Naval Air Weapons Station	Federal Government - National Security	9,700+	2.80%			
2	County of Kern	County Government	8,872	2.49%	7,500	3	2.73%
3	Grimmway Farms	Agriculture	5,000-9,999	1.40%	5,000	5	1.82%
4	Naval Air Warfare Center	Federal Government - National Security	5,000-9,999	1.40%	5,390	4	1.96%
5	U.S. Navy Public Affairs Office	Federal Government - National Security	5,000-9,999	1.40%			
6	Wm Bolthouse Farms, Inc.	Agriculture	1,700-4,999	1.40%	2,350	9	0.86%
7	Chevron	Oil Refiners	1,000-4,999	0.48%			
8	Kern County Superintendent of Schools	Schools	1,000-4,999	0.28%			
9	State Farm	Insurance	1,000-4,999	0.28%			
10	Dignity Health	Health Care	1,000-4,999	0.28%			
10	Edwards Air Force Base	Federal Government - National Security	1,000-4,999	0.28%	18,000	1	6.55%
	Kern County Public Schools	Schools			17,775	2	6.47%
	Guimarra Vineyards	Agriculture			4,000	6	1.46%
	Esparza Enterprises	Agriculture			3,600	7	1.31%
	Catholic Healthcare West	Health Care			2,650	8	0.96%
	Sunview Vineyards	Agriculture			2,000	10	0.73%
				12.49%			24.85%

Source: County of Kern annual financial report

Staffing by FTE by Function

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Instruction										
Teachers	784.77	823.80	838.64	706.43	713.98	668.97	681.61	722.09	778.42	787.73
Paraprofessionals	140.20	145.53	155.88	149.75	170.19	241.50	195.54	200.51	220.62	230.88
Sub-total, Instruction	924.97	969.33	994.52	856.18	884.17	910.47	877.15	922.60	999.04	1,018.61
Instruction-related services	201.12	228.01	228.45	218.23	194.27	216.83	222.72	233.65	239.87	237.31
Pupil services	171.87	192.13	191.24	166.75	166.88	187.72	208.55	200.90	222.66	241.82
General administration	57.50	59.60	61.50	61.00	56.13	57.00	58.00	56.00	62.00	68.00
Plant services	105.50	111.00	116.25	93.75	96.00	99.63	99.25	103.25	112.00	112.50
Total, all staffing	1,460.96	1,560.07	1,591.96	1,395.91	1,397.45	1,471.65	1,465.67	1,516.40	1,635.57	1,678.24
Teachers (FTE)	784.77	823.80	838.64	706.43	713.98	668.97	681.61	722.09	778.42	787.73
% of total staffing	54%	53%	53%	51%	51%	45%	47%	48%	48%	47%

Source: District records

2015-16 Teaching Staff Demographics

Average Age	45	
Average Years Teaching in District	11	
Average Total Years Teaching	12	
1st Year	72	teachers
2nd Year	81	teachers
3-5 Years	92	teachers
6 + Years	573	teachers
Male	139	
Female	679	
	818	
Ethnicity		
White	686	84%
All Other	132	16%
	818	
Highest Education Level Attained		
Masters or greater	233	
Teachers with CLAD Credentials	818	

Source: District records

Capital Assets by Function and Activity

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Instruction	$ 116,588,823	$ 133,261,407	$ 134,663,465	$ 147,798,437	$ 142,797,292	$ 137,928,037	$ 132,461,128	$ 138,456,099	$ 129,758,082	$ 124,721,834
Supervision of instruction	42,815	147,378	104,096	72,804	43,472	14,922	11,286	9,767	8,248	6,729
Instruction library, media and technology	132,375	328,003	653,160	532,206	428,102	318,273	244,805	198,510	159,889	113,503
School site administration	13,073	20,480	94,107	139,381	120,942	93,612	83,874	69,059	56,065	51,229
Home-to-school transportation	998,740	993,262	958,280	701,281	629,441	1,046,523	803,588	638,447	476,737	582,769
Food services	112,689	116,565	411,907	512,201	476,831	438,873	492,030	498,749	447,578	559,896
All other pupil services	55,583	73,355	75,908	20,027	65,675	60,742	61,104	71,814	85,698	90,307
Data processing	-	112,356	14,491	68,514	54,030	40,165	46,745	33,887	34,374	143,380
All other general administration	1,007,259	1,289,721	888,249	902,309	815,573	742,480	669,283	1,993,754	1,463,531	1,316,691
Plant services	1,975,047	2,214,345	1,540,865	269,346	5,661,433	6,120,412	10,390,458	1,404,310	20,389,444	19,876,396
Work in progress	14,124,015	3,501,269	16,154,249	2,784,193	1,357,724	2,534,114	1,967,783	4,558,055	4,474,856	39,706,287
Total capital assets	$ 135,050,421	$ 142,058,141	$ 155,558,778	$ 153,800,697	$ 152,450,514	$ 149,338,152	$ 147,232,083	$ 147,932,450	$ 157,354,501	$ 187,169,021

Source: Data extracted from District Financial Statements

School Building Information

	Year Built	Year Renovated	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Panama Elementary	1875	2009										
Square Feet			35,424	35,424	35,424	35,424	35,424	35,424	35,424	35,424	38,304	38,304
Capacity			854	854	854	854	854	854	854	854	938	938
Enrollment			984	1,064	1,047	631	616	649	670	742	799	817
Percentage of Capacity in Use			115.2%	124.6%	122.6%	73.9%	72.1%	76.0%	78.5%	86.9%	85.2%	87.1%
Stine Elementary	1900	1991										
Square Feet			35,787	35,787	35,787	35,787	35,787	35,787	35,787	35,787	37,227	37,227
Capacity			899	899	899	899	899	899	899	899	941	941
Enrollment			760	774	727	745	780	806	774	756	716	674
Percentage of Capacity in Use			84.5%	86.1%	80.9%	82.9%	86.8%	89.7%	86.1%	84.1%	76.1%	71.6%
Amy B. Seibert Elementary	1963	2013										
Square Feet			37,920	37,920	37,920	37,920	37,920	37,920	37,920	37,920	39,360	39,360
Capacity			854	854	854	854	854	854	854	854	896	896
Enrollment			700	670	711	705	704	696	717	733	764	744
Percentage of Capacity in Use			82.0%	78.5%	83.3%	82.6%	82.4%	81.5%	84.0%	85.8%	85.3%	83.0%
Wayne Van Horn Elementary	1969	1988										
Square Feet			35,298	35,298	35,298	35,298	35,298	35,298	35,298	35,298	35,298	35,298
Capacity			840	840	840	840	840	840	840	840	840	840
Enrollment			635	611	611	660	618	536	558	571	575	528
Percentage of Capacity in Use			75.6%	72.7%	72.7%	78.6%	73.6%	63.8%	66.4%	68.0%	68.5%	62.9%
Charles H. Castle Elementary	1976	1989										
Square Feet			34,943	34,943	34,943	34,943	34,943	34,943	34,943	34,943	34,943	34,943
Capacity			924	924	924	924	924	924	924	924	924	924
Enrollment			767	763	762	744	737	689	714	677	704	723
Percentage of Capacity in Use			83.0%	82.6%	82.5%	80.5%	79.8%	74.6%	77.3%	73.3%	76.2%	78.2%
Stockdale Elementary	1977	1988										
Square Feet			29,323	29,323	29,323	29,323	29,323	29,323	29,323	29,323	33,643	33,643
Capacity			616	616	616	616	616	616	616	616	742	742
Enrollment			553	559	508	501	489	542	570	542	628	629
Percentage of Capacity in Use			89.8%	90.7%	82.5%	81.3%	79.4%	88.0%	92.5%	88.0%	84.6%	84.8%
Loiuse Sandrini Elementary	1979	1988										
Square Feet			32,690	32,690	32,690	32,690	32,690	32,690	32,690	32,690	34,610	34,610
Capacity			798	798	798	798	798	798	798	798	854	854
Enrollment			650	602	614	581	588	594	605	610	582	636
Percentage of Capacity in Use			81.5%	75.4%	76.9%	72.8%	73.7%	74.4%	75.8%	76.4%	68.1%	74.5%
Sing Lum Elementary	1984	1988										
Square Feet			33,278	33,278	33,278	33,278	33,278	33,278	33,278	33,278	33,278	33,278
Capacity			784	784	784	784	784	784	784	784	784	784
Enrollment			735	725	790	745	822	791	800	783	711	703
Percentage of Capacity in Use			93.8%	92.5%	100.8%	95.0%	104.8%	100.9%	102.0%	99.9%	90.7%	89.7%
Laurelglen Elementary	1985	2011										
Square Feet			30,398	30,398	30,398	30,398	30,398	30,398	30,398	30,398	30,398	30,398
Capacity			616	616	616	616	616	616	616	616	616	616
Enrollment			564	576	562	558	529	533	570	603	606	610
Percentage of Capacity in Use			91.6%	93.5%	91.2%	90.6%	85.9%	86.5%	92.5%	97.9%	98.4%	99.0%
Leo B. Hart Elementary	1988	n/a										
Square Feet			30,878	30,878	30,878	30,878	30,878	30,878	30,878	30,878	35,198	35,198
Capacity			672	672	672	672	672	672	672	672	798	798
Enrollment			586	546	500	530	531	543	571	571	700	726
Percentage of Capacity in Use			87.2%	81.2%	74.4%	78.9%	79.0%	80.8%	85.0%	85.0%	87.7%	91.0%
Roy W. Loudon Elementary	1989	2008										
Square Feet			38,094	38,094	38,094	38,094	38,094	38,094	38,094	38,094	42,414	42,414
Capacity			924	924	924	924	924	924	924	924	1,050	1,050
Enrollment			754	736	835	826	794	804	835	799	807	767
Percentage of Capacity in Use			81.6%	79.7%	90.4%	89.4%	85.9%	87.0%	90.4%	86.5%	76.9%	73.0%
Buena Vista Elementary	1875	2013										
Square Feet			38,266	38,266	38,266	38,266	38,266	38,266	38,266	38,266	39,706	39,706
Capacity			980	980	980	980	980	980	980	980	1,022	1,022
Enrollment			1,098	1,073	932	866	881	884	907	934	917	893
Percentage of Capacity in Use			112.0%	109.5%	95.1%	88.4%	89.9%	90.2%	92.6%	95.3%	89.7%	87.4%

School Building Information

	Year Built	Year Renovated	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Christa McAuliffe Elementary	1991	n/a										
Square Feet			31,991	31,991	31,991	31,991	31,991	31,991	31,991	31,991	32,951	32,951
Capacity			700	700	700	700	700	700	700	700	700	700
Enrollment			610	558	484	508	502	560	619	618	549	584
Percentage of Capacity in Use			87.1%	79.7%	69.1%	72.6%	71.7%	80.0%	88.4%	88.3%	78.4%	83.4%
Bill L. Williams Elementary	1996	2013										
Square Feet			35,302	35,302	35,302	35,302	35,302	35,302	35,302	35,302	38,662	38,662
Capacity			868	868	868	868	868	868	868	868	966	966
Enrollment			746	801	761	692	644	646	695	701	820	854
Percentage of Capacity in Use			85.9%	92.3%	87.7%	79.7%	74.2%	74.4%	80.1%	80.8%	84.9%	88.4%
Ronald Reagan Elementary	1998	n/a										
Square Feet			41,726	41,726	41,726	41,726	41,726	41,726	41,726	41,726	42,686	42,686
Capacity			1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,036	1,036
Enrollment			888	869	842	858	864	891	958	919	942	936
Percentage of Capacity in Use			88.1%	86.2%	83.5%	85.1%	85.7%	88.4%	95.0%	91.2%	90.9%	90.3%
Berkshire Elementary	2002	2012										
Square Feet			41,259	41,259	41,259	41,259	41,259	41,259	41,259	41,259	41,259	41,259
Capacity			1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,036	1,036
Enrollment			965	1,051	989	994	979	1,022	1,021	1,074	1,003	1,044
Percentage of Capacity in Use			94.7%	103.1%	97.0%	97.5%	96.1%	100.3%	100.2%	105.4%	96.8%	100.8%
Old River Elementary	2007	n/a										
Square Feet			-	41,835	41,835	41,835	41,835	41,835	41,835	41,835	44,715	44,715
Capacity			-	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036
Enrollment			-	656	846	919	945	991	1,006	1,000	890	883
Percentage of Capacity in Use			-	63.3%	81.7%	88.7%	91.2%	95.7%	97.1%	96.5%	85.9%	85.2%
Douglas J. Milier Elementary	2009	n/a										
Square Feet			-	-	-	36,460	36,460	36,460	36,460	36,460	36,460	36,460
Capacity			-	-	-	896	896	896	896	896	896	896
Enrollment			-	-	-	627	736	760	807	892	857	941
Percentage of Capacity in Use			-	-	-	70.0%	82.1%	84.8%	90.1%	99.6%	95.6%	105.0%
Fred L. Thompson Junior High School	1967	2009										
Square Feet			38,885	38,885	38,885	38,885	38,885	38,885	38,885	38,885	38,885	38,885
Capacity			981	981	981	981	981	981	981	981	981	981
Enrollment			855	855	826	843	768	746	774	798	741	679
Percentage of Capacity in Use			87.1%	87.1%	84.2%	85.9%	78.3%	76.0%	78.9%	81.3%	75.5%	69.2%
O.J. Actis Junior High School	1979	1992										
Square Feet			38,336	38,336	38,336	38,336	38,336	38,336	38,336	38,336	38,336	38,336
Capacity			924	924	924	924	924	924	924	924	924	924
Enrollment			784	785	761	714	746	708	657	634	676	666
Percentage of Capacity in Use			84.8%	85.0%	82.4%	77.3%	80.7%	76.6%	71.1%	68.6%	73.2%	72.1%
Tevis Junior High School	1988	1992										
Square Feet			41,872	41,872	41,872	41,872	41,872	41,872	41,872	41,872	41,872	41,872
Capacity			1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028
Enrollment			839	805	777	729	702	746	757	738	733	782
Percentage of Capacity in Use			81.6%	78.3%	75.6%	70.9%	68.3%	72.6%	73.7%	71.8%	71.3%	76.1%
Earl Warren Junior High School	1995	n/a										
Square Feet			44,529	44,529	44,529	44,529	44,529	44,529	44,529	44,529	44,529	44,529
Capacity			1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148
Enrollment			678	771	788	817	817	862	921	929	858	846
Percentage of Capacity in Use			59.1%	67.2%	68.6%	71.2%	71.2%	75.1%	80.2%	80.9%	74.7%	73.7%
Stonecreek Junior High School	2006	n/a										
Square Feet			42,609	42,609	42,609	42,609	42,609	42,609	42,609	42,609	42,609	42,609
Capacity			1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092
Enrollment			641	711	712	736	770	811	819	860	890	880
Percentage of Capacity in Use			58.7%	65.1%	65.2%	67.4%	70.5%	74.3%	75.0%	78.8%	81.5%	80.6%

