NEW ISSUE - BOOK-ENTRY ONLY

INSURED RATING: Standard & Poor's: "AA"
UNDERLYING RATING: Standard & Poor's: "A+"
(See "Ratings" herein)

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

$9,900,000
BASSETT UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2014 General Obligation Bonds, Series A

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

This cover page contains certain information for general reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Bassett Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series A (the "Bonds") were authorized at an election of the registered voters of the Bassett Unified School District (the "District") held on November 4, 2014, at which the requisite 55% or more of the persons voting on a proposition submitted thereto voted to authorize the issuance and sale of $30,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to repair, upgrade, acquire, construct, and equip certain District property and facilities and to pay the costs of issuing the Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of Los Angeles County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds ("Beneficial Owners") will not receive certificates representing their interest in the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds will be issued as current interest bonds. Interest on the Bonds accrues from the date of delivery of the Bonds (the "Date of Delivery"), and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2015.

Payments of principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds. U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los Angeles County, has been appointed as Paying Agent for the Bonds. See "THE BONDS – Book-Entry Only System" herein.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.

BAM
BUILD AMERICA MUTUAL

Maturity Schedule
(See inside front cover)

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel to the District. It is anticipated that the Bonds in definitive form will be available for delivery through the facilities of Cede & Co., as nominee of The Depository Trust Company, in New York, New York, on or about May 20, 2015.

PiperJaffray.

Dated: May 6, 2015

MATURITY SCHEDULE

$9,900,000
BASSETT UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2014 General Obligation Bonds, Series A

Base CUSIP[(1)]: 070185

$2,395,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[(1)]
2016	$625,000	3.000%	0.500%	SX2
2017	745,000	3.000	0.890	SY0
2018	20,000	2.000	1.240	SZ7
2019	30,000	2.000	1.520	TA1
2020	45,000	2.000	1.760	TB9
2021	60,000	2.000	1.990	TC7
2022	70,000	2.000	2.180	TD5
2023	90,000	2.125	2.410	TE3
2024	105,000	3.000	2.630	TF0
2025	120,000	3.000	2.780	TG8
2026	140,000	3.000	2.950 [C]	TH6
2027	160,000	3.000	3.230	TJ2
2028	185,000	3.125	3.410	TK9

$2,045,000 – 4.000% Term Bond due August 1, 2035 – Yield 3.75% [C]; CUSIP[(1)]: TS2

$5,460,000 – 4.000% Term Bond due August 1, 2044 – Yield 4.000%; CUSIP[(1)]: TT0

[C]: Yield to call date of August 1, 2025.

[(1)] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the Underwriter nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein.

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

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

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

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

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

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

The District maintains a website. However, the information presented on the District's website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "THE BONDS – Bond Insurance" herein and "APPENDIX F - Specimen Municipal Bond Insurance Policy" attached hereto.

BASSETT UNIFIED SCHOOL DISTRICT

Board of Education

Paul Solano, *President*
Dolores Rivera, *Vice President*
Javier Romo, *Clerk*
Joe Medina, *Member*
Patrice Stanzione, *Member*

District Administration

Alex J. Rojas, Ed.D., *Superintendent*
Arturo Sanchez-Macias, *Assistant Superintendent/Chief Business Official*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

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

Financial Advisor

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

Paying Agent, Registrar and Transfer Agent

U.S. Bank National Association
Los Angeles, California

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$9,900,000
BASSETT UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2014 General Obligation Bonds, Series A

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of the Bassett Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series A (the "Bonds").

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

The District

The Bassett Unified School District (the "District") encompasses approximately eight square miles in eastern Los Angeles County (the "County"), serving the cities of La Puente and Industry and a small, adjacent portion of Baldwin Park. The District operates three elementary schools for students in kindergarten through fifth grade, one magnet school academy for students in kindergarten through eighth grade, one middle school for students in sixth through eighth grade, one high school for students in ninth through twelfth grade, one continuation high school, and one adult school. For fiscal year 2014-15, the District has an enrollment of 3,959 students. Taxable property within the District has a total fiscal year 2014-15 assessed valuation of $1,931,426,410.

The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board, who is responsible for day-to-day District operations, as well as the supervision of the District's other key personnel. Alex J. Rojas, Ed.D. is the District Superintendent and Arturo Sanchez-Macias is the Assistant Superintendent/Chief Business Official.

See "TAX BASE FOR REPAYMENT OF BONDS" for more information regarding the District's assessed valuation, and "BASSETT UNIFIED SCHOOL DISTRICT" and "DISTRICT FINANCIAL MATTERS" herein for more information regarding the District generally.

Purpose of the Bonds

The Bonds are being issued to repair, upgrade, acquire, construct, and equip certain District property and facilities and to pay the costs of issuing the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

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

Sources of Payment for the Bonds

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

Description of the Bonds

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

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

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

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

Payments. The Bonds will be issued as current interest bonds and dated as of the date of their initial issuance (the "Date of Delivery"). Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing August 1, 2015. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los Angeles County, has been appointed as Paying Agent for the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California (the "State") personal income tax. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount, and the amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about May 20, 2015.

Bond Owner's Risks

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

Bond Insurance

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").

Continuing Disclosure

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

Forward Looking Statements

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

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

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Isom Advisors, a Division of Urban Futures, Walnut Creek, California is acting as Financial Advisor to the District with respect to the Bonds and will also receive compensation from the District contingent upon the sale and delivery of the Bonds.

Other Information

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

Copies of documents referred to herein and information concerning the Bonds are available from the Bassett Unified School District, 904 North Willow Avenue, La Puente, California 91746, telephone: (626) 931-3000. The District may impose a charge for copying, mailing and handling.

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

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

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

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution (defined herein).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code (the "Act"), Article XIIIA of the State Constitution and pursuant to a resolution adopted by the Board on February 10, 2015 (the "Resolution"). The District received authorization at an election held on November 4, 2014 by the requisite 55% or more of the votes cast by eligible voters within the District to issue $30,000,000 aggregate principal amount of general obligation bonds (the "2014 Authorization"). The Bonds represent the first series of bonds issued pursuant to the 2014 Authorization. After the issuance of the Bonds, $20,100,000 of the 2014 Authorization will remain unissued.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Bonds, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates). The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to established such a reserve, and the District can make no representation that the County will do so. Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein), which is segregated and held by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged moneys on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy an *ad valorem* property tax for the payment of the Bonds, and will hold the Debt Service Fund, the Bonds are not a debt of the County.

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

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

fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Bond Insurance

Bond Insurance Policy. Concurrently with the issuance of the Bonds, BAM will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit 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.

Build America Mutual Assurance Company. BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM.

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $475.7 million, $26.9 million and $448.8 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "– Bond Insurance" herein.

Additional Information Available from BAM.

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/.

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM and have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and they assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

General Provisions

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

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2015. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2015, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover page hereof.

Payment. Payment of interest will be made on any Bond Payment Date to the person appearing on the registration books of the Paying Agent as the registered Owner of such Bond thereof as of the close of business on the 15th day of the month next preceding any Bond Payment Date (a "Record Date"), such interest to be paid by wire transfer or check mailed to such Owner on the Bond Payment Date, at the Owner's address as it appears on such registration books or at such other address as such Owner may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate principal amount of $1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal and redemption premiums, if any, payable on the Bonds are payable upon maturity or earlier redemption, as applicable, upon surrender of the applicable Bond at the principal office of the Paying Agent. The principal of, redemption premiums, if any, and interest on the Bonds are payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

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Annual Debt Service on the Bonds

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

Year Ending August 1	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service
2015	--	$72,823.07	$72,823.07
2016	$625,000.00	369,243.76	994,243.76
2017	745,000.00	350,493.76	1,095,493.76
2018	20,000.00	328,143.76	348,143.76
2019	30,000.00	327,743.76	357,743.76
2020	45,000.00	327,143.76	372,143.76
2021	60,000.00	326,243.76	386,243.76
2022	70,000.00	325,043.76	395,043.76
2023	90,000.00	323,643.76	413,643.76
2024	105,000.00	321,731.26	426,731.26
2025	120,000.00	318,581.26	438,581.26
2026	140,000.00	314,981.26	454,981.26
2027	160,000.00	310,781.26	470,781.26
2028	185,000.00	305,981.26	490,981.26
2029	205,000.00	300,200.00	505,200.00
2030	230,000.00	292,000.00	522,000.00
2031	260,000.00	282,800.00	542,800.00
2032	290,000.00	272,400.00	562,400.00
2033	320,000.00	260,800.00	580,800.00
2034	350,000.00	248,000.00	598,000.00
2035	390,000.00	234,000.00	624,000.00
2036	425,000.00	218,400.00	643,400.00
2037	465,000.00	201,400.00	666,400.00
2038	505,000.00	182,800.00	687,800.00
2039	550,000.00	162,600.00	712,600.00
2040	600,000.00	140,600.00	740,600.00
2041	645,000.00	116,600.00	761,600.00
2042	700,000.00	90,800.00	790,800.00
2043	755,000.00	62,800.00	817,800.00
2044	815,000.00	32,600.00	847,600.00
Total	$9,900,000.00	$7,421,379.45	$17,321,379.45

[1] Interest payments on Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2015.

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

Application and Investment of Bond Proceeds

The Bonds are being issued to repair, upgrade, acquire, construct, and equip certain District property and facilities and to pay the costs of issuing the Bonds.

Building Fund. The proceeds of the sale of the Bonds, net of costs of issuance, will be deposited in the fund held by the County and known as the "Bassett Unified School District, Election of 2014 General Obligation Bonds, Series A Building Fund" (the "Building Fund") and will be applied only for the purposes for which the Bonds are issued. Any interest earnings on moneys held in the Building Fund will be retained therein.

Debt Service Fund. The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, will be deposited into the fund held by the County and known as the "Bassett Unified School District, Election of 2014 General Obligation Bonds, Series A Debt Service Fund" (the "Debt Service Fund"). Any accrued interest or premium received by the District from the sale of the Bonds will be deposited in the Debt Service Fund and any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal and interest on the Bonds. Any interest earnings on moneys held in the Debt Service Fund shall be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Debt Service Fund, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

Expected Investment of Bond Proceeds. In accordance with the Resolution and subject to federal tax restrictions, moneys in the Debt Service Fund and the Building Fund may be invested in the following: (i) lawful investment permitted by Sections 16429.1 and 53601 ("Section 53601") of the State Government Code; (ii) shares in a State common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Section 53635 of the Government Code; (iii) a guaranteed investment contract with a provider rated in at least the second highest category by each rating agency then rating the Bonds, (iv) the Local Agency Investments Fund of the State Treasurer, (v) the Treasury Pool of the County (defined herein), and (vi) State and Local Government Series Securities.

Moneys in the Debt Service Fund and the Building Fund are expected to be invested through the County Treasury Pool. See "APPENDIX E - LOS ANGELES COUNTY TREASURY POOL" herein.

Redemption

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

Mandatory Sinking Fund Redemption. The Term Bonds maturing on August 1, 2035 are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2029, at a redemption price equal to the principal amount thereof, plus interest accrued to the date set for such redemption, without premium. The principal amount represented by such Term Bonds to be so redeemed, the redemption dates therefor, and the final principal payment date are as indicated in the following table:

Redemption Date (August 1)	Principal Amount to be Redeemed
2029	$205,000
2030	230,000
2031	260,000
2032	290,000
2033	320,000
2034	350,000
2035[(1)]	390,000

[(1)] Maturity.

In the event that portions of the Term Bonds maturing on August 1, 2035 are optionally redeemed prior to their respective maturity dates, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, in integral multiples of $5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.

The Term Bonds maturing on August 1, 2044 are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2036, at a redemption price equal to the principal amount thereof, plus interest accrued to the date set for such redemption, without premium. The principal amount represented by such Term Bonds to be so redeemed, the redemption dates therefor, and the final principal payment date are as indicated in the following table:

Redemption Date (August 1)	Principal Amount
2036	$425,000
2037	465,000
2038	505,000
2039	550,000
2040	600,000
2041	645,000
2042	700,000
2043	755,000
2044[(1)]	815,000

[(1)] Maturity.

In the event that portions of the Term Bonds maturing on August 1, 2044 are optionally redeemed prior to their respective maturity dates, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, in integral multiples of $5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption by lot. Redemption by

lot will be in such manner as the Paying Agent will determine; provided, however, that the portion of any Bond to be redeemed in part will be in a principal amount of $5,000, or any integral multiple thereof.

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

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

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

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

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

Rescission of Notice of Redemption. With respect to any notice of optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof will be deemed to have been defeased as described in "- Defeasance" herein, such notice will state that such redemption will be conditioned upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, and premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that, if such moneys will not have been so received, said notice will be of no force and effect, no portion of the Bonds will not be subject to redemption on such date and the Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such

moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice, to the persons to whom and in the manner in which the Redemption Notice was given, that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such notice in the same manner as such notice was originally provided.

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

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

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

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

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain

steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and

surrender of the Bonds at the designated corporate trust office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered Owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered Owner of at least $1,000,000 in aggregate principal amount, interest shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and transfer amount upon presentation and surrender at the designated corporate trust office of the Paying Agent, initially located in Los Angeles, California, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent will complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the transfer amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

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

Defeasance

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

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

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

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

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

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	$9,900,000.00
Net Original Issue Premium	91,335.55
Total Sources	$9,991,335.55
Uses of Funds	
Building Fund	$9,616,000.00
Debt Service Fund	75,053.45
Costs of Issuance[1]	300,282.10
Total Uses	$9,991,335.55

[1] Reflects the costs of issuance, including but not limited to the Underwriter's discount, demographics and filing fees, printing costs, legal fees, financial advisory fees, bond insurance premiums, and the costs and fees of the Paying Agent to be paid from proceeds of the Bonds. See "MISCELLANEOUS – Underwriting" herein.

TAX BASE FOR PAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Unsecured property comprises all property not attached to land such as personal property or business property. Boats and airplanes are examples of unsecured property. Unsecured property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes are payable in two installments, due November 1 and February 1 respectively and become delinquent on December 10 and April 10 respectively. A 10% penalty attaches to any delinquent installment, plus a minimum $10 cost on the second installment, plus any additional amount determined by the Treasurer. Property on the secured roll with delinquent taxes is declared tax-defaulted on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the tax-collecting authority of the County.

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

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

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

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

Assessed Valuations

Property within the District has a total assessed valuation for fiscal year 2014-15 of $1,931,426,410. Shown in the following table are the assessed valuations for the District for the period 2008-09 through 2014-15.

ASSESSED VALUATION
Fiscal Years 2008-09 through 2014-15
Bassett Unified School District

	Local Secured	Utility	Unsecured	Total
2008-09	$1,583,242,010	$149,660	$120,664,875	$1,704,056,545
2009-10	1,526,063,701	172,461	133,662,305	1,659,898,467
2010-11	1,494,823,356	172,461	135,911,988	1,630,907,805
2011-12	1,525,899,289	172,461	131,668,790	1,657,740,540
2012-13	1,555,627,643	172,461	153,243,034	1,709,043,138
2013-14	1,621,926,613	172,461	172,858,956	1,794,958,030
2014-15	1,725,906,614	110,170	205,409,626	1,931,426,410

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, drought, fire or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Assessed Valuation by Land Use

The following shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2014-15 assessed valuation of such parcels:

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2014-15
Bassett Unified School District

	2014-15 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$74,366,783	4.31%	95	1.68%
Vacant Commercial	8,958,152	0.52	27	0.48
Industrial	496,727,547	28.78	121	2.15
Vacant Industrial	20,734,779	1.20	43	0.76
Recreational	3,637,447	0.21	3	0.05
Government/Social/Institutional	7,984,781	0.46	12	0.21
Miscellaneous	7,851,762	0.45	62	1.10
Subtotal Non-Residential	$620,261,251	35.94%	363	6.44%
Residential:				
Single Family Residence	$1,023,555,071	59.31%	4,957	87.89%
Condominium/Townhouse	12,137,868	0.70	73	1.29
Mobile Home	458,663	0.03	30	0.53
Mobile Home Park	3,252,500	0.19	3	0.05
2-4 Residential Units	39,621,298	2.30	128	2.27
5+ Residential Units	19,964,288	1.16	13	0.23
Vacant Residential	6,655,675	0.39	73	1.29
Subtotal Residential	$1,105,645,363	64.06%	5,277	93.56%
Total	$1,725,906,614	100.00%	5,640	100.00%

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

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Assessed Valuation by Jurisdiction.

The following shows the distribution of the assessed valuation of taxable property within the District by jurisdiction for fiscal year 2014-15:

ASSESSED VALUATION BY JURISDICTION[(1)]
Fiscal Year 2014-15
Bassett Unified School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Baldwin Park	$26,025,067	1.35%	$4,039,169,489	0.64%
City of Industry	620,830,677	32.14	7,554,596,830	8.22
City of La Puente	132,639,824	6.87	1,873,731,707	7.08
City of West Covina	1,179,577	0.06	9,577,967,532	0.01
Unincorp. Los Angeles County	1,150,751,265	59.58	89,355,630,286	1.29
Total District	$1,931,426,410	100.00%		
Total Los Angeles County	$1,931,426,410	100.00%	$1,201,271,457,529	0.16%

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

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Assessed Valuation of Single Family Homes.

The following table displays the per-parcel analysis of single family residences within the District, in terms of their 2014-15 assessed valuation:

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2014-15
Bassett Unified School District

	No. of Parcels	2014-15 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	4,957	$1,023,555,071	$206,487	$207,150

2013-14 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	2	0.040%	0.040%	$47,229	0.005%	0.005%
25,000 - 49,999	545	10.995	11.035	23,863,459	2.331	2.336
50,000 - 74,999	370	7.464	18.499	22,194,164	2.168	4.504
75,000 - 99,999	200	4.035	22.534	17,393,014	1.699	6.204
100,000 - 124,999	237	4.781	27.315	26,841,549	2.622	8.826
125,000 - 149,999	243	4.902	32.217	33,471,818	3.270	12.096
150,000 - 174,999	290	5.850	38.067	47,337,167	4.625	16.721
175,000 - 199,999	462	9.320	47.388	86,808,080	8.481	25.202
200,000 - 224,999	426	8.594	55.981	90,343,657	8.826	34.028
225,000 - 249,999	398	8.029	64.010	94,042,538	9.188	43.216
250,000 - 274,999	361	7.283	71.293	94,681,707	9.250	52.467
275,000 - 299,999	347	7.000	78.293	99,697,928	9.740	62.207
300,000 - 324,999	326	6.577	84.870	101,532,251	9.920	72.127
325,000 - 349,999	286	5.770	90.639	96,606,470	9.438	81.565
350,000 - 375,999	206	4.156	94.795	74,411,896	7.270	88.835
375,000 - 399,999	85	1.715	96.510	32,766,071	3.201	92.036
400,000 - 424,999	45	0.908	97.418	18,524,004	1.810	93.846
425,000 - 449,999	46	0.928	98.346	20,063,272	1.960	95.806
450,000 - 474,999	15	0.303	98.648	6,967,064	0.681	96.487
475,000 - 499,999	27	0.545	99.193	13,216,070	1.291	97.778
500,000 and greater	40	0.807	100.000	22,745,663	2.222	100.000
	4,957	100.000%		$1,023,555,071	100.000%	

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

Appeals and Adjustments of Assessed Valuations

Under Proposition 8, property owners may apply for a temporary reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as recent residential home sales prices or the occurrence of a calamity) cause the current market value of the real property to be worth less than the current assessed, factored, Article XIIIA base year value of such property, as of the annual property tax lien date, January 1. Any reduction in the assessment ultimately granted as a result of such owner appeal applies to the year for which application is made and during which the written application was filed.

County assessors, at their discretion, may also, from time to time, review certain property types purchased between specific time periods (e.g., all single family homes and condominiums purchased shortly prior to widespread declines in the fair market value of residential real estate within the county, as occurred between 2009 and 2011) and may proactively, temporarily reduce the assessed value of qualifying properties to Proposition 8 assessed values without owner appeal therefor.

A property that has been reassessed under Proposition 8, whether pursuant to owner appeal or due to county assessor review, is subsequently reviewed annually to determine its lien date value. Assuming no change in ownership or new construction, and if and as market conditions improve, the assessed value of a property with a Proposition 8 assessed value in place may increase each property tax lien date by more than the standard annual inflationary factor growth rate allowed under Article XIIIA (currently, a two percent maximum) until such assessed value again equals the Article XIIIA base year value for such property as-adjusted for inflation and years of ownership, at which point such property is again taxed pursuant to Article XIIIA and base year values may not be increased more than the standard Article XIIIA annual inflationary factor growth rate. A change in ownership or new construction while a property is subject to a Proposition 8 reassessment assessed valuation will cause such assessed valuation to become fixed as a new Article XIIIA base year value for such property. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

A second type of assessment appeal involves an owner appeal of the Article XIIIA base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The Article XIIIA base year value is determined by the completion date of new construction or the date of change of ownership. Any Article XIIIA base year value appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax owner appeals or county assessor reviews in the future will not significantly reduce the assessed valuation of property within the District.

Tax Levies, Collections and Delinquencies

The County levies (except for levies to support prior voter-approved indebtedness) and collects all property taxes for property falling within the County's taxing boundaries. The following table shows secured *ad valorem* taxes for the payment of bonded indebtedness of the District, and amounts delinquent as of June 30, for fiscal years 2009-10 through 2013-14:

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2009-10 through 2013-14
Bassett Unified School District

Tax Year	Secured Tax Charge[1]	Amount Delinquent June 30	Percent Delinquent June 30
2009-10	$3,471,747.35	$119,404.27	3.44%
2010-11	3,428,260.83	82,449.68	2.41
2011-12	3,498,121.98	73,163.38	2.09
2012-13	3,619,404.98	65,209.63	1.80
2013-14	3,804,737.07	56,262.53	1.48

Tax Year	Secured Tax Charge[2]	Amount Delinquent June 30	Percent Delinquent June 30
2009-10	$1,626,852.51	$58,150.57	3.57%
2010-11	1,813,389.39	34,619.69	1.91
2011-12	1,739,323.24	47,534.73	2.73
2012-13	1,967,287.75	32,551.87	1.65
2013-14	1,871,047.88	31,757.57	1.70

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

Alternative Method of Tax Apportionment - "Teeter Plan"

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

The District participates in the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the State Government Code. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District at a purchase price equal to 108.5% of such receivable. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to secure the Bonds. See also "- *Ad Valorem* Property Taxation" herein.

Tax Rates

The following table summarizes the total *ad valorem* tax rates, as a percentage of assessed valuation, levied by all taxing entities in a typical tax rate area (a "TRA") within the District during the period from fiscal year 2010-11 through fiscal year 2014-15.

SUMMARY OF *AD VALOREM* TAX RATES
Fiscal Years 2010-11 through 2014-15
Bassett Unified School District

TRA 2179 – 2014-15 Assessed Valuation: $545,498,501

	2010-11	2011-12	2012-13	2013-14	2014-15
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
City of Industry	.787500	.787500	.737500	.737500	.737500
Bassett Unified School District	.123158	.116278	.127725	.116316	.115393
Mt. San Antonio Community College District	.026363	.026415	.028957	.020231	.021294
Metropolitan Water District	.003700	.003700	.003500	.003500	.003500
TOTAL	1.940721%	1.933893%	1.897682%	1.877547%	1.877686%

(1) The 2014-15 assessed valuation of TRA 2179 is $545,498,501, which is 28.1% of the District's total assessed valuation for that year.
Source: California Municipal Statistics, Inc.

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Principal Taxpayers

The following table lists the major taxpayers in the District based on their 2014-15 secured assessed valuations:

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2014-15
Bassett Unified School District

	Property Owner	Land Use	2014-15 Assessed Valuation	% of Total[1]
1.	MCP Socal Industrial Kellwood LLC	Industrial	$46,300,000	2.68%
2.	Intex Realty Corp.	Industrial	26,327,791	1.53
3.	Nelson Industrial Holdings 4 LLC	Industrial	24,500,000	1.42
4.	Canam PO LP	Industrial	20,343,326	1.18
5.	JCS Properties LLC	Industrial	20,200,787	1.17
6.	Coca Cola Bottling Co. of LA	Industrial	13,586,603	0.79
7.	Columbia California Valley Industrial LLC	Industrial	13,500,000	0.78
8.	Sunkist Shopping Center Ltd.	Shopping Center	13,154,694	0.76
9.	Pacific Eastern Properties LLC	Industrial	13,131,661	0.76
10.	13644 Nelson Avenue Holdings LLC	Industrial	12,789,252	0.74
11.	500 Baldwin Park LLC	Industrial	11,907,127	0.69
12.	245 Vineland LLC	Industrial	11,830,301	0.69
13.	FR JH 10 LLC	Industrial	9,420,000	0.55
14.	SDC Towers Industrial Park Inc.	Industrial	9,208,629	0.53
15.	Fifth Alfred St.	Industrial	9,096,724	0.53
16.	Southern California Sheet Metal Workers	Training Center	8,791,767	0.51
17.	San Gabriel Valley Water Co.	Water Company	8,671,089	0.50
18.	Mason Way Partners	Industrial	8,601,538	0.50
19.	Mabek Co.	Industrial	8,495,259	0.49
20.	Baldwin Creations LLC	Industrial	8,438,344	0.49
			$298,294,892	17.28%

[1] 2014-15 Local Secured Assessed Valuation: $1,725,906,614.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc., dated January 27, 2015, for debt issued as of March 1, 2015. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

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

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

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Bassett Unified School District

2014-15 Assessed Valuation:$1,931,426,410

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 3/1/15
Los Angeles County Flood Control District	0.159%	$24,017
Metropolitan Water District	0.083	91,649
Mt. San Antonio Community College District	2.563	9,222,965
Bassett Unified School District	**100.000**	**37,924,081**[1]
City of Industry	8.218	9,485,627
Los Angeles County Regional Park and Open Space Assessment District	0.161	133,437
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$56,881,776
OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.161%	$3,055,885
Los Angeles County Superintendent of Schools Certificates of Participation	0.161	14,038
City of Baldwin Park General Fund Obligations	0.644	54,998
City of Baldwin Park Pension Obligation Bonds	0.644	40,636
City of Industry General Fund Obligations	8.218	409,256
City of West Covina General Fund Obligations	0.012	5,737
Los Angeles County Sanitation District No. 15 Authority	3.305	654,821
Los Angeles County Sanitation District No. 22 Authority	0.098	9,895
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$4,245,266
Less: Los Angeles County obligations supported by landfill revenues		8,107
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$4,237,159
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$1,064,764
GROSS COMBINED TOTAL DEBT		$62,191,806[2]
NET COMBINED TOTAL DEBT		$62,183,699

Ratios to 2014-15 Assessed Valuation:

Direct Debt ($37,924,081)	**1.96%**
Total Direct and Overlapping Tax and Assessment Debt	2.95%
Gross Combined Total Debt	3.22%
Net Combined Total Debt	3.22%

Ratio to Redevelopment Successor Agency Incremental Valuation ($7,040,001):

Total Overlapping Tax Increment Debt	15.12%

(1) Excludes the Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. (See "THE BONDS – Security and Sources of Payment" herein.) Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and of the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County on behalf of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

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

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

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem* property, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires

the approval of two-thirds of all members of the State legislature to change any State taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIIIA.

Unitary Property

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

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL MATTERS – State Funding of Education" herein.

Article XIIIB of the California Constitution

Article XIIIB ("Article XIIIB") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living

and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

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

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance ("ADA") of the school district from the preceding fiscal year.

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

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for bonded debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "—Propositions 98 and 111" below.

Article XIIIC and Article XIIID of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its

maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. 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.

Proposition 26

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

Propositions 98 and 111

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act were, however, modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for

increases in enrollment and changes in the cost of living. The Accountability Act permits the State legislature to suspend this formula for a one-year period.

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

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

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

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

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1,

1990. These latter provisions were necessary to make effective the transportation funding package approved by the State legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

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

Proposition 39

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

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate projected to be levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary or

high school district), or $25 (for a community college district), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the State legislature and approval by the Governor. See "-Article XIIIA of the California Constitution" above.