School Building Information

	Year Built	Year Renovated	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
District Office	1983	2015										
Square Feet			33,792	33,792	33,792	33,792	33,792	33,792	33,792	33,792	33,792	33,792
District Office East	1991	2011										
Square Feet			21,658	21,658	21,658	21,658	21,658	21,658	21,658	21,658	21,658	21,658
District Office South	2014	n/a										
Square Feet			-	-	-	-	-	-	-	17,040	17,040	17,040
Special Services	2010	n/a										
Square Feet			-	-	-	10,732	10,732	10,732	10,732	10,732	10,732	10,732

Square footage includes permanent buildings and portable units
Capacity based on average of 28 students per classroom, including portable buildings

Source: District records

History of Investment Income (Interest Earnings)

By Fund Type

Fiscal Year	General	Special Revenue	Capital Projects	Bond Interest & Redemption	Total, All Funds
2007	$ 1,322,413	$ 998,689	$ 692,346	$ 49,162	$ 3,062,610
2008	1,199,431	944,501	1,132,825	20,051	3,296,807
2009	757,387	505,424	470,167	34,019	1,766,997
2010	292,785	189,073	225,579	10,454	717,891
2011	171,238	105,926	290,743	8,106	576,013
2012	123,960	62,538	225,825	6,237	418,560
2013	84,645	40,323	127,049	5,181	257,198
2014	77,711	53,353	88,817	64,527	284,408
2015	55,352	30,481	159,581	20,530	265,944
2016	72,503	76,225	272,735	18,971	440,434

Source: District records

Panama-Buena Vista Union School District Community Demographic Data: 2014

	City	County	State
Population	358,700	839,631	37,253,956
Distribution by Age			
Under 5 Years	9%	9%	7%
5 - 19 Years	25%	24%	21%
20 - 44 Years	36%	36%	36%
45 - 64 Years	21%	22%	25%
65 Year or Older	9%	9%	11%
Median Age	30	31	36
Household Characteristics			
Number of children under 18	109,474	254,718	9,182,670
% Living in Single-Parent Households	14%	14%	10%
Income and Wealth			
Median Household Income	$ 56,842	$ 48,574	$ 61,489
Income per Person	$ 28,285	$ 25,147	$ 31,345
Median Home Value	$ 184,800	$ 161,700	$ 371,400
Adult Education Attainment Levels			
Adults with H.S. Diploma	80%	73%	82%
Adults with Bachelor's Degree	21%	15%	31%

Source: U.S. Census Bureau, 2009-2014 American Community Survey
http://factfinder.census.gov/
District data unavailable

The data is updated every two years, with this being the most recent data available

Comparative Birth Data

Calendar Year	PBVUSD Zip Codes	Kern County	California
2005	1,965	14,022	548,700
2006	2,081	15,014	562,157
2007	2,309	15,328	566,137
2008	2,277	15,315	551,567
2009	2,336	14,827	526,774
2010	2,239	14,416	509,974
2011	2,213	14,287	502,023
2012	2,286	14,558	503,788
2013	*	14,145	494,392
2014	*	*	502,973

Total births by place of mother's residence.

* Data for Panama-Buena Vista Union School District was obtained through Davis Demographics & Planning, Inc., by zip code. Data was not available for 2013 and 2014.

Source: California Department of Health Statistics

Miscellaneous Statistics

District Name:	Panama-Buena Vista Union School District	
Type of District:	Elementary (K-8)	
Year Founded:	1875	
Area (square miles):	93	(est.)
Population served:	127,527	(est.)
Number of schools:		
Elementary (K-6)	18	
Intermediate (7-8)	5	
Total	23	
Enrollment:		
Elementary (K-6)	13,692	(Fall 2015)
Intermediate (7-8)	3,853	(Fall 2015)
Total	17,545	
% of students eligible for free or reduced lunches	68.32%	
Number of employees:		
Certificated:	857	full-time equivalents
Classified	713	full-time equivalents
Management/Confidential	108	full-time equivalents
Total	1,678	
Teacher per Pupil Ratio:	22.27	

Source: District records

OTHER INDEPENDENT AUDITOR REPORTS

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NANCY C. BELTON

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*

Board of Trustees
Panama-Buena Vista
Union School District
Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Panama-Buena Vista Union School District**, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise **Panama-Buena Vista Union School District**'s basic financial statements, and have issued our report thereon dated December 7, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Panama-Buena Vista Union 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 **Panama-Buena Vista Union School District**'s internal control. Accordingly, we do not express an opinion on the effectiveness of **Panama-Buena Vista Union 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.

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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.

Compliance and Other Matters

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

Purpose of this Report

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

Daniells Phillips Vaughan & Bock

Bakersfield, California
December 7, 2016

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NANCY C. BELTON

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

Board of Trustees
Panama-Buena Vista
Union School District
Bakersfield, California

Report on Compliance for Each Major Federal Program

We have audited **Panama-Buena Vista Union 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 **Panama-Buena Vista Union School District**'s major federal programs for the year ended June 30, 2016. **Panama-Buena Vista Union 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 statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **Panama-Buena Vista Union School District**'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Panama-Buena Vista Union 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 **Panama-Buena Vista Union School District**'s compliance.

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Opinion on Each Major Federal Program

In our opinion, **Panama-Buena Vista Union 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.

Report on Internal Control Over Compliance

Management of **Panama-Buena Vista Union 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 **Panama-Buena Vista Union 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 **Panama-Buena Vista Union 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.

Purpose of this Report

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.

Daniells Phillips Vaughan & Bock

Bakersfield, California
December 7, 2016

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NANCY C. BELTON

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Panama-Buena Vista
Union School District
Bakersfield, California

Report on State Compliance

We have audited **Panama-Buena Vista Union School District's** compliance with the types of compliance requirements described in the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of **Panama-Buena Vista Union School District**'s State government programs as noted below for the year ended June 30, 2016.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of **Panama-Buena Vista Union School District**'s State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types compliance requirements referred to above that could have a direct and material effect on the applicable government programs noted below occurred. An audit includes examining, on a test basis, evidence about **Panama-Buena Vista Union School District**'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of **Panama-Buena Vista Union School District**'s compliance.

Unmodified Opinion

In our opinion, **Panama-Buena Vista Union School District** complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2016.

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In connection with the audit referred to above, we selected and tested transactions and records to determine **Panama-Buena Vista Union School District**'s compliance with the State laws and regulations applicable to the following items:

	Procedures Performed
Attendance Accounting:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Not applicable
Continuation Education	Not applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable[1]
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General requirements	Yes
After school	Yes
Before school	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Yes
Charter Schools:	
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

[1] The District's Early Retirement Incentive does not meet the definition of the Early Retirement Incentive program under STRS.

Daniells Phillips Vaughan & Bock

Bakersfield, California
December 7, 2016

FINDINGS AND RECOMMENDATIONS

Panama-Buena Vista Union School District
Schedule of Audit Findings and Questioned Costs
Year Ended June 30, 2016

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ 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?	____ 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 section 2 CFR 200.516(a)?	____ Yes	X No

Identification of major programs:

CDFA Number	Name of Federal Program or Cluster
84.027/84.027A/84.173	Special Education Cluster
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected

Dollar threshold used to distinguish between Type A And Type B programs:		$750,000
Auditee qualified as low-risk auditee?	X Yes	____ No

State Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies)?	____ Yes	X None reported
Any audit findings disclosed that are required to be reported in accordance with *Local Educational Agencies K-12 Audit Guide*	____ Yes	X No
Type of auditor's report issued on compliance for state programs:		Unmodified

Panama-Buena Vista Union School District
Schedule of Audit Findings and Questioned Costs
Year Ended June 30, 2016

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – State Award Findings and Questioned Costs

None

Panama-Buena Vista Union School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

	Finding/Recommendation	Current Status	Client Response If Not Implemented
SA-2015-01	Under-reporting of the number of "ADA for Students in Transitional Kindergarten" on the P-2 Attendance Report.	No instances noted in the current year.	N/A
SA-2015-02	All three months selected for all nine school sites had discrepancies between the Monthly ADA Summary Report (ATD 604) and the J-18 Report used to compile the P-2 Attendance Report. Additionally, two of nine school sites had various errors between the weekly attendance sheets and the Monthly Detail Report (ATD 603).	No instances noted in the current year.	N/A
SA-2015-03	Sixteen of 120 students tested were inaccurately reported as English learners on the 1.18 – FRPM/English Learners/Foster Youth – Student List.	No instances noted in the current year.	N/A

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Series C Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Series C Bonds in substantially the following form:

[Date of Delivery]

Panama-Buena Vista Union School District
Bakersfield, California

Panama-Buena Vista Union School District
(County of Kern, State of California)
2012 Election General Obligation Bonds, 2017 Series C
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Panama-Buena Vista Union School District (the "District"), which is located in the County of Kern (the "County"), in connection with the issuance by the District of $20,000,000 aggregate principal amount of bonds designated as "Panama-Buena Vista Union School District (County of Kern, State of California) 2012 Election General Obligation Bonds, 2017 Series C" (the "Series C Bonds"), representing part of an issue in the aggregate principal amount of $147,000,000 authorized at an election held in the District on November 6, 2012. The Series C Bonds are issued under and pursuant to a resolution of the Board of Education of the District adopted on March 7, 2017 (the "Resolution").

In such connection, we have reviewed the Resolution, the Tax Certificate of the District, dated the date hereof (the "Tax Certificate"), certificates of 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 Series C 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. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Series C 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 Series C Bonds, the Resolution 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 or 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 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, dated March 29, 2017, or other offering material relating to the Series C 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 Series C Bonds constitute valid and binding obligations of the District.

2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.

3. 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 Series C Bonds and the interest thereon.

4. Interest on the Series C 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. Interest on the Series C 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. 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 Series C Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the Panama-Vista Union School District (the "District") in connection with the issuance of $20,000,000 aggregate principal amount of Panama-Buena Vista Union School District (County of Kern, State of California) 2012 Election General Obligation Bonds, 2017 Series C (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on March 7, 2017 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Applied Best Practices, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" shall mean the Official Statement, dated March 29, 2017 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports. (a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which due date shall be March 31 of each year, so long as the fiscal year ends on June 30), commencing with the report for the 2016-2017 Fiscal Year (which is due not later than March 31, 2018), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; and

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

Section 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, 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. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) The average daily attendance in District schools on an aggregate basis for the preceding fiscal year;

(ii) Pension plan contributions made by the District for the preceding fiscal year;

(iii) The adopted budget of the District for the then-current fiscal year.

(iv) Assessed value of taxable property in the District for the then-current fiscal year as shown on the most recent equalized assessment role.

(v) If the County of Kern (the "County") no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year.

(vi) Top ten property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value, if provided by the County.

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

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB's website. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of the credit or liquidity providers or their failure to perform;

(v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) tender offers;

(vii) defeasances;

(viii) rating changes; or

(ix) bankruptcy, insolvency, receivership or similar event of the obligated person.

For the purposes of the event identified in subparagraph (ix), 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 governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

(i) unless described in paragraph 5(a)(v) hereof, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) modifications to rights of Bond Holders;

(iii) optional, unscheduled or contingent Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) non-payment related defaults;

(vi) 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; or

(vii) appointment of a successor or additional paying agent or the change of name of a paying agent.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3 hereof, as provided in Section 3(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. <u>Termination of Reporting Obligation</u>. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Applied Best Practices, LLC.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Kern or in U.S. District Court in or nearest to the County of Kern. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and (if the Dissemination Agent is other than the District), the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: April 12, 2017

PANAMA-BUENA VISTA UNION
SCHOOL DISTRICT

By: ______________________________

ACCEPTED AND AGREED TO:

APPLIED BEST PRACTICES, LLC, as
Dissemination Agent

By: ______________________________
Authorized Signatory

EXHIBIT A

NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	PANAMA BUENA-VISTA UNION SCHOOL DISTRICT
Name of Issue:	Panama-Vista Union School District (County of Kern, State of California) 2012 Election General Obligation Bonds, 2017 Series C
Date of Issuance:	April 12, 2017

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated April 12, 2017. [The District anticipates that the Annual Report will be filed by ___________.]