Jarvis vs. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

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

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

2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades. See also "DISTRICT FINANCIAL MATTERS – State Dissolution of Redevelopment Agencies" herein.

Proposition 30

On November 6, 2012, State voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018. Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $608,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $608,000 for joint filers).

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

Proposition 2

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

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a

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

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

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

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

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 1A, 2, 22, 26, 30, 39, 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

State Budget

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

2014-15 Budget. On June 20, 2014, the Governor signed into law the State budget for fiscal year 2014-15 (the "2014-15 Budget"). The following information is drawn from the State Department of Finance's summary of the 2014-15 Budget and the LAO report entitled "The 2014-15 Budget: California Spending Plan," and certain other sources relating to Proposition 2 (defined herein).

The 2014-15 Budget is based on revenue projections previously included in the Governor's May revision to the proposed budget for fiscal year 2014-15. For fiscal year 2013-14, the 2014-15 Budget projects total State general fund revenues of $102.2 billion, and total State general fund expenditures of $100.7 billion. The 2014-15 Budget projects that the State will end the 2013-14 fiscal year with a $2.9 billion general fund surplus. For fiscal year 2014-15, the 2014-15 Budget projects total State general fund revenues of $109.5 billion and total State general fund expenditures of $108 billion, leaving the State with a projected general fund surplus for fiscal year 2014-15 of approximately $2.1 billion. This projected reserve is a combination of $449 million in the State's general fund traditional reserve, and an authorized deposit of $1.6 billion into the Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

As part of implementing certain provisions of the 2014-15 Budget, a legislatively-referred constitutional amendment (Proposition 2) was placed on the ballot, and ultimately approved by the voters at the November 4, 2014 statewide election. Among other things, Proposition 2 will create a Proposition 98 reserve that is expected to smooth spikes in education funding. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2."

As a result of changes in State general fund revenues, local property tax collections and changes in student attendance, the 2014-15 Budget includes revised estimates to the minimum funding guarantees for fiscal years 2012-13 and 2013-14. The 2012-13 minimum guarantee is revised upward to $57.8 billion, an increase of $1.3 billion over the estimate included in the 2013-14 State budget. For fiscal year 2013-14, the 2014-15 Budget revises the minimum guarantee at $58.3 billion, approximately $3 billion higher than that included in the 2013-14 State budget.

The 2014-15 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2014-15 at $60.9 billion, including $44.5 billion of support from the State general fund. This represents an increase of $2.6 billion over the estimates included in the Governor's May revision. The 2014-15 Budget

also authorizes certain payments to reduce the State's outstanding maintenance factor, including $5.2 billion allocable to fiscal year 2012-13 and $2.6 billion allocable to fiscal year 2014-15. The State is expected to end fiscal year 2014-15 with an outstanding maintenance factor of approximately $4 billion.

Significant features of the 2014-15 Budget related to the funding of K-12 education include the following:

- *State Pensions* – The 2014-15 Budget includes a plan to reduce the $74.4 billion unfunded STRS liability in approximately 30 years by increasing contribution rates among the State, K-14 school districts, and participating employees. For fiscal year 2014-15, these increases are expected to result in $276 million of additional contributions from all three entities. The plan also provides the STRS Board (as defined herein) with limited authority to (i) increase State, school district and community college district contributions based on changing conditions, and (ii) reduce school district and community college district contributions if they are no longer necessary. For additional information, see BASSETT SCHOOL DISTRICT – Retirement Programs" herein.
- *Local Control Funding Formula* – An increase of $4.7 billion in Proposition 98 funding to continue the transition to the LCFF. This includes a 0.85% COLA to prior-year Base Grants, and results in per-pupil funding that is 12% higher than the prior-year. This increase is projected to close the remaining funding implementation gap between prior year funding levels and the LCFF target levels by approximately 29%. As a result, the adjusted 2014-15 Base Grants are as follows: (i) $7,011 for grades K-3, (ii) $7,116 for grades 4-6, (iii) $7,328 for grades 7-8, and (iv) $8,491 for grades 9-12. The LAO estimates that the 2014-15 funding levels are approximately 80% of the full implementation cost. The 2014-15 Budget also provides $26 million towards implementing the LCFF for county offices of education, sufficient to fully fund their LCFF funding target in fiscal year 2014-15. See also "DISTRICT FINANCIAL MATTERS – State Funding of Education – Local Control Funding Formula" herein.
- *School Reserves* – Senate Bill 858 (Stats. 2014, Chapter 32) ("S.B. 858"), trailer legislation to the 2014-15 Budget, creates new disclosure requirements effective beginning fiscal year 2015-16 for school districts that have general fund reserves in excess of the State minimum. Existing minimum reserve levels vary between one to five percent of general fund expenditures, depending on the size of the district, and generally require higher reserves for smaller school districts. S.B. 858 would require school districts to identify amounts in excess of their required reserves and explain the need for higher levels. This information must be disclosed at a public meeting and in each budget submitted to a county office of education. The LAO indicates that available data shows that virtually all school districts maintain excess reserves. As a result of the passage of Proposition 2 (discussed above), certain additional provisions of S.B. 858 have gone into effect that will cap school district reserve levels. Reserves will be capped in any fiscal year following a State deposit into the PSSSA created by Proposition 2. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2." Caps for most school districts will range between three to ten percent of annual general fund expenditures. S.B. 858 permits a county office of education to grant an exemption from the reserve cap for up to two years if a school district demonstrates that it would face extraordinary fiscal circumstances justifying a higher reserve.
- *Categorical Programs* – The 2014-15 Budget provides $33 million to fund a 0.85% COLA for select K-12 categorical programs, including foster youth services, American Indian American Indian Childhood Education, special education and child nutrition.

- *K-12 Deferrals* – The 2014-15 Budget provides $5.2 billion to reduce outstanding apportionment deferrals, including $4.7 billion for school districts. Under the budget plan, $992 million in deferrals, including $897 million for school districts, are expected to remain outstanding at the end of fiscal year 2014-15. The 2014-15 Budget also provides for a trigger mechanism whereby potentially all outstanding deferrals would be repaid if the Proposition 98 minimum guarantee increases as a result of additional funding sources. Effectively, the 2014-15 Budget earmarks the first $992 million of additional State spending allocable to fiscal years 2013-14 and 2014-15 to the paydown of deferrals.
- *Student Assessments* – The 2014-15 Budget provides $54 million to continue the implementation of new student assessments.
- *Independent Study* – The 2014-15 Budget streamlines the existing independent study program, reducing administrative burdens and freeing up time for teachers to spend on student instruction and support, while making it easier for schools to offer and expand instructional opportunities available to students through non-classroom based instruction.
- *K-12 Mandates* – The 2014-15 Budget provides $400 million, including $287 million of Proposition 98 funding and $113 million from unspent prior-year funds, to reduce a backlog of unpaid reimbursement claims to school districts for the cost of State-mandated programs. Funds will be distributed to school districts on a per-student basis. The 2014-15 Budget also adds six new K-12 reimburseable mandates to the existing block grant program. The 2014-15 Budget does not increase funding for the block grant program as the added costs are expected to be minimal.
- *Proposition 39* – Passed by voters in November 2012, Proposition 39 increases State corporate tax revenues and requires a five-year period, starting in fiscal year 2013-14, that a portion of these additional revenues be used to improve energy efficiency and expand the use of alternative energy in public buildings. The 2014-15 Budget provides $279 million of Proposition 98 funding for qualifying school district energy programs and $28 million for a revolving loan program for K-14 school districts.
- *Quality Education Investment Act* – The 2014-15 Budget authorizes a final payment of $410 million to retire the State's obligation under the Quality Education Investment Act (Stats. 2006, Chapter 751), which required the State to provide additional annual school district and community college district funding payments. Of this amount, $316 million is for continued funding of the QEIA program (including $268 million for school districts) and $94 million is to pay down a separate State obligation related to school facility repairs.
- *Emergency Repair Program* – $189 million of funding towards the Emergency Repair Program ("ERP"), which was created in 2004 to fund critical repair projects at certain low-performing schools. Funds will be allocated to school districts that have unfunded claims for emergency repairs from the most recent ERP award cycle, which occurred in 2008.
- *School Infrastructure* – The 2014-15 Budget shifts existing bonding authority under the Career Technical Education ($4.1 million) and High Performance Initiative ($32.9 million) school facility programs to the New Construction and Modernization facility programs. Bonding authority will be split equally between new construction and modernization.
- *K-12 High- Speed Internet Access* – An increase of $27 million in one-time Proposition 98 funding for the K-12 High Speed Network to provide technical assistance and grants to K-12 local educational agencies required to successfully implement Common Core. These funds will be targeted to those K-12 local educational agencies most in need of help with securing

internet connectivity and infrastructure required to implement the new computer adaptive tests under Common Core.

- *Career Technical Education Pathways Program* – An increase of $250 million in one-time Proposition 98 funding to support competitive grants for participating K-12 local educational agencies. The Career Pathways Trust Program provides grant awards to improve career technical programs and linkages between employers, schools, and community colleges.

For additional information regarding the State's budgets and revenue projections and a more detailed description of the 2014-15 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Governor's Proposed 2015-16 Budget. On January 9, 2015, the Governor released his proposed State budget for fiscal year 2015-16 (the "Proposed Budget"). The following information is taken from the LAO's overview of the Proposed Budget, dated January 13, 2015.

The Proposed Budget assumes, for fiscal year 2014-15, total general fund revenues and transfers of $108 billion and authorizes total expenditures of $111.7 billion. The State is projected to end the 2014-15 fiscal year with a general fund surplus of $2.1 billion, composed of a balance of $452 million in the State's traditional budget reserve and balance of $1.6 billion in the BSA. For fiscal year 2015-16, the Proposed Budget assumes total general fund revenues of $113.4 billion and authorizes expenditures of $113.3 billion. The State is projected to end the 2015-16 fiscal year with a $3.4 billion general fund surplus, composed of a $534 million balance in the budget reserve and $2.8 billion in the BSA. The balance in the BSA includes a $1.2 billion deposit mandated by the provisions of Proposition 2. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2." This $1.2 billion deposit to the BSA reflects half of the total Annual BSA Transfer and Supplemental BSA Transfer required by Proposition 2, and the Proposed Budget allocates the other $1.2 billion towards paying down special fund loans and certain Proposition 98 "settle up" obligations created by previous budgetary legislation that understated the minimum funding guarantee. Under the Proposed Budget, outstanding Proposition 98 settle up obligations at the end of fiscal year 2015-16 total $1.3 billion. The Proposed Budget does not provide for a deposit into the PSSSA, and the Governor does not project that such a deposit will need to be made at any point during the current budgetary forecast period (running through fiscal year 2018-19).

As a result of projected increases to State general fund revenues, as well as certain revisions to student attendance, the Proposed Budget includes revised estimates of the minimum funding guarantees for fiscal years 2013-14 and 2014-15. The 2013-14 minimum funding guarantee is revised upward to $58.7 billion, an increase of $371 million from the estimate included in the 2014-15 Budget. For fiscal year 2014-15, the minimum funding guarantee is revised at $63.2 billion, approximately $2.3 billion higher than that included in the 2014-15 Budget.

For fiscal year 2015-16, the Proposed Budget sets the minimum funding guarantee at $65.7 billion, including $47 billion from the State general fund, and reflects an increase of $2.6 billion (or 4%) from the revised level for fiscal year 2014-15. Despite the increase in the minimum guarantee, the State general fund share is only $371 million. A projected growth in available local property tax collections accounts for the balance, and results primarily from the Governor's assumption that the "triple flip" legislation, which diverts local property tax revenues from school districts and community colleges to local governments, will sunset. For purposes of Proposition 98, fiscal year 2015-16 is a "Test 2" year, and changes in the minimum guarantee are driven primarily by an increase in per-capita personal income. Under the Proposed Budget, total per-student Proposition 98 funding increases to $9,571, an increase of $640 (or 7.2%) from the prior year.

Significant features of the Proposed Budget with respect to K-12 education include the following:

- *Maintenance Factor* – The Proposed Budget authorizes a maintenance factor payment of $725 million owed to school districts and community college districts, leaving an outstanding maintenance factor of $1.9 billion.

- *Local Control Funding Formula* – An additional $4 billion to school districts and charter schools to continue the implementation of the LCFF, reflecting a year-to-year increase of 9%. This amount is estimated to close approximately 32% of the remaining funding gap between fiscal year 2014-15 funding levels and the LCFF target rates. Under the Proposed Budget, the LAO estimates that the LCFF target rates will be approximately 85% funded. The Proposed Budget also provides $109,000 of Proposition 98 funds to support a cost of living adjustment for county offices of education at their target LCFF funding levels.

- *Apportionment Deferrals* –$897 million to eliminate all outstanding K-12 apportionment deferrals.

- *Categorical Programs* – An increase of $71 million to support a 1.58% COLA for selected categorical programs outside of the LCFF.

- *Adult Education* – $500 million in ongoing funding for adult education. This proposal would build on prior budgetary legislation which mandated the establishment of regional adult education consortia composed of school districts, community college districts and certain other stakeholders to for delivery of adult education services. Under the Governor's proposal, the ongoing funding would support programs in elementary and secondary basic skills, citizenship and English as a second language for immigrants, educational programs for disabled adults, short-term career technical education (CTE) and apprenticeship programs. For fiscal year 2015-16 only, these funds would replace, on a dollar-for-dollar basis, LCFF funds currently allocated to school district-run adult education programs in these five areas.

- *Career Technical Education* – $250 million in funding in each of the next three fiscal years to fund a competitive grant initiative the supports K-12 CTE programs that lead to industry-recognized credentials or postsecondary training. Participating school districts, county offices of education and charter schools would be required to match grant contributions dollar-for-dollar, collect accountability data and commit to providing ongoing support to CTE programs after the expiration of grant funding. Applicants would also be expected to partner with local postsecondary institutions, labor organizations and businesses in applying for the grant funds. The Proposed Budget also includes $48 million to extend the Career Technical Education Pathways Grant Program, created as part of the 2013-14 State budgetary legislation. The primary purpose of the program is to improve linkages between CTE programs and schools and community colleges, as well as between K-14 education and local businesses. The California Department of Education and the California Community Colleges Chancellor's Office jointly administer the program and allocate funding through an interagency agreement.

- *Technology Infrastructure* – $100 million in one-time funding to support additional broadband infrastructure improvement grants, and builds on prior funding provided in the 2014-15 Budget for such grants.

- *Emergency Repair Program* – $273 million in one-time funding for the State ERP. See also "—2014-15 Budget" herein. This additional payment is expected to fully retire the State's ERP obligation.

- *Education Mandates* –$1.1 billion to reduce a backlog of unpaid reimbursement claims to school districts for the cost of State-mandated programs. Funds will be distributed to school districts on a per-student basis.

For additional information regarding the Proposed Budget, see the DOF's website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District.

DISTRICT FINANCIAL MATTERS

The information in this section concerning the State funding of public 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 Bonds is payable from State revenues. The Bonds are payable solely from the proceeds of an ad valorem *property tax which is required to be levied by the County in the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

State Funding of Education

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

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

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

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

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

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

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

The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2012-13 and 2013-14, and projected for fiscal year 2014-15.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2012-13 through 2014-15
Bassett Unified School District

	Average Daily Attendance[1]					Enrollment	
Fiscal Year	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment[2]	% of EL/LI Enrollment[2]
2012-13	1,248.74	932.96	720.28	1,183.31	4,085.29	4,194	37%
2013-14	1,291.59	916.15	643.37	1,123.37	3,974.48	4,138	34
2014-15[3]	1,252.83	851.89	633.76	1,149.88	3,888.36	3,959	35

[1] Except for fiscal year 2014-15, reflects P-2 ADA, which ends on or before the last attendance month prior to April 15 of each school year. Includes K-8, home and hospital, and special education. An attendance month is each four week period of instruction beginning with the first day of school for any school district.
[2] Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education.. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students is expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment is based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students will be based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
[3] Projected.
Source: Bassett Unified School District.

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

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

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

Accountability. The State Board of Education has promulgated regulations regarding the expenditure of supplemental and concentration funding, including a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

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

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

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district in identifying and implementing programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. On or before October 1, 2015, the State Board of Education is required to develop rubrics to assess school district performance and the need for support and intervention.

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

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

Other Revenue Sources

Federal Government and Other Local Revenues. The federal government provides funding for several school district programs, including specialized programs such as No Child Left Behind, special education programs, and programs under the Educational Consolidation and Improvement Act. In addition, portions of a school district's budget can come from local sources other than property taxes, including but not limited to interest income, leases and rentals, interagency services, developer fees, foundations, donations and sales of property.

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

Dissolution of Redevelopment Agencies. On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide.

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

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative

costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the State Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the State Controller. If the State Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received had the redevelopment agency existed at that time," and that the county auditor-controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of [ABX1 26] using current assessed values and pursuant to statutory [pass-through] formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its LCFF allocation from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

Developer Fees. The District maintains a fund, separate and apart from the General Fund, to account for developer fees collected by the District. Residential development is assessed a fee of $3.20 per square foot, while commercial development is assessed a fee of $0.51 per square foot. The following table summarizes the revenues received by the District from developer fees over the last five years, with an estimate for fiscal year 2014-15.

DEVELOPER FEES
Fiscal Years 2009-10 through 2014-15
Bassett Unified School District

Year	Developer Fees Collected
2009-10	$29,814
2010-11	45,901
2011-12	95,798
2012-13	26,722
2013-14	167,861
2014-15	116,859

(1) Projected.
Source: Bassett Unified School District.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. The budget process has been further amended by subsequent amendments, including Senate Bill 97, which became law on September 26, 2013 (requiring budgets to include sufficient funds to implement local control and accountability plans), Senate Bill 858, which became law on June 20, 2014 (requiring budgets' ending fund balances to exceed the minimum recommended reserve for economic uncertainties), and Assembly Bill 2585, which became State law on September 9, 2014 (eliminating the dual budget cycle option for school districts).

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

On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any

recommendations made by the county superintendent must be made available by the district for public inspection. No later than September 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

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

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the Los Angeles County Office of Education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The Los Angeles County Office of Education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent two fiscal years. 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.

Each of the District's Interim Financial Reports filed commencing with its first Interim Financial Report for Fiscal Year 2009-10 through its second Interim Financial Report for Fiscal Year 2010-11 received a positive certification from the Los Angeles County Office of Education. Each of the District's Interim Financial Reports filed commencing with its first Interim Financial Report for Fiscal Year 2011-12 through its second Interim Financial Report for Fiscal Year 2012-13 received a qualified certification from the Los Angeles County Office of Education. The District's first and second Interim Financial Reports for Fiscal Year 2013-14 each received a positive certification from the Los Angeles County Office of Education. The District's first Interim Financial Report for Fiscal Year 2014-15 received a qualified certification from the Los Angeles County Office of Education, and the District's second Interim Financial Report for Fiscal Year 2014-15 has received a positive certification. The District has never received a "negative" certification of an Interim Financial Report pursuant to AB 1200.

General Fund Budgeting. The following tables show (i) the District's general fund adopted budgets for the years ended June 30, 2011 through June 30, 2014 and audited general fund results for the fiscal years ending June 30, 2011 through June 30, 2014, and (ii) the District's general fund second interim general fund budget for the fiscal year ended June 30, 2015, respectively.

GENERAL FUND BUDGETING
Fiscal Years 2010-11 through 2013-14
Bassett Unified School District

	Fiscal Year 2010-11		Fiscal Year 2011-12		Fiscal Year 2012-13		Fiscal Year 2013-14	
	Adopted Budget[1]	Audited Actuals[1]	Adopted Budget[1]	Audited Actuals[1]	Adopted Budget[1]	Audited Actuals[1]	Adopted Budget[1]	Audited Actuals[1]
REVENUES:								
Revenue Limit/LCFF Sources	$22,839,005	$24,091,055	$20,335,918	$23,042,608	$20,335,918	$21,989,884	$22,917,230	$30,627,402
Federal Sources	4,318,733	5,623,393	3,241,703	3,113,912	3,241,703	3,274,486	3,479,432	2,645,729
Other State Sources	9,720,577	10,371,891	12,981,804	8,007,914	12,981,804	11,565,150	13,700,772	6,438,975
Other Local Sources	919,800	2,129,022	967,187	2,575,077	967,187	2,476,430	146,000	3,669,911
Total Revenues	37,798,115	42,215,361	37,526,612	36,739,511	37,526,612	39,305,950	40,243,434	43,382,017
EXPENDITURES:								
Current:								
Instruction	22,852,611	23,515,571	22,842,497	22,456,251	22,842,497	21,747,128	21,909,751	23,366,820
Instruction-Related Activities:								
Supervision of Instruction	1,026,023	922,239	863,283	1,003,608	955,645	832,708	1,713,875	1,377,239
Instructional Library, Media, Technology	701,651	630,678	891,820	1,036,783	486,608	347,930	1,338,714	995,099
School Site Administration	2,454,343	2,206,082	1,776,085	2,064,783	2,088,935	1,973,901	1,542,644	1,162,782
Pupil Services:								
Home-to-School Transportation	540,218	544,204	552,649	511,881	531,634	393,731	207,873	177,325
All Other Pupil Services	2,351,361	2,368,710	2,314,789	2,144,031	2,335,804	1,971,000	2,729,693	2,475,696
General Administration:								
Data Processing	760,765	646,833	675,242	827,584	705,806	869,178	423,543	395,974
All Other General Administration	3,827,166	3,254,008	3,146,630	3,856,542	3,116,066	3,572,467	3,764,763	3,817,315
Plant Services	6,336,468	5,150,160	5,891,638	5,369,679	5,891,638	4,913,234	4,844,170	5,285,526
Facility Acquisition and Construction	--	216,889	--	--	--	--	--	--
Ancillary Services	383,888	408,535	434,428	364,298	434,428	367,501	431,821	431,821
Other Outgo	1,238,058	2,794,379	3,095,753	1,159,939	3,095,753	1,445,717	2,392,840	2,751,695
Total Expenditures	42,472,553	42,658,288	42,484,814	40,795,381	42,484,814	38,434,495	41,299,687	42,237,292
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,674,438)	(422,927)	(4,958,202)	(4,055,870)	(4,958,202)	871,455	(1,056,253)	1,144,725
OTHER FINANCING SOURCES (USES):								
Transfers In	--	--	1,250,000	--	--	--	1,415,000	--
Transfers Out	--	--	--	--	--	--	--	(1,109,839)
Other Sources/(Uses)	--	--	--	--	--	--	--	--
Total Financing Sources (Uses)	--	--	1,250,000	--	--	--	1,415,000	(1,109,839)
NET CHANGE IN FUND BALANCES	(4,674,438)	(422,927)	(3,708,202)	(4,055,870)	(4,958,202)	871,455	358,747	34,886
FUND BALANCE, JULY 1	9,706,122	9,706,122	5,207,329	9,263,195	6,457,327	5,207,325	6,078,780	6,078,780
FUND BALANCE, JUNE 30	$5,031,684	$9,263,195	$1,499,127	$5,207,325	$1,499,125	$6,078,780	$6,437,527	$6,113,666

[1] From the District's Comprehensive Audited Financial Statements for fiscal years 2010-11 through 2013-14.
Source: Bassett Unified School District.

GENERAL FUND BUDGETING
Fiscal Year 2014-15
Bassett Unified School District[1]

	Fiscal Year 2014-15 Second Interim Budget
REVENUES:	
LCFF Sources	$35,556,878
Federal Sources	2,784,358
Other State Sources	1,577,469
Other Local Sources	4,078,116
Total Revenues	43,996,821
EXPENDITURES:	
Certificated Salaries	18,454,572
Classified Salaries	6,401,309
Employee Benefits:	6,162,045
Books and Supplies	2,383,024
Services and Other Operating Expenditures	7,249,504
Capital Outlay	90,030
Other Outgo (excluding Transfers of Indirect Costs)	2,485,456
Transfers of Indirect Costs	(140,136)
Total Expenditures	43,085,804
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	911,017
OTHER FINANCING SOURCES (USES):	
Transfers In	715,000
Transfers Out	1,478,364
Other Sources/(Uses)	--
Total Financing Sources (Uses)	(763,364)
NET CHANGE IN FUND BALANCES	147,653
FUND BALANCE, JULY 1	6,113,666
FUND BALANCE, JUNE 30	$6,261,319

[1] Budget numbers are not yet available in object-oriented format. As approved by the Board on March 10, 2015.
Source: Bassett Unified School District.

General Fund Reserves

The State Board of Education has historically adopted a policy to maintain a general fund reserve for economic uncertainty that meets or exceeds the requirements of California Education Code; these requirements currently mandate that the District's general fund reserve exceed 3% of its total general fund expenditures, transfers out, and other uses. The District's Board further directs the District to maintain a reserve of at least 3% of the District's general fund expenditures and other financing uses (the "Policy"). Because amounts in the District's nonspendable, restricted, committed, and assigned accounting categories are subject to varying constraints on their use, the District's general fund reserve balance consists of balances that are otherwise unassigned. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein regarding a potential cap on future district general fund reserves.

Accounting Practices

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

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

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

Comparative Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2014, and prior fiscal years are on file with the District and available for public inspection at the Assistant Superintendent/Chief Business Official of the District, 904 North Willow Avenue, La Puente, California 91746. Excerpts from the District's audited financial statements for the year ended June 30, 2014 are included for reference in APPENDIX B hereto. The District did not request, and the auditor did not provide, any review of such audited financial statements in connection with their inclusion in this Official Statement.

The following table reflects the District's general fund revenues, expenditures and changes in fund balance for fiscal years 2009-10 through 2013-14.

AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal Years 2009-10 through 2013-14
Bassett Unified School District

	Audited Actuals 2009-10	Audited Actuals 2010-11	Audited Actuals 2011-12	Audited Actuals 2012-13	Audited Actuals 2013-14
REVENUES:					
Revenue Limit/LCFF Sources	$25,076,595	$24,091,055	$23,042,608	$21,989,884	$30,627,402
Federal Sources	5,655,635	5,623,393	3,113,912	3,274,486	2,645,729
Other State Sources	14,065,670	10,371,891	8,007,914	11,565,150	6,438,975
Other Local Sources	1,023,798	2,129,022	2,575,077	2,476,430	3,669,911
Total Revenues	45,821,698	42,215,361	36,739,511	39,305,950	43,382,017
EXPENDITURES:					
Current:					
Instruction	25,079,999	23,515,571	22,456,251	21,747,128	23,366,820
Instruction-Related Activities:					
Supervision of Instruction	1,492,020	922,239	1,003,608	832,708	1,377,239
Instructional Library, Media and Technology	538,082	630,678	1,036,783	347,930	995,099
School Site Administration	2,393,547	2,206,082	2,064,783	1,973,901	1,162,782
Pupil Services:					
Home-to-School Transportation	574,515	544,204	511,881	393,731	177,325
All Other Pupil Services	2,262,094	2,368,710	2,144,031	1,971,000	2,475,696
General Administration:					
Data Processing	657,993	646,833	827,584	869,178	395,974
All Other General Administration	4,830,504	3,254,008	3,856,542	3,572,467	3,817,315
Plant Services	5,613,845	5,150,160	5,369,679	4,913,234	5,285,526
Facility Acquisition and Construction	1,615,585	216,889	--	--	--
Ancillary Services	407,287	408,535	364,298	367,501	431,821
Other Outgo	1,504,468	2,794,379	1,159,939	1,445,717	2,751,695
Total Expenditures	46,969,939	42,658,288	40,795,381	38,434,495	42,237,292
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,148,241)	(422,927)	(4,055,870)	871,455	1,144,725
Other Sources/(Uses)	--	--	--	--	(1,109,839)
Net Change in Fund Balances	(1,148,241)	(422,927)	(4,055,870)	871,455	34,886
Fund Balance – July 1,	10,854,363	9,706,122	9,263,195	5,207,325	6,078,780
Fund Balance – June 30	$9,706,122	$9,263,195	$5,207,325	$6,078,780	$6,113,666

Source: Bassett Unified School District.