Dated: ___________

PANAMA-VISTA UNION SCHOOL DISTRICT

APPENDIX E

KERN COUNTY INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL

The following information has been furnished by the Office of the Treasurer-Tax Collector (the "County Treasurer") of the County of Kern. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer-Tax Collector, 1115 Truxtun Avenue, 2nd Floor, Bakersfield, California 93301.

Neither the District nor the Underwriter has made an independent investigation of the investments in the Pools and has made no assessment of the current Investment Policy. The value of the various investments in the Pools will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the Treasury Oversight Committee and the County Board of Supervisors, may change the Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pools will not vary significantly from the values described herein.

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OFFICE OF THE TREASURER-TAX COLLECTOR
COUNTY OF KERN

TREASURER'S STATEMENT OF INVESTMENT POLICY
Approved By the Board of Supervisors December 6, 2016

SCOPE:

The County of Kern's Investment Policy has been prepared in accordance with California Government Code (CGC) sections *53630* et seq. The complete text of California Government Code Section *53630* is set forth on the Internet at www.leginfo.ca.gov.

This policy shall be reviewed annually by the County's Treasury Oversight Committee and approved by the County Board of Supervisors. The purpose of this policy is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the management and investment of the County Treasurer's Pool, which consists of pooled monies held on behalf of the County, school districts, community college districts and certain special districts within the County.

This policy shall apply to all investments held within the County Treasurer's Pool and made on behalf of the County and member agencies of the Pool with the exception of certain bond funds for which the Board of Supervisors may specifically authorize other allowable investments, consistent with State law. Also exempt from this policy are retirement funds and other post employment benefit (OPEB) funds managed through an external trust. The Treasurer and Treasurer's staff are responsible for the full-time, active management of the Pool. All investments and activities of the Treasurer and staff are conducted with the understanding that the Treasurer holds a public trust with the citizens of the County, which cannot be compromised.

FIDUCIARY RESPONSIBILITY:

CGC Section 27000.3, declares each Treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard as stated in CGC Section 53600.3:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law."

PORTFOLIO OBJECTIVES:

It is the policy of the Treasurer to invest public funds in a manner which will preserve the safety and liquidity of all investments within the County investment pool while obtaining a reasonable return within established investment guidelines. The portfolio should be actively managed in a manner that is responsive to the public trust and consistent with State law. Accordingly, the County Treasurer's Pool will be guided by the following principles, in order of importance:

1. The primary objective of the Treasurer's investment of public funds is to safeguard investment principal.
2. The secondary objective is to maintain sufficient liquidity to insure that funds are available to meet daily cash flow requirements.
3. The third and last consideration is to achieve a reasonable rate of return or yield consistent with these objectives.

AUTHORIZED INVESTMENTS:

Investments shall be restricted to those authorized in the CGC and as further restricted by this policy statement, with the exception of certain bond funds in which the Board of Supervisors has specifically authorized other allowable investments. All investments shall be further governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification (maximum percent of portfolio), credit quality standards, and purchase restrictions that apply. Whenever a maximum allowable percentage of the portfolio is stipulated for any type of security or structural maturity range, the limit or maximum allowable is determined by the portfolio size at the close of the date on which the security is settled.

In conjunction with these restrictions, County Treasurer staff shall diversify its investments by security type, issuer and maturity. The purpose of this diversification is to reduce portfolio risk by avoiding an over concentration in any particular maturity sector, asset class or specific issuer. As Agency security holdings are the largest portion of the pool, diversification among the Agency issuers should be considered to the extent practical when making investments.

PROHIBITED INVESTMENTS:

No investment shall be made that is prohibited by *53601.6* as may be from time to time amended.

STAFF AUTHORIZED TO MAKE INVESTMENTS:

Only the Treasurer, Assistant Treasurer, Principal Treasury Investment Officer and department Accountants, when acting as the Investment Officer, are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

AUTHORIZED BROKER/DEALERS:

The County Treasurer shall maintain an 'Eligible Broker/Dealer List'. Firms eligible to do business with the County are:

- Primary Broker/Dealers eligible to trade with the New York branch of the Federal Reserve Bank

- Regional Broker/Dealers meeting the minimum capital requirements of the Securities Exchange Commission

- Introducing Brokers meeting the minimum capital requirements of the Securities Exchange Commission

- National or State banks, domestic branches of properly licensed foreign banks, credit unions, savings and loan institutions, thrift associations

- Direct Issuers meeting the appropriate credit criteria for the securities being offered

- Other institutions as authorized by law

All firms with whom the County does business shall comply with the requirements set forth in Schedule IV. County Treasurer staff shall conduct an annual review of each Broker/Dealer's current financial condition and performance in servicing the County over the prior year.

Further, in compliance with CGC Section 27133(c) & (d), no dealer and/or securities firm shall be eligible if they have made a political contribution in excess of the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board or exceeded the limit on honoraria, gifts, and gratuities set by State law, or by the Fair Political Practices Commission, by County Ordinance or Departmental Policy.

DUE DILIGENCE:

County Treasurer staff shall conduct a thorough review and perform due diligence of all firms seeking to do business with the County prior to conducting transactions with those parties and on a continuing basis. This due diligence may include a periodic review of recent news, financial statements and SEC filings related to each entity.

INTERNAL CONTROL:

The County Treasurer has established a system of internal control to provide reasonable assurance that the investment objectives are met and to ensure that the assets of the County Treasury Pool are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that the cost of control shall not exceed the benefits likely to be derived and that the valuation of costs and benefits require estimates and judgments by management. The County Treasurer shall develop and maintain written procedures for the operation of the investment program, which are consistent with this policy. These procedures shall include reference to separation of duties, safekeeping, collateralization, wire transfers and banking related activities.

Except for declared emergencies, the County Treasurer's Office shall observe the following procedures on a daily basis:

1. All investment transactions conducted by the County Treasurer's Office shall be immediately confirmed and entered into the Treasurer's Portfolio Accounting System.
2. A copy of each day's investment transactions shall be filed with the County Auditor-Controller.

3. County investments shall be executed, confirmed, accounted for, and audited by different people.

SECURITY CUSTODY & DELIVERIES:

All securities purchased shall be deposited for safekeeping with the Custodial Bank that has contracted to provide the County Treasurer with custodial security clearance services or with a tri-party custodian bank under a written tri-party custody agreement. These third party trust department arrangements provide the County with a perfected interest in, ownership of and control over the securities held by the bank custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are not to be held in investment firm/broker dealer accounts. All security holdings shall be reconciled monthly by the County Treasurer and audited at least quarterly by the County Auditor.

All security transactions are to be conducted on a "delivery-versus-payment basis". All trades will be immediately confirmed with the Broker/Dealer and reconfirmed through the Custodian Bank.

COMPETITIVE PRICING:

Investment transactions are to be made at current market prices. Wherever possible, competitive prices should be obtained through obtaining multiple bids or offers. When possible, bids and offers for any investment security shall be taken from a minimum of three security dealers/brokers or banks and awards shall be made to the best offer. The primary source of pricing information and guidance will be that information available through Bloomberg LLP, a world-wide financial news service to which the County subscribes.

LIQUIDITY:

The portfolio will maintain an effective duration no greater than 1.5. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio will maintain at least 40% of its total book value in securities having a maturity of one (1) year or less.

PORTFOLIO EVALUATION:

The portfolio is monitored and evaluated daily, monthly, and quarterly by the County Treasurer's Office. Monthly market value pricing is provided by a third party. Earned yield is calculated each month. Benchmarks for earned yield and investment performance will be commensurate with the pool's investment goals, credit limits, and target weighted average maturity and duration.

MITIGATING MARKET & CREDIT RISKS:

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by Standard & Poor's, Moody's and Fitch's rating services on the credit worthiness of each issuer of securities, (2) limiting the duration of investments to the time frames noted in Schedule I, and (3) by maintaining the diversification and liquidity standards expressed within this policy.

In the event of a downgrade of a security held in the portfolio, the Principal Treasury Investment Officer shall report the downgrade to the Treasurer promptly. In the event of a downgrade below the minimum credit ratings authorized by this policy, the security shall be evaluated on a case-by-case basis to determine whether the security shall be sold or held. It is preferred to sell such a security if there is no book loss. In the event of a potential loss upon sale, the Treasurer will evaluate whether to hold or sell the security based on the amount of loss, remaining maturity and any other relevant factors.

TRADING & EARLY SALE OF SECURITIES:

Securities should be purchased with the intent of holding them until maturity. However, in an effort to minimize market risks, credit risks, and increase the total return of the portfolio, securities may be sold prior to maturity either at a profit or loss when economic circumstances or a deterioration in credit worthiness of the issuer warrant a sale of the securities to either enhance overall portfolio return or to minimize loss of investment principal. In measuring a profit or loss, the sale proceeds shall be compared to the original cost of the security plus accrued interest earned and/or any accretion or amortization of principal on the security from the date of purchase or the last coupon date, to the date of sale.

PORTFOLIO REPORTS/AUDITING:

On a monthly basis, the County Treasurer shall prepare and file with the Board of Supervisors, the County Administrative Officer, and County Auditor-Controller, a report consisting of, but not limited to, the following:

1. All investments detailing each by type, issuer, date of maturity, par value and stating the book vs. current market value together with all other portfolio information required by law.
2. Compliance of investments to the existing County Investment Policy.
3. A statement confirming the ability of the Pool to meet anticipated cash requirements for the Pool for the next six months.

TREASURY OVERSIGHT COMMITTEE:

In accordance with the CGC Section 27131, the Board of Supervisors has established a Treasury Oversight Committee. The Treasury Oversight Committee will render unbiased and objective opinions on matters involving the Treasurer's investment of public funds. Specifically, the law requires that the Treasury Oversight Committee meet to:

1. Review the Treasurer's annual Investment Policy Statement and any subsequent changes thereto, prior to its submission to the Board of Supervisors for review and adoption,
2. Review the Treasurer's investment portfolio reports and the portfolio's compliance with law and this Investment Policy,
3. Cause an annual audit to be conducted on the Treasurer's Pooled Investment portfolio.

All meetings of the Oversight Committee are to be open to the public and subject to the Ralph M. Brown Act. By law, the Treasury Oversight Committee is not allowed to direct individual investment decisions, nor select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the County Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS:

All moneys deposited in this pool by the participants represent an individual interest in all assets and investments in the pool based upon the amount deposited. Portfolio income shall be reconciled daily against cash receipts, and quarterly prior to the distribution of earnings among those entities sharing in pooled fund investment income. It is the intent of this policy to safeguard and maintain the principal value of funds invested and to minimize "paper losses" caused by changes in market value. Nonetheless, actual portfolio income and/or losses, net of any reserves, will be distributed quarterly using the accrual basis of accounting, in compliance with the CGC Section 53684, among those participants sharing in pooled investment income. Except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS:

Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted by CGC Section 53684 to deduct from investment income before the distribution thereof, the actual cost of the investments, auditing, depositing, handling and distribution of such income. Accordingly, the Treasurer shall deduct from pooled fund investment earnings the actual cost incurred for banking and investment related services including but not limited to: wire transfers, custodial safekeeping charges, necessary capital outlays, the costs of investment advisory services, credit ratings, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's Office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions.

WITHDRAWAL OF FUNDS:

The Treasurer's Investment Policy establishes guidelines for unusual or unexpected withdrawal of cash and provides for adequate liquidity to cover day-to-day operations of pool depositors. On occasion, depositors have need of withdrawals that exceed those normally associated with operations. To accommodate such withdrawals, the Treasurer-Tax Collector's Office has established written notification requirements as set forth below to allow for adjustments to the liquidity position of the Portfolio. The notification required is as follows:

Withdrawals of up to $10,000,000	24 hours
Withdrawals of $10,000,001 and more	72 hours

Notification should be by email to 2servu@co.kern.ca.us. Failure to adhere to these requirements may result in payment being delayed by the Treasurer-Tax Collector's office.

Pursuant to CGC Section 27136, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool is required to first submit a request for the withdrawal to the county Treasurer-Tax Collector before withdrawing funds from the county treasury pool. Prior to approving such a request, the county

Treasurer-Tax Collector will find that the withdrawal will not adversely affect other depositors in the county treasury pool. Approval of the withdrawal does not constitute approval or endorsement of the investment.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY INTO COUNTY INVESTMENT POOL:

The County Treasurer is not soliciting nor accepting any new agency's voluntary entry into the County Treasurer's Pool.

ETHICS & CONFLICTS OF INTEREST:

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. The County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Principal Treasury Investment Officer and department Accountants are required to file annually the applicable financial disclosure statements as mandated by the Fair Political Practices Commission (FPPC) and/or by County Ordinance. In addition, the Principal Treasury Investment Officer and department Accountants are required to sign and abide by an Ethics Policy instituted by the Treasurer.

POLICY ADOPTION & AMENDMENTS:

This policy statement will become effective immediately following adoption by the Board of Supervisors, and will remain in force as long as the delegation of authority to the Treasurer to invest is in effect and until subsequently amended in writing by the County Treasurer, reviewed by the Treasury Oversight Committee and approved by the Board of Supervisors.

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OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

Schedule I

Authorized Investments

AUTHORIZED INVESTMENTS	MAXIMUM HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY (S&P/MOODY'S/ FITCH)
Inactive Accounts aka Money Market Accounts	$50,000,000 per account	Limited to depository's described in CGC 53630.5	Daily	Collateralization requirements per Govt Code section 53652.
U.S. Treasury Obligations	100%	None	5 years	Not Applicable
Notes, participation's or obligations issued by an agency of the Federal Government or U.S. government-sponsored enterprises	75%	None	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by the State of California	10%	None	5 years	AA by at least 2 of the 3 rating agencies
Cash substitutes issued by the State of California	25%	Applies only to cash substitutes issued by the State during periods of fiscal emergency	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by agencies within the State of California	10%	None	5 years	AAA by at least 2 of the 3 rating agencies
Bonds, notes, warrants or certificates of indebtedness issued by any of the other 49 states	10%	None	5 years	AAA by at least 2 of the 3 rating agencies
Bankers Acceptances	30%	See Note 1	180 Days	Minimum A-1, P-1 or F-1

Commercial paper of U.S. Corps with total assets in excess of $500 MM	40% total for all Commercial Paper	Max 10% of outstanding paper of any one issuer & max. See Note 1	270 Days	Minimum A-1, P-1 or F-1
Asset-backed Commercial Paper	Included in Commercial Paper Requirements	Issuer must have program-wide credit enhancements	270 Days	Minimum A-1, P-1 or F-1
Local Agency Investment Fund (LAIF)	$50,000,000	LAIF Policies	Daily	Not Applicable
Negotiable CD's issued by US National or State chartered banks or a savings association or a federal association, a state or federal credit union, or by a federally licensed or state licensed branch of a foreign bank	30%	See Note 1	5 years	Minimum A-1, P-1 or F-1 for CDs issued with a maturity of one year or less. AA for CDs issued with a maturity of more than one year (must be rated by 2 of the 3 rating agencies)
Collateralized Certificates of Deposit/Deposits	10%	As stipulated in Article 2, Section 53630 et al of the Calif. Government Code	1 year	See Section 53630 et al of the California Government Code
Repurchase Agreements with 102% collateral	40%	Repurchase Agreements(contracts) must be on file	180 days	Restricted to Primary Dealers on Eligible Dealer list
Reverse Repurchase Agreements	10%	See Schedule II	92 days (See Schedule III)	Restricted to Primary Dealers on Eligible Dealer list
Medium Term Notes of corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	30%	See Note 1	5 years	Minimum rating of AA for maturities exceeding 1 year. A for maturities of one year or less. (must be rated by 2 of the 3 rating agencies)
Money Market Mutual Funds that meet requirements of Calif. Gov't. Code	15%	Registered with SEC. No NAV adjustments. No Front-end loads.	Daily	AAAm or equivalent by at least 2 of the 3 rating agencies or advisor requirements

Shares of beneficial interest issued by a JPA aka Local Government Investment Pools (LGIPs)	10%	None	Daily	Advisor requirements
Asset-Backed Securities	10%	None	5 years	AAA by at least 2 of the 3 ratings agencies
Supranationals	10%	International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) only. Permitted by CGC 53601 (q) and this policy effective January 1, 2015.	5 years	AAA by at least 2 of the 3 rating agencies

Note 1: Maximum investment per issuer across all investment types will not exceed 6% of the total book value of the Pool as of date of purchase.
Note 2: Consistent with the Government Code, rating criteria in this policy do not specify any modifier (+/– or 1/2/3) and it is implied that ratings with a modifier still meet the rating requirements of this policy regardless of modifier.
Note 3: While references to ratings of AAA, AA, A are in S&P's nomenclature, they imply the equivalent ratings by all other rating agencies.

MATURITY STRUCTURE		
Maturity Range	No less Than	No more than
0-366 Days - 0 to 12months	40%	n/a
367- 1097 Days - 1 to 3 years	n/a	60%
1097-1827 Days - 3 to 5 years	n/a	20%

The effective duration of the portfolio will not exceed 1.5.

Some securities purchased by the Pool will be callable securities. Callable securities are subject to redemption prior to the final maturity date. For accounting purposes, premiums will be amortized to the next applicable call date, whereas discounts will be accreted to the final maturity date. Callable securities will not exceed 35% of the portfolio.

Some callable securities have coupons that increase at specified periods if the security is not called (step-up notes). Step-up notes will be included in the 35% allocation of callable notes, but will not exceed 20% of the total portfolio.

REPURCHASE AGREEMENTS

Repurchase agreements are restricted to primary dealers of the Federal Reserve Bank of New York. All counterparties must sign a PSA Master Repurchase Agreement and for tri-party repurchase agreements a Tri-Party Repurchase Agreement as well before engaging in any repurchase agreement transactions. Collateral for repurchase agreements shall have a market value of at least 102% of the amount invested and must be marked to market by staff or by an independent third-party or custodial bank acting under contract to the County. Collateral for term repurchase agreements should be marked to market on a regular basis. Repurchase agreements are required to be collateralized by securities authorized under Section 53601 et.

seq. of the California Government Code. Confirmations resulting from securities purchased under repurchase agreements should clearly state (A) the exact and complete nomenclature of the underlying securities purchased; (B) that these securities have been sold to the County under a repurchase agreement; and (C) the stipulated date and amount of the resale by the County back to the seller of the securities.

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OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

SCHEDULE II

POLICY STATEMENT ON REVERSE REPURCHASE AGREEMENTS

The Treasurer hereby institutes the following policies as further safeguards governing investments in Reverse Repurchase Agreements.

The total of Reverse Repurchase Agreement transactions shall not exceed 10 percent of the base value of the portfolio. The term of such agreements shall not exceed 92 calendar days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using such an agreement and the final maturity date of the same security.

1. All loaned securities subject to Reverse Repurchase Agreements shall be properly flagged and immediately accounted for in the Treasurer's financial system.

2. Investments purchased from the loaned proceeds of the Reverse Repurchase Agreement shall have maturities not exceeding the due date for repayment of the Reverse Repurchase Agreement transaction.

3. Only U.S. Treasury Notes and Federal Agency securities owned, fully paid for, and held in the Treasurer's portfolio for a minimum of 30 days can be subject to Reverse Repurchase Agreements.

4. Reverse Repurchase Agreements shall only be placed on portfolio securities:

   (a) intended to be held to maturity
   (b) fully paid for and held in the portfolio for a minimum of 30 days

5. Reverse Repurchase Agreements shall only be made with the authorized primary dealers of the Federal Reserve.

6. A contractual agreement must be in place prior to entering into a Reverse Repurchase Agreement with any authorized primary dealer.

7. Reverse Repurchase Agreement transactions shall have the approval of the County Treasurer.

TOC Approved 11/10/16
BOS Approved 12/6/16

OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

SCHEDULE III

POLICY CRITERIA FOR COLLATERALIZED CERTIFICATE OF DEPOSITS

1. The issuing bank must provide us with an executed copy of the authorization for deposit of moneys.

2. The money-market yield on the certificate of deposit must be competitive to negotiable CD's offered by banks on the County's pre-approved list in the maturities desired by the County. The County Treasurer's Office reserves the right to negotiate higher yields based on market conditions at the time.

3. Collateral Requirements – The County will only accept municipal government securities ("muni bonds") or U.S. Treasury and Agency securities as collateral. The collateral must be held by a separate custodial bank in an account in the name of Kern County. The County must have a perfected interest in the collateral.
   a. For municipal government securities, the following requirements are listed:
      i. Securities must be issued by governmental agencies located within the State of California (generally general obligation bonds and revenue bonds only)
      ii. Securities must be "AAA" rated
      iii. Maximum maturity of securities is 5 years
      iv. Collateral must be priced at 110% of the face value of the CD on a daily basis
      v. Minimum face value of $5 million per pledged security
   b. For U.S. Treasuries and Agency securities, the following requirements are listed:
      i. Maximum maturity of securities is 5 years
      ii. Collateral must be priced at 110% of the face value of the CD on a daily basis
      iii. Minimum face value of $5 million per pledged security

   The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. Additionally, a statement of the collateral shall be provided on a monthly basis from the custodial bank.

4. The County Treasurer must be given a current audited financial statement for the financial year just ended. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

5. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc.)

6. Deposits will only be made with banks and savings and loans having branch office locations within Kern County.

SCHEDULE IV

POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS

1. All financial institutions wishing to be considered for the County of Kern's Broker/Dealer List must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses.

2. The County Treasurer's intent is to enter into a long-term relationship. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The assigned staff members must complete a Brokers Certificate stating in writing their acceptance and understanding of the County Treasurer's written Investment Policy guidelines. *Such Certificate must be renewed annually.* This is critical for the establishment of a stable, long-term relationship.

4. It is important that the firm provide related services that will enhance the account relationship which could include:

   (a) An active secondary market for its securities.
   (b) Internal credit research analysis on the securities offered for sale.
   (c) Be willing to purchase securities from our portfolio.
   (d) Be capable of providing market analysis, economic projections, newsletters.

5. The firm must provide the County with annual financial statements. All firms with whom the County does business must have a stable financial condition.

6. The County Treasury is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's Custodial Bank.

7. Without exception, all transactions are to be conducted on a delivery vs. payment (DVP) basis or for repurchase agreements, on a tri-party basis.

8. The broker/dealer must have been in operation for more than five (5) years.

9. Firms must have adequate financial strength and capital to support the level of trading that is approved. Adequate financial strength will be assessed by a review of the balance sheet and income statement of the dealer.

10. Repurchase Agreement Counterparty Minimum Requirements:
    Repurchase agreement counterparties will be limited to (i) primary government securities

dealers who report daily to the Federal Reserve Bank of New York, or (ii) banks, savings and loan associations or diversified securities broker-dealers subject to regulation of capital standards by any State or federal regulatory agency.

Counterparties must have:

(a) short-term credit ratings of at least A-1/P-1; and
(b) a minimum asset and capital size of $25 billion in assets and $350 million in capital for primary dealers

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GLOSSARY OF TERMS

ACCRUED INTEREST – Interest that has accumulated but has not yet been received.

AGENCY ISSUES – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

AMORTIZED COST – The original cost of the principal adjusted for the periodic reduction of any discount or premium from the settlement date until a specific future date (also called "Book Value").

BANKERS ACCEPTANCE – Money market instrument created from transactions involving foreign trade. Payment is guaranteed by a shipping manifest and a bank Letter of Credit accepted by the seller's bank.

BASIS POINT – A unit of measurement equal to 1/100 of 1 percent. As an example, the difference between a security yielding 3.25% and one yielding 3.20% is five basis points.

BENCHMARK – An index or security used to compare the performance of a portfolio.

BOND – A long-term debt instrument of a government or corporation promising payment of the original investment plus periodic interest payments by a specified future date.

BULLET – A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

CALLABLE BOND – A bond in which all or a portion of its outstanding principal may be redeemed prior to maturity by the issuer under specified conditions.

COLLATERALIZATION – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

COLLATERALIZED CERTIFICATE OF DEPOSIT – A non-negotiable instrument representing a deposit into a bank. The interest rate and maturity are specified on the receipt. It is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

COMMERCIAL PAPER – An unsecured short-term promissory note of a corporation or special purpose entity issued at a specified rate of return for a specified period of time.

COUPON – The stated interest rate on a debt security that an issuer promises to pay.

CREDIT QUALITY – An indication of the risk that an issuer of a security will fulfill its obligation.

CREDIT RATING – A standardized assessment, expressed in alphanumeric characters, of a company's credit quality.

CREDIT RISK – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CUSIP – A unique identifier for a security developed by the Committee on Uniform Security

Identification Procedures (CUSIP). The identifier is a nine-digit alphanumeric character *string*. The first six characters identify the issuer, the following two identify the issue, and the final character is a Check-digit.

DERIVATIVES – Securities which derive their value from that of another security or an underlying index, currency or other measure. Floating rate notes (also "floaters") are not considered derivatives.

DISCOUNT INSTRUMENTS – Securities that are sold at a discount to face value.

DIVERSIFICATION – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

DOLLAR WEIGHTED AVERAGE MATURITY – The sum of the cost of each security investment multiplied by the number of days to maturity, divided by the total cost of security investments.

EFFECTIVE DURATION – Is a measure of the price volatility of a portfolio that provides an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in market interest rates. An effective duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would be expected to decrease by 1.0 percent.

EARNINGS APPORTIONMENT – Is the quarterly interest distribution to the Pool Participants. The actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool prior to apportionment.

GOVERNMENT OBLIGATIONS – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve federal sponsorship or guarantees.

GOVERNMENT SPONSORED ENTERPRISES (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government. These include:

Federal National Mortgage Association (FNMA)
Federal Home Loan Bank (FHLB)
Federal Farm Credit Bank (FFCB)
Federal Home Loan Mortgage Corporation (FHLMC)

LIQUID – A security that is easily converted to cash because there are many interested buyers and sellers to trade large quantities at a reasonable price.

ILLIQUID – A security that is difficult to buy or sell or has a wide spread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

INTEREST RATE RISK – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. It is also called "Market Risk".

INVERSE FLOATERS – Floating rate notes which pay interest in inverse relationship to an underlying index.

LOCAL AGENCY OBLIGATION – An indebtedness issued by a local agency, department, board, or authority within the State of California.