BASSETT UNIFIED SCHOOL DISTRICT

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

Introduction

The District encompasses approximately eight square miles in eastern Los Angeles County, serving the cities of La Puente and Industry and a small, adjacent portion of Baldwin Park. The District operates three elementary schools for students in kindergarten through fifth grade, one magnet school academy for students in kindergarten through eighth grade, one middle school for students in sixth through eighth grade, one high school for students in ninth through twelfth grade, one continuation high school, and one adult school. For fiscal year 2014-15, the District has an enrollment of 3,959 students. Taxable property within the District has a total fiscal year 2014-15 assessed valuation of $1,931,426,410.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting: Bassett Unified School District, 904 North Willow Avenue, La Puente, California 91746, attention: Assistant Superintendent/Chief Business Official.

Administration

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

BOARD OF EDUCATION
Bassett Unified School District

Name	Office	Term Expires
Paul Solano	President	December 2018
Dolores Rivera	Vice President	December 2018
Javier Romo	Clerk	December 2018
Joe Medina	Member	December 2015
Patrice Stanzione	Member	December 2015

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Currently, Alex J. Rojas, Ed.D. is the Superintendent of the District. Brief biographies of the Superintendent and the Assistant Superintendent/Chief Business Official follow:

Alex J. Rojas, Ed.D., Superintendent. Dr. Alex J. Rojas was named Superintendent of the District as of July 1, 2014. Immediately prior, he served as Deputy Superintendent of the District from April 2014 to June 30, 2014. Prior to joining the District, he served as the Superintendent of the La Puente Valley Regional Occupational Program, a collaborative career technical education program serving three school districts, including the District from 2013 to 2014. Dr. Rojas previously served as Assistant Superintendent of Administrative Services for the Tustin Unified School District from 2011 to 2013, and as the Director of Educational Services for the Glendale Unified School District from 2009 to 2011. He has also served as a school principal, assistant principal and middle school teacher. Dr. Rojas received his doctorate in education from the University of Southern California, his master's degree from Azusa Pacific University, and his bachelor's degree from California State University, Fullerton.

Arturo Sanchez-Macias, Assistant Superintendent/Chief Business Official. Mr. Arturo Sanchez-Macias has served as the District's Assistant Superintendent/Chief Business Official since September 2014. Immediately prior, he served as the District's Accountant for the School Nutrition Program from January 2013 to September 2014. Prior to serving the District, he obtained extensive private and public service experience. From 2012 through 2013, Mr. Sanchez – Macias served as Internal Audit, Gaming and Compliance Director for the Agua Caliente Band of Cahuilla Indians. From 2011 through 2012, he served as opening Director of Finance responsible for the re-branding of the SE Hotel, to the Hotel Palomar San Diego. Mr. Sanchez-Macias served as an Income Auditor, Front Office Manager, and Director of Finance for Marriott Hotels and Resorts from 2006 to 2011. Mr. Sanchez – Macias holds a master's degree in Public Administration, a master's degree in International Business, and a bachelor's degree in Economics all from Universidad Autonoma de Mexico, and a certification from el Colegio de Economistas de Mexico. He is currently pursuing his Chief Business Official Certification from the University of California, Riverside.

Average Daily Attendance and Enrollment

The following table reflects the ADA and enrollment for the District for the last seven years and an estimate for 2014-15:

AVERAGE DAILY ATTENDANCE AND ENROLLMENT
Fiscal Years 2007-08 through 2014-15
Bassett Unified School District

Fiscal Year	Average Daily Attendance	Annual Change In ADA	Enrollment
2007-08	4,974.06	--	5,231
2008-09	4,787.51	(186.55)	5,033
2009-10	4,585.77	(201.74)	4,839
2010-11	4,366.10	(219.67)	4,526
2011-12	4,233.35	(132.75)	4,305
2012-13	4,085.29	(148.06)	4,194
2013-14	3,974.48	(110.81)	4,138
2014-15[(1)]	3,888.36	(86.12)	3,959

[(1)] Projected.
Source: Bassett Unified School District.

Labor Relations

As of January 1, 2015, the District employed 221 full-time certificated employees and 264 classified employees. In addition, the District employs approximately 107 part-time faculty and staff. District employees, except management and some part-time employees, are represented by two employee bargaining units, as noted below:

BARGAINING UNITS
Bassett Unified School District

Labor Organization	Number of Employees in Organization	Contract Expiration Date
Bassett Teachers' Association	221	June 30, 2015
California School Employees Association	264	June 30, 2012[1]

[1] Members are working under the terms of their expired contract.
Source: Bassett Unified School District.

District Retirement Programs

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

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

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, neither the employee, employer or State contribution rate to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed the legislation described below to increase contribution rates.

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

1, 2014, the employee contribution rates will increase over a three year phase in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.15%	8.150%
July 1, 2015	9.20	8.560
July 1, 2016	10.25	9.205

Source: AB 1469.

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

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

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

Source: AB 1469.

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

The District's contributions to STRS were $1,643,146 for fiscal year 2011-12, $1,524,168 for fiscal year 2012-13, and $1,591,539 for fiscal year 2013-14. The District has estimated its STRS contributions to be $1,758,807 in fiscal year 2014-15.

The State also contributes to STRS, currently in an amount equal to 3.454% of teacher payroll for fiscal year 2014-15. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Pursuant to AB

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

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2013 included 1,580 public agencies and schools (representing more than 2,500 entities). PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the PERS Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.847% of eligible salary expenditures for fiscal year 2015-16. Participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal year 2014-15. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $822,120 for fiscal year 2011-12, $738,947 for fiscal year 2012-13, and $797,629 for fiscal year 2013-14. The District has estimated its PERS contributions to be $1,204,516 in fiscal year 2014-15.

For further information about the District's contributions to STRS and PERS, see "APPENDIX B – EXCERPTS OF AUDITED FINANCIAL STATEMENTS FOR BASSETT UNIFIED SCHOOL DISTRICT DATED JUNE 30, 2014 – Notes to Financial Statements, Note 7" herein.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking"

information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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

STRS

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

PERS

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

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets.
(3) Excludes assets allocated to the SBPA reserve.
(4) Reflects actuarial value of assets.
(5) On April 14, 2015, the PERS Finance & Administration Committee approved the K-14 school district contribution rate for fiscal year 2015-16 and released certain actuarial information to be incorporated into the June 30, 2014 actuarial valuation to be released in summer 2015.
(6) Figures not provided.

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

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

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

On March 14, 2012, the PERS Board of Administration (the "PERS Board") voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. As one consequence of such decrease, the annual contribution amounts paid by PERS member public agencies, including the District, have been increased by 1 to 2% for miscellaneous plans and by 2 to 3% for safety plans beginning in fiscal year 2013-14. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%.

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

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

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

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

Early Retirement Incentive Program. All full-time certificated employees, as well as certain classified employees, are eligible to participate in the District's early retirement incentive program (the "ERIP"), pursuant to the terms of their bargaining unit contracts and provided such employees attain age 55 with at least 15 years of service to the District. ERIP benefit recipients receive annual benefit

payments ranging in amount from $2,000 to $7,500, paid in equal installments, for terms ranging from five years to life. The ERIP benefit is paid out annually to the retiree in equal installments.

Additionally, on April 3, 2012, the District entered into a Memorandum of Understanding (the "MOU") with the Bassett Teachers' Association, pursuant to which certificated non-management employees became eligible for the following early retirement benefits: (i) employees that attained age 65 or older by June 30, 2013 receive a one-time payment from the District of $22,000 upon separation from service pursuant to the MOU; (ii) employees that attained age 64 by June 30, 2013 receive a one-time payment from the District of $41,250 upon separation from service pursuant to the MOS; and (iii) employees that attained age 55 but who have not yet reached age 64 by June 30, 2013 receive a one-time payment from the District of $52,250 upon separation from service pursuant to the MOU.

As of June 30, 2014, 70 employees participated in the ERIP or received benefits pursuant to the MOU, and the District's obligations under the ERIP and MOU totaled $926,460.

Other Postemployment Benefits

Benefit Plan and Funding Policy. The District provides supplemental postemployment health care benefits (the "OPEB") to eligible employees who retire from the District on or after attaining age 55 (to age 65). On June 30, 2014, five retirees and beneficiaries met these eligibility requirements and were OPEB recipients, and the OPEB plan had 343 active members.

The District currently finances the OPEB on a "pay-as-you-go" basis, with additional amounts paid to prefund benefits if so determined annually by the OPEB plan governing board. The District's contributions to the OPEB were $95,456 in fiscal year 2011-12 (all of which was used for current premiums), $113,786 in fiscal year 2012-13 (all of which was used for current premiums), and $94,867 in fiscal year 2013-14 (all of which was used for current premiums).

Accrued Liability. The District has implemented GASB Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, pursuant to which the District has commissioned and received several actuarial studies of its outstanding liabilities with respect to the OPEB. The most recent of these studies (the "Study"), determined that the actuarial accrued liability ("AAL") with respect to the OPEB, as September 1, 2013, was $2,668,994, and the unfunded actuarial accrued liability ("UAAL") with respect to the OPEB, as of October 1, 2013, was $2,668,994. The Study also concluded that the annual required contributions (the "ARC") for the District's fiscal year 2013-14 was $221,553. The ARC is the amount that would be necessary to fund the value of future benefits earned by current employees during each fiscal year (the "Normal Cost") and the amount necessary to amortize the AAL, in accordance with the GASB Statements Nos. 43 and 45; the ARC is expected to increase each year based on covered payroll.

As of June 30, 2014, the District recognized a long-term obligation (the "Net OPEB Obligation") of $802,656 with respect to its accrued liability for the OPEB. The Net OPEB Obligation is based on the District's contributions towards the ARC during fiscal year 2013-14 and earlier years. See "APPENDIX B – EXCERPTS OF AUDITED FINANCIAL STATEMENTS FOR BASSETT UNIFIED SCHOOL DISTRICT DATED JUNE 30, 2014 – Notes to Financial Statements, Note 8" herein.

Risk Management and Joint Powers Authorities

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District is a member with other school districts in the Alliance for School's Cooperative Insurance

Programs ("ASCIP") joint powers agency and the Schools Excess Liability Fund ("SELF" and together with ASCIP, the "JPAs") for common risk management and insurance related to (i) property/casualty liability, (ii) general liability, and (iii) workers' compensation. Employee life, health, and disability benefits are covered by a commercial insurance policy purchased by the District. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of Fiscal Years 2011-12, 2012-13, or 2013-14. There was not a significant reduction in any of these coverages between Fiscal Year 2012-13 and Fiscal Year 2013-14. The District believes its insurance coverages are adequate, customary and comparable with such insurance maintained by similarly situated school districts. The relationship between the District and the JPAs is such that none of the JPAs are a component unit of the District for financial reporting purposes.

See "APPENDIX B – EXCERPTS OF AUDITED FINANCIAL STATEMENTS FOR BASSETT UNIFIED SCHOOL DISTRICT DATED JUNE 30, 2014 – Notes to Financial Statements, Notes 11 and 14" herein.

District Debt Structure

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

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2014 is shown below:

	Balance as of July 1, 2013	Additions	Deductions	Balance June 30, 2014
General Obligation Bonds	$43,616,648	$762,828	($740,000)	$43,639,476
Capital Lease Obligations	2,749,211	--	(159,000)	2,590,211
ERIP[(1)]	1,365,670	--	(439,210)	926,460
OPEB[(1)(2)]	675,970	221,553	(94,867)	802,656
Compensated Absences[(1)]	477,707	106,206	(109,230)	474,683
Total	$48,885,206	$1,090,587	($1,542,307)	$48,433,486

(1) Payments on the ERIP and OPEB are made from the District's General Fund. Payments on the compensated absences are made from the fund for which the related employee worked.

(2) Reflects the District's contributions towards its actuarially-determined ARC during fiscal year 2013-14. See "BASSETT UNIFIED SCHOOL DISTRICT – Other Post-Employment Benefits" herein.

Source: Bassett Unified School District.

General Obligation Bonds. On November 2, 2004, the voters of the District approved the issuance of not-to-exceed $23,000,000 of general obligation bonds (the "2004 Authorization"). On March 10, 2005, the District issued its Election of 2004 General Obligation Bonds, Series 2005A in the aggregate principal amount of $12,363,351.50 (the "2004 Series A Bonds") pursuant to the 2004 Authorization. On August 2, 2006, the District issued its Election of 2004 General Obligation Bonds, Series B in the aggregate principal amount of $6,614,360.70 (the "2004 Series B Bonds") and its Election of 2004 General Obligation Bonds, Series C in the aggregate principal amount of $4,021,831.55 (the "2004 Series C Bonds"), both pursuant to the 2004 Authorization and as the final bond issuances thereunder.

On November 7, 2006, the voters of the District approved the issuance of not-to-exceed $20,000,000 of general obligation bonds (the "2006 Authorization"). On September 5, 2007, the District issued its Election of 2006 General Obligation Bonds, Series 2007 in the aggregate principal amount of $14,999,566.05 (the "2006 Series A Bonds") pursuant to the 2006 Authorization. On January 31, 2008, the District issued its Election of 2006 General Obligation Bonds, Series B in the aggregate principal amount of $4,999,970.20 (the "2006 Series B Bonds") pursuant to the 2006 Authorization and as the final bond issuance thereunder.

On December 17, 2014, the District issued its 2014 General Obligation Refunding Bonds, Series A in the aggregate principal amount of $8,690,000 (the "2014 Refunding Bonds, Series A") to refund portions of the District's then-outstanding 2004 Series A Bonds and 2004 Series B Bonds. On May 5, 2015, the District will issue its 2014 General Obligation Refunding Bonds, Series B pursuant to a forward delivery arrangement in the aggregate principal amount of $6,415,000 (the "2014 Refunding Bonds, Series B") to refund additional portions of the District's then-outstanding 2004 Series A Bonds and 2004 Series B Bonds.

The District received authorization at the Election, held on November 4, 2014, by at least 55% of the votes cast by eligible voters within the District to issue $30,000,000 maximum principal amount of general obligation bonds (the "2014 Authorization"). The Bonds represent the first series of bonds issued pursuant to the 2014 Authorization. After the issuance of the Bonds, $20,100,000 of the 2014 Authorization will remain unissued.

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GENERAL OBLIGATION BONDED INDEBTEDNESS – ANNUAL DEBT SERVICE REQUIREMENTS
Bassett Unified School District

Year Ending	2004 Series A Bonds[1]	2004 Series B Bonds[1]	2004 Series C Bonds[1]	2006 Series A Bonds[1]	2006 Series B Bonds[1]	2014 Refunding Bonds, Series A[1]	2014 Refunding Bonds, Series B[1]	The Bonds[1]	Total Annual Debt Service
2015	$416,000.00	--	--	$1,052,898.76	$59,860.00	$420,653.33	$76,623.61	$72,823.07	$2,098,858.77
2016	450,000.00	--	--	1,079,498.76	59,860.00	387,400.00	320,750.00	994,243.76	3,291,752.52
2017	500,000.00	--	--	1,098,848.76	144,860.00	390,200.00	320,750.00	1,095,493.76	3,550,152.52
2018	550,000.00	--	--	1,121,173.76	166,375.00	392,900.00	320,750.00	348,143.76	2,899,342.52
2019	--	--	--	1,149,918.76	181,865.00	510,500.00	740,750.00	357,743.76	2,940,777.52
2020	--	--	--	1,173,200.00	206,535.00	525,700.00	774,750.00	372,143.76	3,052,328.76
2021	--	--	--	1,194,075.00	229,975.00	527,700.00	826,000.00	386,243.76	3,163,993.76
2022	--	--	--	1,221,500.00	257,185.00	538,950.00	863,500.00	395,043.76	3,276,178.76
2023	--	--	--	1,246,000.00	282,960.00	523,950.00	942,750.00	413,643.76	3,409,303.76
2024	--	--	--	1,272,750.00	312,300.00	569,950.00	956,500.00	426,731.26	3,538,231.26
2025	--	--	--	1,300,750.00	335,000.00	589,300.00	997,750.00	438,581.26	3,661,381.26
2026	--	--	--	1,329,750.00	365,000.00	592,750.00	1,050,000.00	454,981.26	3,792,481.26
2027	--	--	--	1,354,500.00	400,000.00	610,750.00	1,102,500.00	470,781.26	3,938,531.26
2028	--	--	--	1,385,000.00	430,000.00	1,762,850.00	--	490,981.26	4,068,831.26
2029	--	--	--	1,415,000.00	465,000.00	1,833,006.26	--	505,200.00	4,218,206.26
2030	--	--	--	1,445,000.00	505,000.00	1,907,268.76	--	522,000.00	4,379,268.76
2031	--	$2,190,000.00	--	--	2,015,000.00	--	--	542,800.00	4,747,800.00
2032	--	--	$2,100,000.00	1,500,000.00	--	--	--	562,400.00	4,162,400.00
2033	--	--	2,185,000.00	--	1,500,000.00	--	--	580,800.00	4,265,800.00
2034	--	--	2,270,000.00	--	1,500,000.00	--	--	598,000.00	4,368,000.00
2035	--	--	2,250,000.00	--	1,500,000.00	--	--	624,000.00	4,374,000.00
2036	--	--	2,250,000.00	--	1,500,000.00	--	--	643,400.00	4,393,400.00
2037	--	--	2,250,000.00	--	1,000,000.00	--	--	666,400.00	3,916,400.00
2038	--	--	2,050,000.00	--	--	--	--	687,800.00	2,737,800.00
2039	--	--	2,050,000.00	--	--	--	--	712,600.00	2,762,600.00
2040	--	--	2,050,000.00	--	--	--	--	740,600.00	2,790,600.00
2041	--	--	2,050,000.00	--	--	--	--	761,600.00	2,811,600.00
2042	--	--	2,050,000.00	--	--	--	--	790,800.00	2,840,800.00
2043	--	--	2,050,000.00	--	--	--	--	817,800.00	2,867,800.00
2044	--	--	--	--	--	--	--	847,600.00	847,600.00
Total	$1,916,000.00	$2,190,000.00	$25,605,000.00	$21,339,863.80	$13,416,775.00	$12,083,828.35	$9,293,373.61	$17,321,379.45	$103,166,220.21

[1] Semi-annual interest payments thereon are due each February 1 and August 1. Principal thereof payable on August 1 of each year.

Capital Lease Obligations. The District has entered into agreements to lease facilities and equipment. Payments on the District's capital lease obligations are made from the District's Deferred Maintenance Fund. As of June 30, 2014, the District's capital lease obligations had aggregate minimum lease payments as follows:

Year Ending (June 30)	Lease Payment
2015	$282,300
2016	282,300
2017	282,300
2018	282,300
2019	282,300
2020-2024	1,411,500
2025-2026	564,552
Total	$3,387,552

Source: Bassett Unified School District.

See also "APPENDIX B – EXCERPTS OF AUDITED FINANCIAL STATEMENTS FOR BASSETT UNIFIED SCHOOL DISTRICT DATED JUNE 30, 2014 – Notes to Financial Statements, Note 6" herein.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

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

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

income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

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

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

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS SUCH AS THE BONDS. THE INTRODUCTION OR ENACTMENT OF ANY SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

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

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of

interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

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

LEGAL MATTERS

Legality for Investment in California

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

Continuing Disclosure

Current Undertaking. The District has covenanted in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District by not later than nine months following the end of the District's Fiscal Year (presently ending June 30) (the "Annual Report"), commencing with the report of Fiscal Year ending June 30, 2015, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of material events will be filed by the District with the Municipal Securities Rulemaking Board, as repository. The specific nature of the information to be contained in the Annual Report and the notice of material events is set forth in "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years, the District has failed to timely file certain of the District's material event notices, relating to (i) the District's ratings and (ii) the ratings of bond insurers insuring the District's then-outstanding general obligation bonds, all as required by its prior continuing disclosure undertakings pursuant to the Rule. Additional information regarding the District's filings in the past five years is available on http://www.emma.msrb.org. However, the information presented on such website is not incorporated herein by any reference.

Future Undertakings. For the 2014-15 fiscal year, the District has retained has engaged Mission Trail Advisors, San Francisco, California, to assist the District with the preparation and filing of future annual reports and material event notices required under its existing continuing disclosure obligations with respect to the District's outstanding general obligation bonds, including the Bonds.

Absence of Material Litigation

There is no action, suit, or proceeding known to be pending or threatened, to restrain or enjoin the execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect thereto. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

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

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

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

MISCELLANEOUS

Ratings

The Bonds have been assigned a rating of "AA" by S&P, based upon the issuance of the Policy by BAM. The Bonds have also been assigned an underlying rating of "A+" by S&P. The ratings reflect only the views of the rating agency, and any explanation of the significance of such ratings should be obtained from the rating agency at the following address: Standard & Poor's, a Division of The McGraw-Hill Companies, 55 Water Street, 45th Floor, New York, NY 10041.

Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Financial Statements

Excerpts from the District's audited financial statements with required supplemental information for the year ended June 30, 2014, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated February 13, 2015 of Vasquez & Company LLP, independent accountants (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of the excerpts from financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Underwriting

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed, pursuant to a purchase contract by and between the District and the Underwriter (the "Purchase Contract"), to purchase all of the for a purchase price of $9,876,053.45 (consisting of the principal amount of the Bonds of $9,900,000.00, plus net original issue premium of $91,335.55, less an underwriting discount of $99,000.00, and less $16,282.10 to be retained by the Underwriter and wired directly to the Insurer for the municipal bond insurance policy premium).

The Purchase Contract related to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth therein, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices. The offering prices may be changed from time to time by the Underwriter.

Financial Advisor

Isom Advisors, a Division of Urban Futures, Walnut Creek, California (the "Financial Advisor") has assisted the District in matters relating to the planning, structuring, and sale of the Bonds, and has provided general financial advisory services to the District with respect to the sale of the Bonds. The Financial Advisor provides financial advisory services only and does not engage in the underwriting, marketing, or trading of municipal securities or other negotiable instruments. The payment of fees of the Financial Advisor is contingent upon the closing of the transaction.

Additional Information

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

Some of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

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

BASSETT UNIFIED SCHOOL DISTRICT

By: /s/ Arturo Sanchez-Macias
Arturo Sanchez-Macias
Assistant Superintendent/Chief Business Official

APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

May 20, 2015

Board of Education
Bassett Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $9,900,000 Bassett Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series A (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, a 55% vote of the qualified electors of the Bassett Unified School District (the "District") voting at an election held on November 4, 2014 and a resolution of the Board of Education of the District (the "Resolution").

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

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It should be noted that, with respect to corporations, such interest is may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

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

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income

of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

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

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

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

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

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

Respectfully submitted,

APPENDIX B

EXCERPTS OF AUDITED FINANCIAL STATEMENTS FOR BASSETT UNIFIED SCHOOL DISTRICT DATED JUNE 30, 2014

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Audited Financial Statements
Bassett Unified School District
Year ended June 30, 2014
with Report of Independent Auditors

An Independently Owned Member
McGLADREY ALLIANCE
McGladrey

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

GOVERNING BOARD

Member	Office	Term Expires
Paul Solano	President	2018
Dolores Rivera	Vice President	2018
Javier Romo	Clerk	2018
Joe Medina	Member	2015
Patrice Stanzione	Member	2015

ADMINISTRATION

Alex Rojas	Superintendent
Arturo Sanchez-Macias	Asst. Superintendent, Adminstrative Services/CBO
Julio Fonseca	Associate Superintendent
Martha Arceo	Executive Director, Curriculum & Instruction

PAGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

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OFFICE LOCATIONS:
Los Angeles
Sacramento

Report of Independent Auditors

The Honorable Board of Trustees
Bassett Unified School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bassett Unified School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bassett Unified School District as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, are presented for the purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards which is required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and the Combining Statements - Nonmajor Governmental Funds, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vasquez & Company LLP

Los Angeles, California
February 13, 2015

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Management’s Discussion and Analysis

Bassett Unified School District
904 N. Willow Ave.
La Puente, CA 91746-1696
(626) 931-3000

This section of Bassett Unified School District's (the "District") (2013-14) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014 with comparative totals for June 30, 2013. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The Bassett Unified School District has ended the 2013-14 fiscal year with a net position of $37.17 million which was lower by $2.07 million from the prior year. The District continues to experience a decline in enrollment which results in lower attendance. Average Daily Attendance (ADA) and current year's enrollment are now factored in the calculation of the newly approved Local Control Funding Formula (LCFF) or AB 97, signed by Governor Brown on June 27, 2013. The LCFF is the major financing resource, which represents approximately 59% of the district's actual revenues. The significant changes in the District's net position and changes in net position are discussed below.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-Wide Financial Statements

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes *all* of the District's assets and liabilities with the exception of other post-employment benefits. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two District-Wide Financial Statements report the District's *net position* and how they have changed. Net position – the difference between the District's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources - are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are shown as governmental activities.

Governmental Activities

Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term obligations) or to show that it is properly using certain revenues (like State grants for building projects).

The District has two kinds of funds:

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

Fiduciary Funds - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position was $37.2 million for the fiscal year ended June 30, 2014. Of this amount, $6.5 million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the School Board's ability to use those net position for day-to-day operations. The analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	2014	2013
Assets		
Current and other assets	**$ 28,646,465**	$ 34,498,568
Capital assets	**64,771,801**	66,838,938
Total assets	**93,418,266**	101,337,506
Liabilities and deferred inflows of resources		
Current liabilities	**6,923,784**	11,198,942
Long-term liabilities	**48,433,486**	48,885,206
Unearned revenue	**892,242**	1,382,481
Total liabilities and deferred inflows of resources	**56,249,512**	61,466,629
Net position		
Net investment in capital assets	**21,691,534**	24,495,544
Restricted	**8,937,199**	2,161,693
Unrestricted	**6,540,021**	13,213,640
Total net position	**$ 37,168,754**	$ 39,870,877

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 presents total revenues and total expenses for governmental activities by category.

Table 2

		Governmental Activities		
		2014		2013
Revenues				
Program revenues:				
Charges for services	**$**	**2,298,717**	$	4,019,794
Operating grants and contributions		**12,540,023**		20,753,925
General revenues				
State revenue limit sources		**30,629,264**		20,221,106
Property taxes		**6,311,658**		6,358,472
Other general revenues		**322,540**		455,368
Total revenues		**52,102,202**		51,808,665
Expenses				
Instruction related		**32,762,861**		31,527,153
Pupil services		**5,891,882**		5,293,614
General administration		**4,188,306**		4,797,258
Plant services		**6,326,222**		5,235,831
Other (other outgo, interest on long-term obligations)		**5,635,054**		4,145,933
Total expenses		**54,804,325**		50,999,789
Change in net position	**$**	**(2,702,123)**	$	808,876

The District's expenses are predominantly related to education of students which represent 70.5 percent. The general administrative activities of the District accounted for only 7.6 percent of total costs.

Governmental Activities

Table 3 presents the costs of five major District activities: instruction-related, pupil services, general administration, plant services, and other (other outgo, depreciation, interest on long-term obligations). The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

The cost of all *governmental* activities was $54.8 million during the year ended June 30, 2014.

- The Federal and State governments subsidized certain programs with grants and contributions.
- District taxpayers and the taxpayers of our State, however, financed most of the District's costs.
  - This portion of governmental activities was financed with $6.31 million in property taxes, and $30.6 million of unrestricted State aid based on the statewide education aid formula.

Table 3

	Governmental Activities			
	2014		2013	
	Total Cost of Services	**Net Cost of Services**	Total Cost of Services	Net Cost of Services
Instruction related	**$ 32,762,861**	**$ 26,504,984**	$ 31,527,153	$ 16,600,752
Pupil services	**5,891,882**	**187,050**	5,293,614	(758,125)
General administration	**4,188,306**	**4,188,306**	4,797,258	2,692,144
Plant services	**6,326,222**	**6,019,297**	5,235,831	5,235,831
Other (other outgo, ancillary services, enterprise services, interest on long-term obligations)	**5,635,054**	**3,065,948**	4,145,933	2,455,468
Total	**$ 54,804,325**	**$ 39,965,585**	$ 50,999,789	$ 26,226,070

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported *combined* fund balances of $21.5 million compared to $22.5 million in the prior year. This decline of $1.0 million is attributable mainly to the decrease in the Building Fund balance during the year ended June 30, 2014.