LONG-TERM – The term used to describe a security when the maturity is greater than one year.

MARKET VALUE – The value of a security at which the principal could be sold from a willing seller to a willing buyer at the date of pricing.

MEDIUM TERM NOTES – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

MONEY MARKET MUTUAL FUND – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

NEGOTIABLE CERTIFICATE OF DEPOSIT – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time, that is traded in secondary markets.

PAR – The stated maturity value, or face value, of a security.

PASS-THROUGH SECURITIES – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond. Principal and interest are 'passed through' to investors at specified intervals.

POOL – The pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

PORTFOLIO VALUE – The total book value amount of all the securities held in the Treasurer's Pooled Money Fund.

PRIMARY DEALER – A dealer or bank that can buy and sell securities directly with the Federal Reserve Bank of New York.

PRIVATE PLACEMENTS – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

RANGE NOTES – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

REPURCHASE AGREEMENT – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

REVERSE REPURCHASE AGREEMENT – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

SAFEKEEPING – A Custodian Bank's action to store and protect an investor's securities by segregating and identifying the securities.

SETTLEMENT DATE – The date on which cash and securities are exchanged and the transaction completed.

SHORT-TERM – The term used to describe a security when the maturity is one year or less.

TOTAL RETURN – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

VOLUNTARY PARTICIPANTS – Local agencies that are not required to deposit their funds with the County Treasurer.

WEIGHTED AVERAGE MATURITY – The remaining average maturity of all securities held in a portfolio. See Dollar Weighted Average Maturity.

WHEN-ISSUED SECURITIES – A security traded before it is actually *issued.* All Treasury bills, notes and bonds trade in the when-issued market before they are auctioned by the Treasury Department. Agencies and GSE's also use this method of trading. It serves to establish the initial offering price of the securities.

YIELD – The percentage return that an investor derives from a financial asset.

YIELD TO MATURITY – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

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BROKER RECEIPT FOR INVESTMENT POLICY AND CERTIFICATE OF COMPLIANCE

TO:

Jordan Kaufman, Kern County Treasurer-Tax Collector
Mary Bedard, Kern County Auditor-Controller-County Clerk
1115 Truxtun Avenue
Bakersfield, CA 93301

By signing below, I____________________________ of __________________________
(Name) (Company)

hereby certify that:

1) I have received the Investment Policy governing the Kern County Treasurer's Pooled Cash Portfolio, and that I understand its content. I am not expected to enforce provisions concerning Average Maturity, Category Limits or Issuer Limits. I am expected to offer only those investments that quality under the County's credit requirement as directed in the Policy. The responsibility for overall portfolio structure and composition remains with the County.

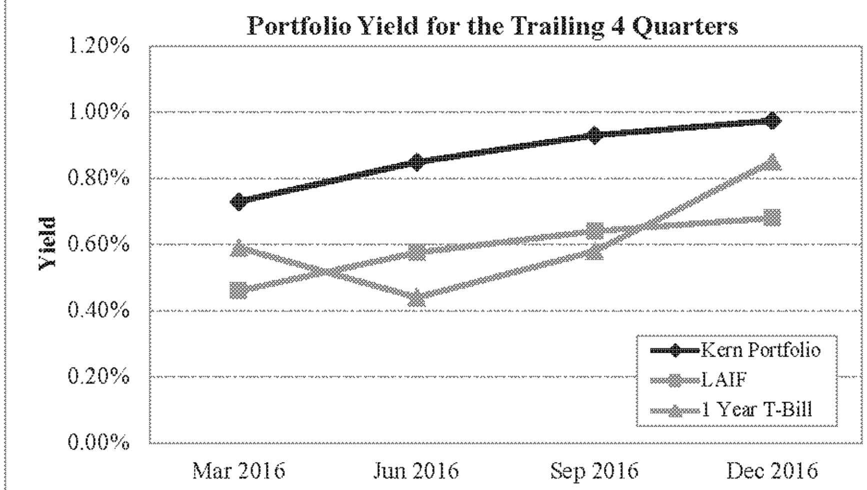
2) I further certify that I have not made, nor do I intend to make, political contributions to any candidate for any Kern County elective office.

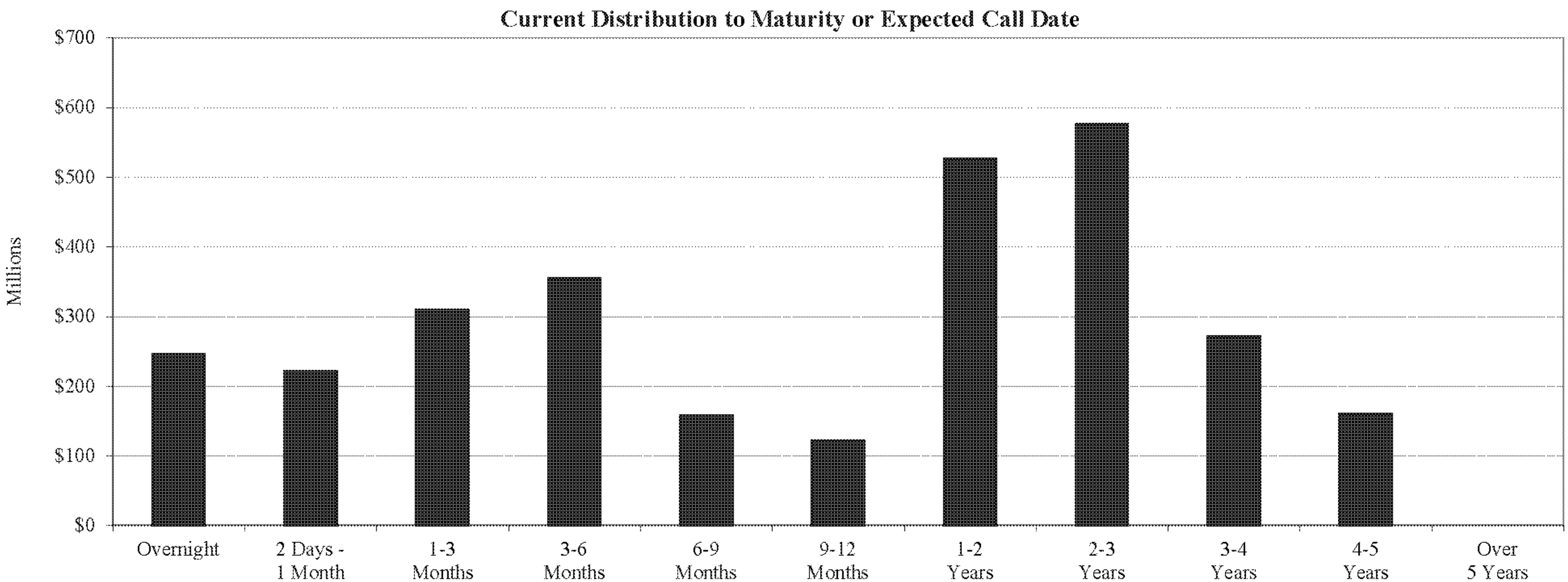
Signed:

____ Date:________________________

Kern County Treasurer's Pooled Cash
Portfolio Summary
January 31, 2017

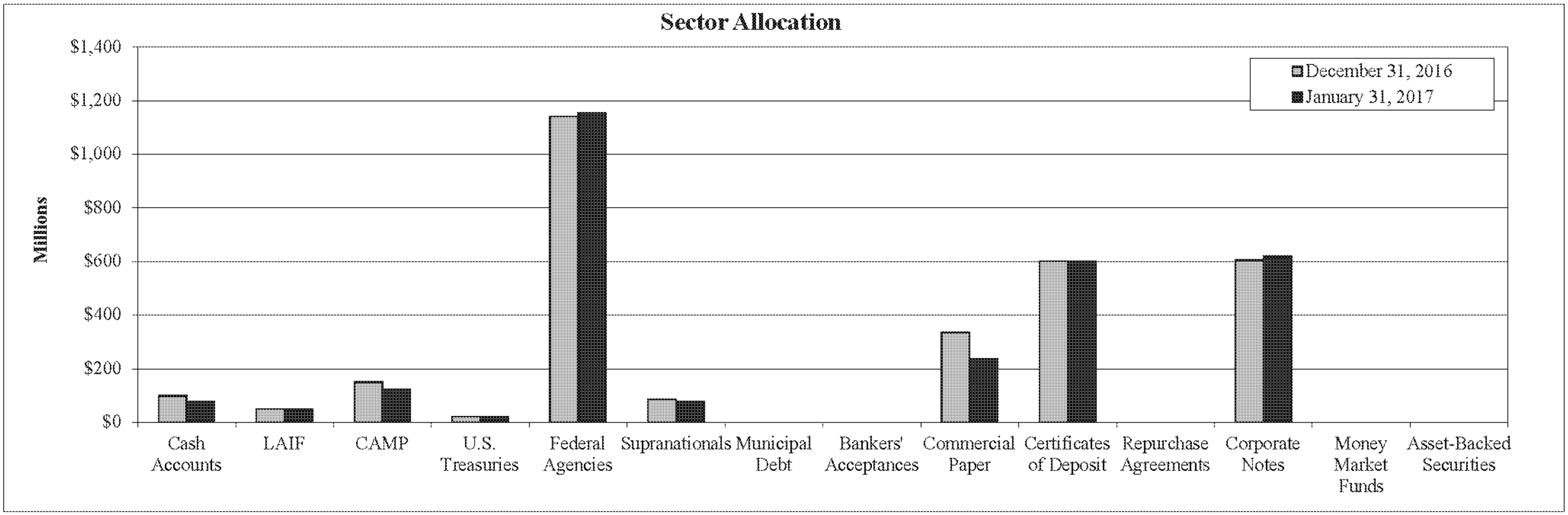
Total Market Value	$2,932,374,961
Total Accrued Interest	$8,974,518
Yield to Maturity at Cost	1.16%
Yield to Maturity at Market	1.26%
Effective Duration	1.33
Weighted Average Days to Maturity	526





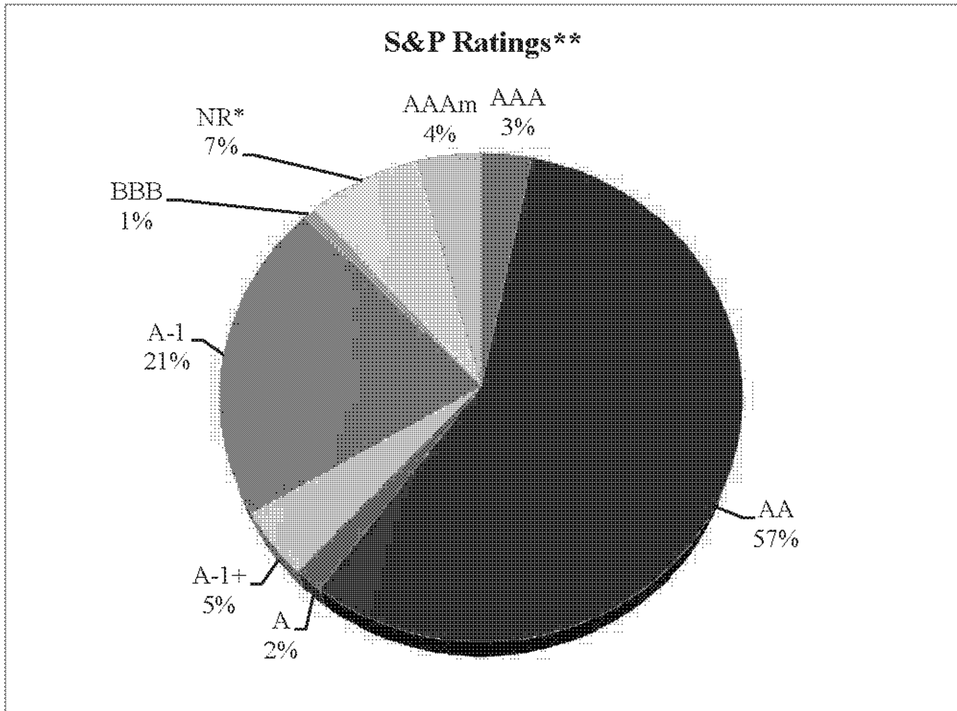
Kern County Treasurer's Pooled Cash
Portfolio Summary
January 31, 2017