General Fund Budgetary Highlights

According to Education Code (EC) Sections 42600-42603, and 42610, over the course of the year, the District revised its annual operating budget several times. These budget amendments fall into two categories:

- To reflect State budget changes.
- To control and monitor budget to prevent expenditure overruns.

While the District's final adopted budget for the General Fund anticipated that expenditures and other financing uses would exceed revenues by $1.8 million, the actual results for the year showed that revenues exceeded expenditures by $35 thousand; increasing the fund balance by the same amount.

- Actual revenues were approximately $3.20 million higher than the final adopted budget.
- The actual expenditures were slightly higher by $215 thousand than the final adopted budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014, the District had invested $64,771,801 (net of accumulated depreciation of $24,407,585) in a broad range of capital assets, including building and building improvements, furniture, computer and audiovisual equipment (See Table 4). More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was $2,502,947.

Table 4

	Governmental Activities	
	2014	2013
Land and construction in progress	**$ 1,673,224**	$ 1,794,440
Building and improvements	**58,233,770**	59,402,573
Furniture and equipment	**4,864,807**	5,641,925
	$ 64,771,801	$ 66,838,938

Long-Term Obligations

At year-end, the District had $48,433,486 in long-term obligations outstanding - a decrease of 1.00 percent from last year. Refer also to Table 5. (More detailed information about the District's long-term obligations is presented in Note 6 to the financial statements.)

Table 5

	Governmental Activities	
	2014	2013
General obligation bonds	**$ 43,639,476**	$ 43,616,648
Compensated absences	**474,683**	477,707
Retirement incentive program	**926,460**	1,365,670
Capital leases	**2,590,211**	2,749,211
OPEB obligation - net	**802,656**	675,970
Total	**$ 48,433,486**	$ 48,885,206

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has been positively impacted due to the implementation of LCFF FY 2014-2015. While the statutory COLA is forecasted to be 2.5% between 2014-15 and 2017-2018, the biggest financial impact came from the Supplemental and Concentration Grants of LCFF 2014-2015. Fiscal Year 2013-2014 ended financially stable on both Restricted and Unrestricted Funds. The District went through a challenging Administrative transition; due to mismanagement and lack of control in different areas, it has been determined that the District's future, even with an strong Governor's Budget and "outpouring' of State Aid must be seen with Prudence and the utmost conservative approach. Even with a Positive economic growth, and LCFF gap closure, the business of Education's cost seem to keep on increasing at an even higher range than the revenues. Increases in CalPERS and CalSTRS will create necessary adjustments in other areas of District's Budgets. Accountability, Transparency and the involvement of all shareholders should be the basis of creating an well sounded financial future that not only guarantees the 3% Economic Uncertainty Required by the State, but a control spending habits that can maximize and enhance the education of our children.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, communities, parents, investors and creditors with a general overview of the District's financial situation and to demonstrate the District's accountability for managing fund. If you have any questions about this report or need additional financial information, please contact the Business Office, Bassett Unified School District, 904 N. Willow Avenue, La Puente, California 91746, or email asanchez-macias@bassett.k12.ca.us.

Basic Financial Statements

		Governmental Activities
ASSETS		
Deposits and investments	$	20,622,562
Receivables		7,902,019
Stores inventories and other assets		121,884
Capital assets:		
Land and construction in process		1,673,224
Other capital assets		87,506,162
Less accumulated depreciation		(24,407,585)
Net capital assets		64,771,801
Total assets		93,418,266
LIABILITIES		
Accounts payable		6,276,034
Interest payable		647,750
Long-term obligations:		
Current portion of long-term obligations		1,757,813
Noncurrent portion of long-term obligations		46,675,673
Total long-term obligation		48,433,486
Total liabilities		55,357,270
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue		892,242
NET POSITION		
Net investment in capital assets		21,691,534
Restricted		8,937,199
Unrestricted		6,540,021
Total net position	$	37,168,754

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

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities
Governmental activities:				
Instruction	$ 27,727,071	$ 1,790,513	$ 4,026,807	$ (21,909,751)
Instruction - related activities:				
Supervision of instruction	2,154,432	-	440,557	(1,713,875)
Instruction library, media and technology	1,338,714	-	-	(1,338,714)
School site administration	1,542,644	-	-	(1,542,644)
Pupil services:				
Home-to-school transportation	207,873	-	238,737	30,864
Food services	2,880,686	289,335	2,382,793	(208,558)
All other pupil services	2,803,323	54,274	2,739,693	(9,356)
General administration:				
Data processing	423,543	-	-	(423,543)
All other general administration	3,764,763	-	-	(3,764,763)
Plant services	6,326,222	164,595	142,330	(6,019,297)
Ancillary services	431,821	-	-	(431,821)
Enterprise services	110,173	-	-	(110,173)
Other outgo	5,093,060	-	2,569,106	(2,523,954)
Total governmental activities	$ 54,804,325	$ 2,298,717	$ 12,540,023	(39,965,585)
General revenues and subventions:				
Property taxes, levied for general purposes				4,172,001
Taxes levied for other debt services				2,139,657
Federal and State aid not restricted to specific purposes				30,629,264
Interest and investments earnings				159,220
Miscellaneous				163,320
Total general revenues				37,263,462
Change in net position				(2,702,123)
Net position - beginning				39,870,877
Net position - ending				$ 37,168,754

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 5,676,759	$ 3,137,911	$ 11,807,892	$ 20,622,562
Receivables	7,192,228	11,509	698,282	7,902,019
Stores inventories and other assets	31,920	-	89,964	121,884
Total assets	12,900,907	3,149,420	12,596,138	28,646,465
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	5,894,999	88,094	292,941	6,276,034
Deferred inflow - unearned revenue	892,242	-	-	892,242
FUND BALANCES				
Nonspendable	55,769	-	90,164	145,933
Restricted	1,813,201	3,061,326	3,916,739	8,791,266
Committed	-	-	5,352,871	5,352,871
Assigned	-	-	2,943,423	2,943,423
Unassigned	4,244,696	-	-	4,244,696
Total fund balance	6,113,666	3,061,326	12,303,197	21,478,189
Total liabilities, deferred inflows of resources and fund balance	$ 12,900,907	$ 3,149,420	$ 12,596,138	$ 28,646,465

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

Total fund balance - governmental funds		$ 21,478,189
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and long-term obligations used in governmental activities are not financial resources and, therefore, are not reported as assets and liabilities in governmental funds.		
Capital assets at year-end consist of:		
The cost of capital assets	$ 89,179,386	
Accumulated depreciation	(24,407,585)	
Net capital assets		64,771,801
In governmental funds, interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, interest on long-term obligations is recognized when it is incurred.		(647,750)
Long-term obligations at year-end consist of:		
General obligation bonds	(43,639,476)	
Compensated absences	(474,683)	
Retirement incentive program	(926,460)	
Capital lease obligations	(2,590,211)	
Other postemployment benefits (OPEB)	(802,656)	
Total long-term obligations		(48,433,486)
Total net position - governmental activities		$ 37,168,754

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

Bassett Unified School District
Fund Financial Statements
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2014

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local control funding formula	$ 30,627,402	$ -	$ -	$ 30,627,402
Federal sources	2,645,729	-	4,075,361	6,721,090
Other state sources	6,438,975	-	1,159,876	7,598,851
Other local sources	3,669,911	22,316	3,462,632	7,154,859
Total revenue	43,382,017	22,316	8,697,869	52,102,202
Expenditures				
Instruction	23,366,820	-	2,503,557	25,870,377
Instruction-related services				
Supervision of instruction	1,377,239	-	681,456	2,058,695
Instruction library, media and technology	995,099	-	325,832	1,320,931
School site administration	1,162,782	-	232,949	1,395,731
Pupil services				
Home-to-school transportation	177,325	-	-	177,325
Food services	-	-	2,801,433	2,801,433
All other pupil services	2,475,696	-	210,135	2,685,831
General administration				
Data processing	395,974	-	-	395,974
All other general administration	3,817,315	-	132,038	3,949,353
Plant services	5,285,526	983,455	493,051	6,762,032
Ancillary services	431,821	-	-	431,821
Other outgo	2,751,695	-	2,417,528	5,169,223
Enterprise services	-	-	110,173	110,173
Total expenditures	42,237,292	983,455	9,908,152	53,128,899
Excess(deficiency) of revenues over expenditures	1,144,725	(961,139)	(1,210,283)	(1,026,697)
Other financing sources/uses				
Transfers in	-	-	1,109,839	1,109,839
Transfers out	(1,109,839)	-	-	(1,109,839)
	(1,109,839)	-	1,109,839	-
Net change in fund balance	34,886	(961,139)	(100,444)	(1,026,697)
Fund balance - beginning	6,078,780	4,022,465	12,403,641	22,504,886
Fund balance - ending	$ 6,113,666	$ 3,061,326	$ 12,303,197	$ 21,478,189

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

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Year ended June 30, 2014

Total net change in fund balances - governmental funds		$ (1,026,697)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, those costs are shown in the Statement of Net Assets, and allocated over their estimated useful lives as depreciation expense in the Statement of Activities.		
This is the amount of which depreciation expense exceeds capital outlay in the period.		
Capital outlay	$ 435,810	
Depreciation expense	(2,502,947)	(2,067,137)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid).		442,234
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:		
General obligation bonds	740,000	
Capital lease obligations	159,000	899,000
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of the net effect of the decrease in accrued interest on the general obligation bonds and capital lease obligations and the additional accumulated interest that was accreted on the District's "capital appreciation" general obligation bonds.		(822,837)
In the Statement of Activities Other Postemployment Benefit Obligations (OPEB) are measured by an actuarially determined Annual Required Contribution (ARC). In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts contributed toward the OPEB obligation were less than the ARC by $126,686.		(126,686)
Change in net position of governmental activities		$ (2,702,123)

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

Bassett Unified School District
Fund Financial Statements
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Foundation Scholarship Trust	Agency Funds
ASSETS		
Deposits and investments	$ 29,662	$ 80,140
Receivables	146	-
Total assets	$ 29,808	$ 80,140
LIABILITIES		
Due to student groups	$ -	$ 80,140
NET POSITION		
Restricted	$ 29,808	$ -

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

	Foundation Scholarship Trust
Additions	
Interest	$ 188
Deductions	
Other expenditures	-
Changes in net position	188
Net position - beginning of year	29,620
Net position - end of year	$ 29,808

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Bassett Unified School District (the "District") was formed on July 1, 1962, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates three elementary schools, one magnet school, one academy, one senior high school, one continuation high school, and preschool and adult education.

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

Basis of Presentation – Fund Accounting

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

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

Major Governmental Funds

General Fund. The General Fund is the chief operating fund for the District. It is used to account for the ordinary operations of the district. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Governmental Funds

Special Revenue Funds. The Special Revenue funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities:

Adult Education Fund. The Adult Education Fund is used to account separately for Federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only.

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

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

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

Special Reserve Fund for Capital Outlay Projects. The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).
Special Reserve Fund for Other Than Capital Outlay Projects. The Special Reserve Fund for Other Than Capital Outlay Projects is used primarily to provide for the accumulation of General Fund monies for general operating purposes other than for capital outlay (Education Code Section 42840).

Special Reserve Fund for Postemployment Benefits. The Special Reserve Fund for Postemployment Benefits may be used pursuant to Education Code Section 42840 to account for amounts the District has earmarked for the future cost of postemployment benefits but has not contributed irrevocably to a separate trust for the postemployment benefit plan.

Deductible Insurance Fund. The Deductible Insurance Fund is used to set aside money for insurance premium payments.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Facilities Fund. The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (Education Code Sections 17620-17626).

Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

State School Building Lease-Purchase Fund. The State School Building Lease Purchase Fund is used primarily to account separately for State apportionments for the reconstruction, remodeling, or replacing of existing school buildings or the acquisition of new school sites and buildings, as provided in the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (Education Code Section 17000 et seq.).

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

Debt Service Funds. The Debt Service funds are used to account for the accumulation of resources for, and the payment of, long-term obligations principal, interest, and related costs. The District maintains the following debt service funds:

Tax Override Fund. The Tax Override Fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: foundation scholarship trust funds and agency funds.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust fund is the Foundation Scholarship Fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting – Measurement Focus
Government-wide Financial Statements. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The government-wide Statement of Activities presents a comparison between direct expenses for each governmental program. 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 the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Revenues-Exchange and Non-Exchange Transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 90 days. However to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources. Pursuant to GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

The District recognizes unearned revenue deferred inflow of resources. Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. The District recognized unearned revenue certain grants that were received from federal financial assistance amounting to $892,242.

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

Cash and Cash Equivalents

The District's cash and cash equivalents include cash on hand and in financial institution and all highly liquid debt instruments with original maturities of three months or less.

Investments

Investments held at June 30, 2014, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in County and State investment pools are determined by the program sponsor.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds when used.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

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

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

Capital asset is depreciated using the straight-line method over the estimated useful lives of the asset. Estimated useful lives of the various classes of depreciable capital assets are as follows: building, 25 to 50 years; improvement, 20 to 50 years; furniture and equipment, 2 to 20 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-term Obligations

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

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

Fund Balance

Fund balance is the difference between the assets and liabilities reported in the District's governmental funds. There are generally limitations on the purpose for which all or a portion of the resources of a governmental fund may be used. The force behind these limitations can vary significantly, depending upon their source. Consequently, the fund balance reported in the annual financial statements is categorized into five components whereby each component identifies the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The five components of fund balance are as follows:

- *Nonspendable*: Resources that are 1) not in spendable form, such as inventories, prepaids, long-term receivables, or non-financial assets held for resale, or 2) required to be maintained intact such as an endowment.
- *Restricted*: Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.
- *Committed*: Resources that are constrained to specific purposes by a formal action of the Board of Education such as an ordinance or resolution. The constraint remains binding unless removed in the same formal manner by the Board of Education. Board's action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- *Assigned*: Resources that are constrained by the District's intent to be used for specific purposes, but that are neither restricted nor committed.
- *Unassigned*: Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position representing net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The government-wide financial statements report net position restricted by enabling legislation of $8,973,199.