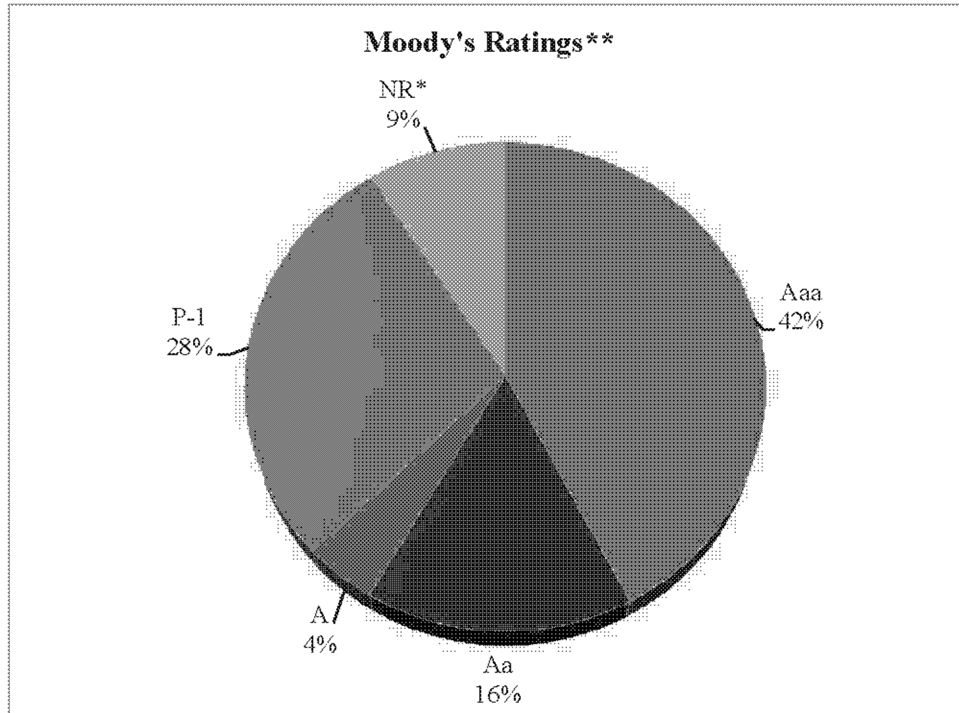
Sector	Par Amount (000s)	Original Cost (000s)	Market Value (000s)	Accrued Interest (000s)	Original Yield	% of Total Assets	Policy Limit Rating	Effective Duration	Days to Maturity
Local Agency Investment Fund	48,440.50	48,440.50	48,440.50	-	0.75%	1.64%	$50,000	0.00	1
California Asset Management Program	122,310.12	122,310.12	122,310.12	-	0.86%	4.15%	10%	0.00	1
Money Market Accounts	18,493.43	18,493.43	18,493.43	-	0.55%	0.63%	$50,000	0.00	1
U.S. Treasuries	20,000.00	19,848.57	19,911.72	32.11	0.88%	0.67%	100%	1.24	454
Federal Agencies	1,152,571.00	1,153,961.90	1,148,093.11	3,543.92	1.29%	39.14%	75%	2.11	868
Supranationals	75,000.00	75,217.50	74,578.58	158.64	1.56%	2.55%	10%	2.88	1212
Negotiable CDs	600,000.00	600,024.11	599,635.63	2,080.96	0.96%	20.35%	30%	0.30	112
Commercial Paper	236,000.00	234,955.91	235,598.80	-	0.99%	7.97%	40%	0.16	58
Corporate Notes	606,401.00	618,395.24	608,491.07	3,158.88	1.34%	20.97%	30%	1.56	593
Total Securities	**2,879,216.04**	**2,891,647.28**	**2,875,552.94**	**8,974.52**	**1.16%**	**98.07%**		**1.33**	**526**
Total Cash	56,822.02	56,822.02	56,822.02	-	0.02%	1.93%		1.00	1
Total Assets	**2,936,038.06**	**2,948,469.30**	**2,932,374.96**	**8,974.52**		**100.00%**			



Kern County Treasurer's Pooled Cash
Portfolio Ratings and Maturity Structure
January 31, 2017

Maturity Range	Par Amount (000s)	Original Cost (000s)	Market Value (000s)	% of Total Assets	Permitted Minimum	Permitted Maximum
0 - 366 Days (0 to 12 months)	1,396,452.06	1,402,958.93	1,397,031.81	47.58%	40%	n/a
367 - 1097 Days (1 to 3 years)	1,109,034.00	1,113,785.65	1,107,594.35	37.78%	n/a	60%
1098 - 1827 Days (3 to 5 years)	430,552.00	431,724.71	427,748.80	14.64%	n/a	20%
Over 1828 Days (Over 5 years)	-	-	-	0.00%	n/a	0%
Total Assets	**2,936,038.06**	**2,948,469.30**	**2,932,374.96**	**100.00%**		





*Includes LAIF, Cash, FICA Account, and all securities without a rating from the respective rating agency. Includes CAMP for Moody's Ratings, CAMP is rated AAAm by S&P.
**Percentages may not sum to 100% due to rounding.

Kern County Treasurer's Pooled Cash
Portfolio Details
January 31, 2017

Issuer	Settlement	Coupon	Maturity	Original Yield	Par Amount (000s)	Original Cost (000s)	Market Value (000s)	S&P Rating	Moody's Rating	Effective Duration	Days to Maturity
Pooled Funds											
Local Agency Investment Fund	n/a	n/a	n/a	0.75	48,440.50	48,440.50	48,440.50	NR	NR	0.00	1
California Asset Management Program	n/a	n/a	n/a	0.86	122,310.12	122,310.12	122,310.12	AAAm	NR	0.00	1
Total Pooled Funds				0.83	170,750.61	170,750.61	170,750.61			0.00	1
Money Market Accounts											
Stonecastle-FICA	n/a	n/a	n/a	0.55	18,493.43	18,493.43	18,493.43	NR	NR	0.00	1
Total Money Market Accounts				0.55	18,493.43	18,493.43	18,493.43			0.00	1
U.S. Treasuries											
U.S. Treasury	4/13/2015	0.63	4/30/2018	0.91	10,000.00	9,915.63	9,955.86	AA+	Aaa	1.24	454
U.S. Treasury	4/21/2015	0.63	4/30/2018	0.85	10,000.00	9,932.95	9,955.86	AA+	Aaa	1.24	454
Total U.S. Treasuries				0.88	20,000.00	19,848.57	19,911.72			1.24	454
Federal Agencies											
Federal Farm Credit Bank	4/27/2015	0.70	4/6/2017	0.60	10,000.00	10,019.00	10,003.51	AA+	Aaa	0.18	65
Federal Home Loan Mortgage Corp	4/27/2015	0.67	5/30/2017	0.63	10,000.00	10,007.80	10,004.75	AA+	Aaa	0.33	119
Federal Home Loan Bank	12/5/2012	0.75	6/5/2017	0.75	10,000.00	10,000.00	10,000.97	AA+	Aaa	0.19	125
Federal Farm Credit Bank	9/28/2015	0.78	8/28/2017	0.78	10,000.00	10,000.00	10,000.67	AA+	Aaa	0.57	209
Federal National Mortgage Assoc	8/27/2015	2.50	9/14/2017	0.77	10,000.00	10,350.70	10,117.67	AA+	Aaa	0.59	226
Federal Farm Credit Bank	12/21/2015	0.79	9/18/2017	1.05	10,000.00	9,955.00	9,999.64	AA+	Aaa	0.34	230
Federal Farm Credit Bank	12/18/2015	1.13	9/22/2017	1.04	10,000.00	10,014.30	10,026.91	AA+	Aaa	0.64	234
Federal Farm Credit Bank	4/10/2015	1.00	9/25/2017	0.74	10,000.00	10,063.70	10,021.32	AA+	Aaa	0.65	237
Federal Farm Credit Bank	4/16/2015	1.00	9/25/2017	0.74	10,000.00	10,062.50	10,021.32	AA+	Aaa	0.65	237
Federal Home Loan Mortgage Corp	2/24/2016	1.13	10/10/2017	0.81	10,000.00	10,050.30	10,026.89	AA+	Aaa	0.69	252
Federal Home Loan Bank	12/10/2015	1.13	12/8/2017	1.03	10,000.00	10,019.00	10,024.70	AA+	Aaa	0.85	311
Federal Home Loan Bank	12/30/2015	1.13	12/8/2017	1.13	10,000.00	9,998.20	10,024.70	AA+	Aaa	0.85	311
Financing Corporation	1/6/2015	-	2/8/2018	1.32	10,000.00	9,602.60	9,875.93	NR	NR	1.01	373
Federal Home Loan Bank	4/13/2015	1.38	3/9/2018	0.94	10,000.00	10,123.50	10,045.07	AA+	Aaa	1.09	402
Federal Home Loan Bank	4/21/2015	1.38	3/9/2018	0.88	10,000.00	10,140.50	10,045.07	AA+	Aaa	1.09	402
Federal Farm Credit Bank	4/13/2015	1.13	3/12/2018	0.92	10,000.00	10,058.90	10,018.15	AA+	Aaa	1.10	405
Federal Home Loan Bank	4/10/2015	1.13	4/17/2018	0.93	10,000.00	10,057.10	10,004.29	AA+	Aaa	1.20	441
Federal Home Loan Bank	4/13/2015	1.13	4/17/2018	0.93	10,000.00	10,057.00	10,004.29	AA+	Aaa	1.20	441
Federal Farm Credit Bank	4/12/2016	0.75	4/18/2018	0.82	10,000.00	9,986.40	9,960.70	AA+	Aaa	1.20	442
Federal Home Loan Bank	4/27/2015	0.95	4/27/2018	0.95	10,000.00	10,000.00	9,967.65	AA+	Aaa	1.22	451
Federal Home Loan Bank	4/27/2015	0.88	4/27/2018	0.88	10,000.00	10,000.00	9,962.66	AA+	Aaa	1.23	451
Federal National Mortgage Assoc	12/15/2014	0.88	5/21/2018	1.17	10,000.00	9,900.00	9,976.81	AA+	Aaa	1.29	475
Federal Farm Credit Bank	7/27/2015	1.10	6/1/2018	1.09	10,000.00	10,002.40	10,002.77	AA+	Aaa	1.32	486
Federal Home Loan Bank	8/3/2015	1.15	8/3/2018	1.15	10,000.00	10,000.00	9,994.51	AA+	Aaa	1.48	549
Federal National Mortgage Assoc	10/29/2014	1.88	9/18/2018	1.33	10,000.00	10,207.00	10,117.36	AA+	Aaa	1.59	595
Federal Home Loan Bank	8/26/2016	0.88	10/1/2018	0.91	10,000.00	9,993.20	9,952.51	AA+	Aaa	1.64	608
Tennesee Valley Authority	11/26/2014	1.75	10/15/2018	1.35	5,111.00	5,187.36	5,158.58	AA+	Aaa	1.67	622
Tennesee Valley Authority	11/20/2013	1.75	10/15/2018	1.41	10,000.00	10,160.40	10,093.09	AA+	Aaa	1.67	622
Federal National Mortgage Assoc	9/24/2015	1.63	11/27/2018	1.08	10,000.00	10,168.40	10,073.82	AA+	Aaa	1.79	665
Federal National Mortgage Assoc	11/4/2014	1.63	11/27/2018	1.50	10,000.00	10,048.60	10,073.82	AA+	Aaa	1.79	665
Federal National Mortgage Assoc	11/26/2014	1.63	11/27/2018	1.43	10,000.00	10,074.40	10,073.82	AA+	Aaa	1.79	665
Federal National Mortgage Assoc	12/12/2014	1.63	11/27/2018	1.46	10,000.00	10,064.80	10,073.82	AA+	Aaa	1.79	665
Federal National Mortgage Assoc	12/18/2014	1.63	11/27/2018	1.39	10,000.00	10,090.57	10,073.82	AA+	Aaa	1.79	665
Federal Home Loan Bank	12/5/2014	1.75	12/14/2018	1.46	10,000.00	10,113.20	10,087.95	AA+	Aaa	1.83	682
Federal Home Loan Bank	11/24/2014	1.75	12/14/2018	1.52	8,075.00	8,146.63	8,146.02	AA+	Aaa	1.83	682
Federal National Mortgage Assoc	11/3/2015	1.13	12/14/2018	1.17	10,000.00	9,985.10	9,979.80	AA+	Aaa	1.84	682
Federal Farm Credit Bank	12/14/2015	1.30	12/14/2018	1.31	10,000.00	9,995.80	9,997.80	AA+	Aaa	1.84	682

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Federal Farm Credit Bank	12/14/2015	1.30	12/14/2018	1.34	10,000.00	9,989.74	9,997.80	AA+	Aaa	1.84	682
Federal National Mortgage Assoc	12/3/2015	1.13	12/14/2018	1.30	10,000.00	9,948.80	9,979.80	AA+	Aaa	1.84	682
Federal Home Loan Bank	1/14/2016	1.75	12/14/2018	1.26	10,000.00	10,140.40	10,087.95	AA+	Aaa	1.83	682
Federal Home Loan Mortgage Corp	1/26/2016	5.00	12/14/2018	1.22	10,938.00	12,107.05	11,662.69	AA+	Aaa	1.79	682
Federal Home Loan Bank	12/30/2015	1.75	12/14/2018	1.41	10,000.00	10,098.10	10,087.95	AA+	Aaa	1.83	682
Federal Home Loan Bank	12/28/2015	1.33	12/28/2018	1.33	10,000.00	10,000.00	10,061.89	AA+	Aaa	1.85	696
Federal Home Loan Bank	12/13/2016	1.25	1/16/2019	1.27	10,000.00	9,996.70	9,994.11	AA+	Aaa	1.93	715
Federal National Mortgage Assoc	2/23/2015	1.38	2/22/2019	1.31	10,450.00	10,476.13	10,450.92	AA+	Aaa	1.14	752
Federal National Mortgage Assoc	8/29/2016	1.00	2/26/2019	0.93	10,000.00	10,017.20	9,939.03	AA+	Aaa	2.03	756
Federal Home Loan Bank	2/2/2016	1.50	3/8/2019	1.14	10,000.00	10,109.00	10,030.32	AA+	Aaa	2.05	766
Federal Home Loan Bank	2/2/2016	1.88	3/8/2019	1.16	10,000.00	10,216.70	10,116.23	AA+	Aaa	2.04	766
Federal Home Loan Bank	4/7/2015	1.50	3/8/2019	1.18	10,000.00	10,122.00	10,030.32	AA+	Aaa	2.05	766
Federal Farm Credit Bank	11/26/2014	1.75	3/18/2019	1.58	10,000.00	10,070.90	10,124.58	AA+	Aaa	2.08	776
Federal Home Loan Mortgage Corp	6/22/2016	1.25	3/22/2019	1.25	10,000.00	10,000.00	9,963.21	AA+	Aaa	1.34	780
Federal Home Loan Mortgage Corp	5/24/2016	1.13	4/15/2019	1.13	10,000.00	9,999.50	9,955.47	AA+	Aaa	2.16	804
Federal Home Loan Mortgage Corp	10/1/2015	1.75	5/30/2019	1.15	10,000.00	10,213.00	10,083.98	AA+	Aaa	2.27	849
Federal Farm Credit Bank	6/3/2016	1.06	6/3/2019	1.14	10,000.00	9,977.00	9,913.46	AA+	Aaa	2.30	853
Federal Farm Credit Bank	6/3/2016	1.06	6/3/2019	1.14	15,000.00	14,962.95	14,870.19	AA+	Aaa	2.30	853
Financing Corporation	1/7/2015	-	6/6/2019	1.70	10,000.00	9,279.60	9,623.20	NR	NR	2.33	856
Federal National Mortgage Assoc	6/13/2016	1.40	6/13/2019	1.40	10,000.00	10,000.00	9,954.42	AA+	Aaa	1.40	863
Federal Home Loan Mortgage Corp	6/14/2016	0.88	6/14/2019	1.45	10,000.00	10,000.00	9,974.92	AA+	Aaa	1.20	864
Federal Home Loan Bank	5/26/2016	1.63	6/14/2019	1.15	15,000.00	15,214.65	15,082.92	AA+	Aaa	2.31	864
Federal Home Loan Bank	9/24/2015	1.63	6/14/2019	1.28	10,000.00	10,124.00	10,055.28	AA+	Aaa	2.31	864
Federal National Mortgage Assoc	11/9/2015	1.75	6/20/2019	1.45	10,000.00	10,105.10	10,089.68	AA+	Aaa	2.33	870
Federal Home Loan Mortgage Corp	9/27/2016	0.88	7/19/2019	0.97	10,000.00	9,974.50	9,867.99	AA+	Aaa	2.43	899
Federal National Mortgage Assoc	8/12/2016	1.13	7/26/2019	1.12	10,000.00	10,000.00	9,889.94	AA+	Aaa	2.26	906
Federal Home Loan Mortgage Corp	12/1/2015	1.25	8/1/2019	1.51	10,000.00	9,907.50	9,964.99	AA+	Aaa	2.44	912
Federal National Mortgage Assoc	12/2/2016	1.26	8/2/2019	1.46	10,000.00	9,949.10	9,938.48	AA+	Aaa	1.96	913
Federal National Mortgage Assoc	12/21/2016	1.26	8/2/2019	1.56	10,000.00	9,922.50	9,938.48	AA+	Aaa	2.13	913
Federal Home Loan Bank	8/29/2016	0.88	8/5/2019	1.06	10,000.00	9,947.30	9,865.97	AA+	Aaa	2.46	916
Federal Home Loan Mortgage Corp	9/27/2016	1.40	8/23/2019	0.98	5,000.00	5,059.70	4,988.63	AA+	Aaa	2.47	934
Federal National Mortgage Assoc	9/29/2016	1.13	9/6/2019	1.12	12,440.00	12,440.00	12,254.93	AA+	Aaa	2.45	948
Federal Home Loan Bank	9/9/2016	1.00	9/26/2019	1.03	10,000.00	9,991.30	9,883.17	AA+	Aaa	2.60	968
Federal Farm Credit Bank	10/4/2016	0.96	10/4/2019	0.96	10,000.00	10,000.00	9,862.74	AA+	Aaa	2.62	976
Federal National Mortgage Assoc	7/14/2016	-	10/9/2019	1.20	10,000.00	9,620.20	9,508.08	AA-	Aa2	2.66	981
Federal National Mortgage Assoc	5/19/2016	-	10/9/2019	1.43	15,005.00	14,297.51	14,266.87	AA-	Aa2	2.66	981
Federal National Mortgage Assoc	11/5/2015	-	10/9/2019	1.97	10,000.00	9,258.90	9,508.08	AA-	Aa2	2.66	981
Federal Home Loan Mortgage Corp	4/18/2016	1.23	10/18/2019	1.23	10,000.00	10,000.00	9,876.38	AA+	Aaa	2.37	990
Federal Home Loan Mortgage Corp	4/28/2016	1.20	10/28/2019	1.20	10,000.00	10,000.00	9,911.06	AA+	Aaa	2.45	1000
Federal Home Loan Mortgage Corp	4/28/2016	1.20	10/28/2019	1.20	10,000.00	10,000.00	9,911.06	AA+	Aaa	2.45	1000
Federal Farm Credit Bank	1/6/2015	1.80	11/5/2019	1.64	10,000.00	10,076.40	10,075.25	AA+	Aaa	2.68	1008
Federal National Mortgage Assoc	12/2/2016	1.40	11/25/2019	1.51	10,000.00	9,967.00	9,950.48	AA+	Aaa	2.27	1028
Federal National Mortgage Assoc	12/24/2015	1.75	11/26/2019	1.63	10,000.00	10,044.60	10,072.55	AA+	Aaa	2.74	1029
Federal Home Loan Bank	12/15/2014	2.38	12/13/2019	1.74	10,000.00	10,302.90	10,234.93	AA+	Aaa	2.76	1046
Federal Home Loan Mortgage Corp	4/8/2016	1.38	12/30/2019	1.38	10,000.00	10,000.00	9,891.07	AA+	Aaa	2.24	1063
Federal Home Loan Mortgage Corp	5/10/2016	1.32	2/10/2020	1.32	15,000.00	15,000.00	14,820.29	AA+	Aaa	2.63	1105
Federal Home Loan Mortgage Corp	11/10/2016	1.18	2/10/2020	1.18	15,000.00	15,000.00	14,789.55	AA+	Aaa	2.93	1105
Federal Home Loan Mortgage Corp	8/25/2016	1.25	2/25/2020	1.25	10,000.00	10,000.00	9,840.62	AA+	Aaa	2.92	1120
Federal Home Loan Bank	11/30/2016	1.20	2/28/2020	1.20	15,000.00	15,000.00	14,781.44	AA+	Aaa	2.97	1123
Federal Home Loan Mortgage Corp	12/13/2016	1.38	5/1/2020	1.56	10,000.00	9,938.80	9,922.55	AA+	Aaa	3.15	1186
Federal Home Loan Mortgage Corp	10/21/2016	1.55	5/8/2020	1.15	6,737.00	6,830.37	6,726.17	AA+	Aaa	3.14	1193
Federal Home Loan Bank	11/15/2016	1.20	5/15/2020	1.20	10,000.00	10,000.00	9,865.31	AA+	Aaa	2.03	1200
Federal National Mortgage Assoc	11/22/2016	1.25	5/22/2020	1.25	9,500.00	9,500.00	9,324.17	AA+	Aaa	3.19	1207

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Federal Home Loan Mortgage Corp	5/26/2016	1.45	5/26/2020	1.45	15,000.00	15,000.00	14,796.71	AA+	Aaa	0.00	1211
Federal Home Loan Bank	9/30/2016	1.75	6/12/2020	1.05	8,965.00	9,191.81	9,002.75	AA+	Aaa	3.25	1228
Federal National Mortgage Assoc	10/21/2016	1.50	6/22/2020	1.12	5,000.00	5,067.90	4,981.51	AA+	Aaa	3.29	1238
Federal National Mortgage Assoc	9/27/2016	1.50	6/22/2020	1.05	10,000.00	10,165.80	9,963.02	AA+	Aaa	3.29	1238
Federal National Mortgage Assoc	10/27/2016	1.50	6/22/2020	1.15	10,000.00	10,125.50	9,963.02	AA+	Aaa	3.29	1238
Federal National Mortgage Assoc	11/10/2016	1.50	6/22/2020	1.24	10,000.00	10,093.40	9,963.02	AA+	Aaa	3.29	1238
Federal National Mortgage Assoc	12/8/2016	1.50	6/22/2020	1.56	10,000.00	9,979.40	9,963.02	AA+	Aaa	3.29	1238
Federal National Mortgage Assoc	12/29/2016	1.70	6/29/2020	1.70	10,000.00	10,000.00	9,990.62	AA+	Aaa	2.24	1245
Federal National Mortgage Assoc	12/30/2016	1.82	6/30/2020	1.82	10,000.00	10,000.00	10,007.55	AA+	Aaa	2.13	1246
Federal Home Loan Bank	1/10/2017	1.83	7/10/2020	1.83	15,000.00	15,000.00	15,006.41	AA+	Aaa	2.76	1256
Federal Farm Credit Bank	2/4/2016	1.45	8/4/2020	1.36	10,000.00	10,037.80	9,841.69	AA+	Aaa	3.38	1281
Federal National Mortgage Assoc	11/30/2016	1.43	11/30/2020	1.43	10,000.00	10,000.00	9,836.96	AA+	Aaa	3.05	1399
Federal Home Loan Mortgage Corp	4/28/2016	1.00	4/28/2021	1.79	15,350.00	15,350.00	15,323.46	AA+	Aaa	2.05	1548
Federal National Mortgage Assoc	11/30/2016	1.80	5/26/2021	1.80	20,000.00	20,000.00	19,841.74	AA+	Aaa	3.25	1576
Federal National Mortgage Assoc	12/1/2016	1.75	6/1/2021	1.75	15,000.00	15,000.00	14,812.25	AA+	Aaa	3.36	1582
Federal National Mortgage Assoc	12/29/2016	1.91	6/29/2021	1.91	10,000.00	10,000.00	9,958.94	AA+	Aaa	3.31	1610
Federal Home Loan Mortgage Corp	1/5/2017	1.13	8/12/2021	1.97	10,000.00	9,632.00	9,640.21	AA+	Aaa	4.36	1654
Federal National Mortgage Assoc	12/9/2016	1.25	8/17/2021	1.86	10,000.00	9,727.20	9,693.24	AA+	Aaa	4.36	1659
Federal National Mortgage Assoc	12/7/2016	1.38	10/7/2021	1.90	10,000.00	9,757.60	9,731.14	AA+	Aaa	4.49	1710
Federal Home Loan Bank	12/7/2016	1.88	11/29/2021	1.92	10,000.00	9,978.13	9,940.58	AA+	Aaa	4.58	1763
Federal Home Loan Bank	12/15/2016	1.88	11/29/2021	1.97	10,000.00	9,953.90	9,940.58	AA+	Aaa	4.58	1763
Total Federal Agencies				1.29	1,152,571.00	1,153,961.90	1,148,093.11			2.11	868
Supranationals											
International Bank of Reconstruction & Development	1/16/2015	1.35	1/16/2019	1.35	10,000.00	10,000.00	10,017.56	AAA	Aaa	1.93	715
International Bank of Reconstruction & Development	5/25/2016	1.25	7/26/2019	1.19	10,000.00	10,017.30	9,928.73	AAA	Aaa	2.44	906
Inter-American Development Bank	2/3/2016	1.75	10/15/2019	1.34	10,000.00	10,148.50	10,028.20	AAA	Aaa	2.62	987
International Finance Corporation	4/15/2015	1.00	4/15/2020	2.01	10,000.00	10,000.00	9,935.63	AAA	Aaa	2.30	1170
Inter-American Development Bank	9/30/2016	1.88	6/16/2020	1.15	5,000.00	5,131.10	5,013.18	AAA	Aaa	3.25	1232
International Bank of Reconstruction & Development	10/27/2016	1.20	12/1/2020	1.40	10,000.00	9,920.60	9,702.98	AAA	Aaa	3.71	1400
International Bank of Reconstruction & Development	12/22/2016	1.87	6/22/2021	1.87	10,000.00	10,000.00	9,978.65	AAA	Aaa	3.86	1603
International Bank of Reconstruction & Development	12/28/2016	2.00	9/28/2021	2.00	10,000.00	10,000.00	9,973.65	AAA	Aaa	3.13	1701
Total Supranationals				1.56	75,000.00	75,217.50	74,578.58			2.88	1212
Negotiable CDs											
Landesbank Baden-Wu	1/23/2017	0.73	2/8/2017	0.73	25,000.00	25,000.00	25,000.36	NR	P-1	0.02	8
Landesbank Baden-Wu	1/27/2017	0.75	2/23/2017	0.75	25,000.00	25,000.00	24,999.87	NR	P-1	0.06	23
Bank Of Tokyo Mitsubishi UFJ	12/29/2016	0.78	3/6/2017	0.78	50,000.00	50,000.00	49,999.25	A-1	P-1	0.09	34
Toronto Dominion	12/5/2016	0.93	3/6/2017	0.93	25,000.00	25,000.00	25,006.64	A-1+	P-1	0.09	34
Mizuho Bank NY	12/23/2016	1.05	3/23/2017	1.05	25,000.00	25,000.00	25,016.46	A-1	P-1	0.14	51
Landesbank Baden-Wu	6/23/2016	1.12	3/28/2017	0.78	25,000.00	25,000.00	25,022.12	NR	P-1	0.15	56
Societe Generale	6/23/2016	1.08	3/31/2017	0.77	25,000.00	25,000.00	25,019.65	A-1	P-1	0.16	59
Bank of Montreal Chicago	12/28/2016	1.08	4/4/2017	1.04	25,000.00	25,005.33	25,019.83	A-1	P-1	0.17	63
Sumitomo Mitsui Trust NY	12/29/2016	1.09	5/3/2017	1.09	50,000.00	50,000.00	50,011.60	A-1	P-1	0.25	92
Nordea Bank	10/27/2016	1.08	5/9/2017	0.15	25,000.00	25,000.00	25,001.78	A-1+	P-1	0.27	98
Nordea Bank	12/14/2016	1.04	5/23/2017	1.04	25,000.00	25,000.00	24,989.69	A-1+	P-1	0.31	112
Credit Agricole	5/25/2016	1.29	5/25/2017	1.31	25,000.00	25,000.00	25,025.20	A-1	P-1	0.31	114
Toronto Dominion	8/26/2016	1.30	5/26/2017	0.78	25,000.00	25,018.79	25,027.67	A-1+	P-1	0.31	115
Union Bank	6/23/2016	0.97	6/6/2017	0.93	25,000.00	25,000.00	24,966.96	A-1	P-1	0.34	126
UBS AG Stamford CT	6/23/2016	1.15	6/20/2017	1.15	25,000.00	25,000.00	24,989.12	A-1	P-1	0.38	140
UBS AG Stamford CT	6/23/2016	1.15	6/20/2017	1.15	25,000.00	25,000.00	24,989.12	A-1	P-1	0.38	140
Mizuho Bank NY	9/30/2016	1.30	6/27/2017	0.85	25,000.00	25,000.00	25,043.05	A-1	P-1	0.40	147
Wells Fargo	7/20/2016	1.18	7/20/2017	1.20	25,000.00	25,000.00	24,972.47	A-1+	P-1	0.46	170

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UBS AG Stamford CT	9/8/2016	1.52	8/29/2017	1.48	25,000.00	25,000.00	24,862.99	A-1	P-1	0.57	210
Canadian Imperial Bank of Commerce	12/9/2016	1.28	9/12/2017	0.87	25,000.00	25,000.00	24,861.71	A-1	P-1	0.61	224
Bank of Nova Scotia	12/22/2016	1.43	10/24/2017	1.16	25,000.00	25,000.00	24,903.87	A-1	P-1	0.72	266
Bank of Nova Scotia	12/8/2016	1.38	11/7/2017	1.25	25,000.00	25,000.00	24,906.23	A-1	P-1	0.76	280
Total Negotiable CDs				0.96	600,000.00	600,024.11	599,635.63			0.30	112
Commercial Paper											
BNP Paribas	1/4/2017	-	2/2/2017	0.71	25,000.00	24,985.70	24,999.15	A-1	P-1	0.01	2
Toyota	5/18/2016	-	2/7/2017	0.96	11,000.00	10,923.08	10,998.90	A-1+	P-1	0.02	7
Abbey National Treasury Services	1/6/2017	-	2/8/2017	0.69	25,000.00	24,984.19	24,996.43	A-1	P-1	0.02	8
ING Funding LLC	8/29/2016	-	2/14/2017	1.19	25,000.00	24,861.51	24,992.90	A-1	P-1	0.04	14
Natixis NY	1/30/2017	-	2/23/2017	0.68	25,000.00	24,988.67	24,989.50	A-1	P-1	0.06	23
ING Funding LLC	9/9/2016	-	3/14/2017	1.22	25,000.00	24,843.71	24,975.68	A-1	P-1	0.11	42
Abbey National Treasury Services	6/23/2016	-	3/20/2017	1.06	25,000.00	24,803.13	24,976.33	A-1	P-1	0.13	48
Natixis NY	12/13/2016	-	4/25/2017	1.00	25,000.00	24,907.64	24,942.25	A-1	P-1	0.23	84
Credit Agricole CIB NY	12/19/2016	-	7/3/2017	1.19	25,000.00	24,839.39	24,871.88	A-1	P-1	0.42	153
Credit Agricole CIB NY	12/9/2016	-	7/18/2017	1.19	25,000.00	24,818.90	24,855.80	A-1	P-1	0.46	168
Total Commercial Paper				0.99	236,000.00	234,955.91	235,598.80			0.16	58
Corporate Notes											
JP Morgan Chase	3/3/2016	1.35	2/15/2017	1.22	40,538.00	40,587.05	40,544.04	A-	A3	0.04	15
New York Life	7/16/2014	1.13	3/1/2017	0.92	10,000.00	10,053.00	10,002.25	AA+	Aaa	0.09	29
MassMutual Global Funding	5/12/2014	2.00	4/5/2017	1.00	10,000.00	10,284.80	10,014.80	AA+	Aa2	0.18	64
MetLife	4/11/2014	1.30	4/10/2017	1.05	10,000.00	10,073.60	10,004.74	AA-	Aa3	0.19	69
MetLife	4/25/2014	1.30	4/10/2017	1.08	10,000.00	10,063.80	10,004.74	AA-	Aa3	0.19	69
New York Life	5/2/2014	1.65	5/15/2017	1.04	10,000.00	10,181.80	10,017.99	AA+	Aaa	0.29	104
Berkshire Hathaway	2/1/2013	1.60	5/15/2017	0.95	10,000.00	10,272.60	10,016.89	AA	Aa2	0.29	104
XTO Energy Inc	10/3/2012	6.25	8/1/2017	0.70	10,000.00	12,630.00	10,248.60	AA+	Aaa	0.48	182
Toyota	12/21/2012	1.25	10/5/2017	1.00	10,000.00	10,116.50	10,002.00	AA-	Aa3	0.67	247
General Electric	10/23/2014	5.25	12/6/2017	1.28	10,000.00	11,209.80	10,335.96	AA-	A1	0.83	309
General Electric	11/19/2013	5.25	12/6/2017	1.16	10,000.00	11,612.40	10,335.96	AA-	A1	0.83	309
Morgan Stanley	1/9/2017	1.88	1/5/2018	1.70	23,848.00	23,889.50	23,906.90	BBB+	A3	0.92	339
Toyota	2/1/2013	1.38	1/10/2018	1.02	10,000.00	10,170.70	10,005.03	AA-	Aa3	0.93	344
MetLife	1/28/2013	1.50	1/10/2018	1.10	10,000.00	10,192.80	10,003.86	AA-	Aa3	0.93	344
Wells Fargo	3/7/2016	1.65	1/22/2018	1.47	10,000.00	10,034.00	10,014.51	AA-	Aa2	0.96	356
IBM	2/6/2015	1.13	2/6/2018	1.23	10,000.00	9,969.50	9,989.06	AA-	Aa3	1.00	371
IBM	5/4/2015	1.13	2/6/2018	1.11	10,000.00	10,003.00	9,989.06	AA-	Aa3	1.00	371
Toyota	3/19/2015	1.25	3/19/2018	1.50	10,000.00	10,000.00	9,827.90	AA-	Aa3	0.36	412
Coca-Cola Company	7/14/2015	1.15	4/1/2018	1.17	10,000.00	9,994.90	9,984.31	AA-	Aa3	1.15	425
Toyota	4/13/2016	1.20	4/6/2018	1.12	10,000.00	10,015.60	9,967.92	AA-	Aa3	1.16	430
Wal-Mart	1/13/2016	1.13	4/11/2018	1.13	8,700.00	8,698.96	8,686.57	AA	Aa2	1.18	435
Colgate-Palmolive	1/26/2015	0.90	5/1/2018	1.12	10,000.00	9,929.30	9,962.32	AA-	Aa3	1.24	455
Apple	4/27/2015	1.00	5/3/2018	1.10	10,000.00	9,971.60	9,966.32	AA+	Aa1	1.24	457
Apple	5/4/2015	1.00	5/3/2018	1.11	10,000.00	9,968.80	9,966.32	AA+	Aa1	1.24	457
Apple	5/4/2015	1.00	5/3/2018	1.13	10,000.00	9,963.00	9,966.32	AA+	Aa1	1.24	457
ANZ Banking Group	7/20/2015	1.45	5/15/2018	1.53	10,000.00	9,976.80	9,956.65	AA-	Aa2	1.27	469
Berkshire Hathaway	1/21/2015	5.40	5/15/2018	1.32	10,000.00	11,320.60	10,518.91	AA	Aa2	1.24	469
Chevron Corp	9/1/2015	1.72	6/24/2018	1.48	10,000.00	10,064.50	10,033.99	AA-	Aa2	1.37	509
Toyota	1/29/2016	1.55	7/13/2018	1.41	10,000.00	10,034.60	10,000.48	AA-	Aa3	1.43	528
Commonwealth Bank of Australia	2/4/2015	2.50	9/20/2018	1.57	10,000.00	10,328.40	10,115.04	AA-	Aa2	1.59	597
Coca-Cola Company	4/22/2015	1.65	11/1/2018	1.11	10,000.00	10,186.20	10,037.34	AA-	Aa3	1.71	639
Microsoft	4/27/2015	1.63	12/6/2018	1.14	10,000.00	10,171.20	10,045.98	AAA	Aaa	1.81	674
Microsoft	4/23/2015	1.63	12/6/2018	1.09	10,000.00	10,191.00	10,045.98	AAA	Aaa	1.81	674

Kern County Treasurer's Pooled Cash
Portfolio Details
January 31, 2017

Issuer	Settlement	Coupon	Maturity	Original Yield	Par Amount (000s)	Original Cost (000s)	Market Value (000s)	S&P Rating	Moody's Rating	Effective Duration	Days to Maturity
IBM	5/27/2016	1.95	2/12/2019	1.29	10,000.00	10,175.80	10,074.92	AA-	Aa3	1.97	742
Toyota	4/29/2016	1.70	2/19/2019	1.33	10,000.00	10,102.30	9,996.03	AA-	Aa3	1.99	749
Toyota	3/28/2016	1.70	2/19/2019	1.44	10,359.00	10,433.79	10,354.89	AA-	Aa3	1.99	749
Colgate-Palmolive	7/14/2015	1.75	3/15/2019	1.64	10,000.00	10,039.80	10,039.64	AA-	Aa3	2.06	773
IBM	3/16/2016	1.80	5/17/2019	1.64	10,000.00	10,048.20	10,030.58	AA-	Aa3	2.23	836
Wells Fargo	6/22/2016	1.75	5/24/2019	1.41	10,000.00	10,097.80	9,960.48	AA-	Aa2	2.25	843
Wells Fargo	6/2/2016	1.75	5/24/2019	1.62	10,000.00	10,037.40	9,960.48	AA-	Aa2	2.25	843
Wells Fargo	8/8/2016	1.75	5/24/2019	1.20	11,826.00	12,005.76	11,779.26	AA-	Aa2	2.25	843
Coca-Cola Company	12/20/2016	1.38	5/30/2019	1.62	7,070.00	7,028.57	7,044.54	AA-	Aa3	2.28	849
Toyota	1/20/2016	2.13	7/18/2019	1.83	10,000.00	10,098.10	10,058.79	AA-	Aa3	2.39	898
Apple	9/12/2016	1.10	8/2/2019	1.08	10,000.00	10,005.65	9,883.05	AA+	Aa1	2.44	913
Apple	9/6/2016	1.10	8/2/2019	1.17	20,290.00	20,251.65	20,052.71	AA+	Aa1	2.44	913
Berkshire Hathaway	12/2/2014	2.10	8/14/2019	1.80	5,000.00	5,067.35	5,048.34	AA	Aa2	2.44	925
JP Morgan Chase	10/24/2016	1.65	9/23/2019	1.47	10,000.00	10,051.10	9,920.28	A+	Aa3	2.56	965
US Bank	6/28/2016	2.13	10/28/2019	1.38	10,770.00	11,030.31	10,815.72	AA-	A1	2.61	1000
US Bank	6/28/2016	2.13	10/28/2019	1.39	10,000.00	10,239.80	10,042.45	AA-	A1	2.61	1000
US Bank	9/20/2016	2.13	10/28/2019	1.39	8,000.00	8,178.16	8,033.96	AA-	A1	2.61	1000
Apple	3/4/2015	1.55	2/7/2020	1.75	10,000.00	9,905.90	9,897.07	AA+	Aa1	2.91	1102
General Electric	11/15/2016	4.38	9/16/2020	1.73	10,000.00	10,978.60	10,770.62	AA-	A1	3.32	1324
Coca-Cola Company	11/3/2015	1.88	10/27/2020	1.97	10,000.00	9,955.10	9,966.34	AA-	Aa3	3.58	1365
Apple	10/31/2016	2.85	5/6/2021	1.72	10,000.00	10,489.20	10,215.41	AA+	Aa1	3.98	1556
Apple	12/16/2016	2.85	5/6/2021	2.24	10,000.00	10,253.50	10,215.41	AA+	Aa1	3.98	1556
Procter & Gamble Co	12/20/2016	1.70	11/3/2021	2.22	10,000.00	9,761.10	9,811.36	AA-	Aa3	4.52	1737
Total Corporate Notes				1.34	606,401.00	618,395.24	608,491.07			1.56	593
Total Securities					2,879,216.04	2,891,647.28	2,875,552.94				
Total Cash				0.02	56,822.02	56,822.02	56,822.02			0.00	1
Total Assets					**2,936,038.06**	**2,948,469.30**	**2,932,374.96**				

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and 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 the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Series C Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series C Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series C Bonds (the "Securities"). The Securities 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 Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

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

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

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

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the

event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100