Interfund Activity

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

Estimates

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

Budgetary Data

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2014 are classified as follows:

Governmental activities	$	20,622,562
Fiduciary funds		109,802
	$	20,732,364

The composition of deposits and investments as of June 30, 2014 is summarized as follows:

Cash on hand and in banks	$	80,140
Cash in revolving fund		25,200
Investments		20,627,024
	$	20,732,364

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

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

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

General Authorization

Limitations with respect to investments of the County Treasurer's pool, as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type		Fair Value	Weighted Average Maturity in Days
County Pool	$	20,627,024	632

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2014.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2014, none of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 RECEIVABLES

Receivables as of June 30, 2014, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full. Receivables by source are summarized as follows:

	General Fund	Building Fund	Non-major Governmental Funds	Total Governmental Funds
Due from grantor government	$ 7,135,659	$ -	$ 659,360	$ 7,795,019
Other receivables	56,569	11,509	38,922	107,000
Total	$ 7,192,228	$ 11,509	$ 698,282	$ 7,902,019

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is summarized as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated				
Land	$ 1,259,276	-	-	1,259,276
Construction in process	535,164	413,948	(535,164)	413,948
Total capital assets not being depreciated	1,794,440	413,948	(535,164)	1,673,224
Capital assets being depreciated				
Land improvements	3,714,316	124,241	-	3,838,557
Buildings and improvements	70,424,933	380,740	-	70,805,673
Furniture and equipment	12,809,887	52,045	-	12,861,932
Total capital assets being depreciated	86,949,136	557,026	-	87,506,162
Less accumulated depreciation				
Land improvements	(1,039,335)	(177,944)	-	(1,217,279)
Buildings and improvements	(13,697,341)	(1,495,840)	-	(15,193,181)
Furniture and equipment	(7,167,962)	(829,163)	-	(7,997,125)
Total accumulated depreciation	(21,904,638)	(2,502,947)	-	(24,407,585)
Capital assets being depreciated, net	65,044,498	(1,945,921)	-	63,098,577
Governmental activities capital assets, net	$ 66,838,938	(1,531,973)	(535,164)	64,771,801

Depreciation expense charged as a direct expense to governmental functions is summarized as follows:

Instruction - related activities	$ 1,856,694
Supervision of instruction	95,737
Instruction library, media and technology	17,783
School site administration	146,913
Home-to-school transportation	30,548
Food services	79,253
All other pupil services	117,492
Data processing	27,569
All other general administration	130,959
	$ 2,502,947

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable as of June 30, 2014 is summarized as follows:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Vendor payables	$ 1,863,692	$ -	$ 79,095	$ 1,942,787
Salaries and benefits	4,031,307	-	213,846	4,245,153
Construction	-	88,094	-	88,094
Total	$ 5,894,999	$ 88,094	$ 292,941	$ 6,276,034

NOTE 6 LONG-TERM OBLIGATIONS

The activity of long-term obligation for the year ended June 30, 2014 is summarized as follows:

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due in One Year
General obligation bonds	$ 43,616,648	$ 762,828	$ (740,000)	$ 43,639,476	$ 840,000
Compensated absences	477,707	106,206	(109,230)	474,683	-
Retirement incentive program	1,365,670	-	(439,210)	926,460	413,960
Capital leases	2,749,211	-	(159,000)	2,590,211	282,300
OPEB obligation	675,970	221,553	(94,867)	802,656	221,553
	$ 48,885,206	$ 1,090,587	$ (1,542,307)	$ 48,433,486	$ 1,757,813

Payments for the General Obligation Bonds are made in the Bond Interest and Redemption Fund.

- Compensated Absences are typically liquidated in the fund for which the employee worked.
- Payments for the Retirement Incentive Program are made in the General Fund.
- Payments for the Capital Lease Obligations are made in the Deferred Maintenance Fund.
- Payments for the OPEB Obligation are made in the General Fund.

Bonded Debt

The activity of bonded debt is summarized as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of year	Capital Appreciation	Redeemed	Bonds Outstanding End of year
2/17/2005	8/1/2027	3.25%-5.00%	$ 12,363,352	$ 11,157,715	$ 64,479	$ (300,000)	$ 10,922,194
7/19/2006	8/1/2032	3.85%-5.15%	6,614,361	6,838,956	45,748	-	6,884,704
7/19/2006	8/1/2044	5.16%-5.25%	4,021,832	5,691,583	303,074	-	5,994,657
8/22/2007	8/1/2032	3.75%-5.38%	14,999,566	13,975,787	129,729	(440,000)	13,665,516
1/23/2008	8/1/2037	3.88%-4.69%	4,999,970	5,952,607	219,798	-	6,172,405
				$ 43,616,648	$ 762,828	$ (740,000)	$ 43,639,476

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

In February 2005, the District received proceeds of its Series 2005 A, General Obligation Bonds, which totaled $12,363,352. The bonds were issued to refund the 1999 Certificates of Participation, in denominations of $5,000 each and dated February 17, 2005. Interest rates vary from 3.25 percent to 5.00 percent. Bond principal is payable as scheduled below. The bonds mature on August 1, 2027, and are subject to redemption prior to maturity. As of June 30, 2014, the principal balance outstanding was $10,922,194.

In July 2006, the District issued $6,614,361 of General Obligation Bonds Election of 2004, Series B. The bonds were issued to finance the renovation, construction and improvement of school facilities. The bonds were issued as Current Interest Bonds and Capital Appreciation Bonds dated July 19, 2006. Interest rates vary from 3.85 percent to 5.15 percent. The Current Interest Bonds are dated the date of delivery of the Bonds and accrue interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2007. The Capital Appreciation Bonds will not bear current interest; each Capital Appreciation Bond will accrete in value daily over the term to its maturity. As of June 30, 2014, the principal balance outstanding was $6,884,704.

In July 2006, the District issued $4,021,832 of General Obligation Bonds Election of 2004, Series C. The bonds were issued to finance the renovation, construction and improvement of school facilities. The bonds were issued as Capital Appreciation Bonds dated July 19, 2006.

The Capital Appreciation Bonds will not bear current interest; each Capital Appreciation Bond will accrete in value daily over the term to its maturity. As of June 30, 2014, the principal balance outstanding was $5,994,657.

In August 2007, the District issued $14,999,566 of General Obligation Bonds Election of 2006, Series 2007. The bonds were issued to finance the renovation, construction and improvement of school facilities and retiring of facility debt. The bonds were issued as Current Interest Bonds and Capital Appreciation Bonds dated August 22, 2007. Interest rates vary from 3.75 percent to 5.38 percent. The Current Interest Bonds are dated the date of delivery of the Bonds and accrue interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2008. The Capital Appreciation Bonds will not bear current interest; each Capital Appreciation Bond will accrete in value daily over the term to its maturity. As of June 30, 2014, the principal balance outstanding was $13,665,516.

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

In January 2008, the District issued $4,999,970 of General Obligation Bonds Election of 2006, Series B. The bonds were issued to finance the renovation, construction and improvement of school facilities and retiring of facility debt. The bonds were issued as Current Interest Bonds and Capital Appreciation Bonds dated January 23, 2008. Interest rates vary from 3.88 percent to 4.69 percent. The Current Interest Bonds are dated the date of delivery of the Bonds and accrue interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2008. The Capital Appreciation Bonds will not bear current interest; each Capital Appreciation Bond will accrete in value daily over the term to its maturity. As of June 30, 2014, the principal balance outstanding was $6,172,405.

Debt Service Requirements to Maturity

	Principal	Interest and Accreted Interest Value Payment	Total
Years Ending June 30,			
2015	$ 840,000	$ 1,379,878	$ 2,219,878
2016	940,000	1,345,078	2,285,078
2017	852,144	1,502,734	2,354,878
2018	985,255	1,522,773	2,508,028
2019	1,075,953	1,529,655	2,605,608
2020-2024	9,235,001	5,316,430	14,551,430
2025-2029	12,857,148	4,651,365	17,508,513
2030-2034	7,990,762	11,460,051	19,450,813
2035-2039	3,700,149	12,869,851	16,570,000
2040-2044	527,671	9,722,331	10,250,001
Subtotal	39,004,081	51,300,145	90,304,226
Accreted interest	4,635,396	(4,635,396)	-
Total	$ 43,639,477	$ 46,664,749	$ 92,454,804

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation as of June 30, 2014, amounted to $474,683.

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Retirement Incentive Program

The District's Collective Bargaining Agreements contain an early incentive program to qualified employees. Eligibility requirements are that an employee attain age 55 with at least 15 years of service with the District. The retirees receive annual benefit payments ranging from $2,000 to $7,500 for a term of 5 years or life. The benefit is paid out annually to the retiree in equal installments. On April 3, 2012, a memorandum of understanding was made between Bassett Unified School District and Bassett Teachers Association to give certificated non-management employees three incentives offered as follows:

1. Employees that had attained the age of 65 or older by June 30, 2013 shall receive a one-time payment from the District of $22,000 upon separation from service.

2. Employees that had attained the age of 64 by June 30, 2013 shall receive a one-time payment from the District of $41,250 upon separation from service.

3. Employees that had attained the age of 55 by June 30, 2013 but who have not yet attained the age of 64 shall receive a one-time payment from the District of $52,250 upon separation from service.

Currently, there are 70 employees participating in the plan and the District's obligation to those retirees as of June 30, 2014 is $926,460.

The total retirement costs, interest and postretirement health benefits costs are as follows:

Capital Leases

The District leased facilities and equipment under agreements that were classified as capital leases. The liability under the lease agreement with option to purchase was $3,387,552 as of June 30, 2014.

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

The required minimum lease payments under the terms of the capital lease as of June 30, 2014 are as follows:

Years Ending June 30,		
2015	$	282,300
2016		282,300
2017		282,300
2018		282,300
2019		282,300
2020-2024		1,411,500
2025-2026		564,552
		3,387,552
Less amount representing interest		(797,341)
Present value of minimum lease payments	$	2,590,211

The cost under capital leases of $3,598,885 and accumulated amortization of $2,447,241 were included in capital assets in the statement of net position. Amortization of assets under capital leases was included in depreciation expense.

Other Postemployment Benefits (OPEB) Obligations

The District implemented GASBS No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions during the year ended June 30, 2009. The District's annual required contribution for the year ended June 30, 2014, was $221,553 and contributions made by the District during the year were $94,867, which resulted in a net OPEB obligation of $802,656. See Note 8 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

NOTE 7 FUND BALANCES

Fund balances by component are as follows:

	General Fund	Building Fund	Other Funds	Total
Fund Balances:				
Nonspendable				
Stores Inventories	$ 13,778	$ -	$ 89,964	$ 103,742
Revolving cash and prepaid expenses	41,991	-	200	42,191
Restricted for				
County Schools Facilities	-	-	2,412,966	2,412,966
Building Fund	-	3,061,326	-	3,061,326
Capital Facilities			746,989	746,989
Deferred Maintenance	-	-	237,517	237,517
Other Local	1,813,201	-	38,257	1,851,458
Child Nutrition	-	-	481,010	481,010
Committed to				
Adult Education	-	-	1,872	1,872
Child Development	-	-	138,496	138,496
County Schools Facilities	-	-	31,117	31,117
Cafeteria	-	-	23,678	23,678
State School Building Lease Purchase Fund			1,864	1,864
Special Reserve for Other Than Capital Outlay Projects	-	-	2,060	2,060
Special Reserve for Capital Outlay	-	-	2,725,287	2,725,287
Tax Override Fund	-	-	76,973	76,973
Special Reserve for Post Employment Benefits	-	-	715,710	715,710
Bond Interest and Redemption Fund	-	-	1,635,814	1,635,814
Assigned to				
Deductible Insurance Fund	-	-	2,943,311	2,943,311
Retiree Benefits Fund	-	-	112	112
Unassigned				
Unassigned	4,244,696	-	-	4,244,696
Total Fund Balances	$ 6,113,666	$ 3,061,326	$ 12,303,197	$ 21,478,189

NOTE 8 POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefit Plan (the "Plan") is a single employer defined benefit healthcare plan administered by the Bassett Unified School District. The Plan provides medical and dental benefits to 5 retirees currently receiving benefits and 343 active plan members.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the Teachers Association (CEA), the local California Service Employees Association (CSEA), and unrepresented groups. The required Contribution is based on projected pay-as-you-go financing requirements. The District contributed $94,867 to the plan, all of which was used for current premium payments during the year ended June 30, 2014.

NOTE 8 POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The latest actuarial valuation was performed based on information as of September 1, 2013. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The significant assumptions in the computation include a discount rate of 4.75%, increase in healthcare cost of 4.00% per year, and an annual increase in payroll of 2.75%.

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	$	221,553
Contributions made		(94,867)
Increase in OPEB obligation		126,686
Net OPEB obligations, beginning of year		675,970
Net OPEB obligations, end of year	$	802,656

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014, 2013 and 2012 are as follows:

Fiscal Year	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
June 30, 2014	$ 221,553	$ 27.60%	$ 802,656
June 30, 2013	221,553	48.64%	675,970
June 30, 2012	203,609	46.88%	562,184

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases property insurance through the Alliance for School's Cooperative Insurance Programs (ASCIP) JPA for property damage or loss with coverage up to a maximum of $500 million ($500,000,000 replacement cost subject to policy limits, terms, conditions, sub-limits and exclusions).

NOTE 9 RISK MANAGEMENT (CONTINUED)

The District also purchases insurance for general liability claims with coverage up to $1 million ($1,000,000) combined single limit per occurrence and $5 million ($5,000,000) aggregate, with excess liability coverage up to $20 million, up to a maximum of $25 million ($25,000,000) ultimate net loss for each occurrence for 2011. The District has dollar-one coverage for general liability and a $5,000 deductible for property coverage.

The District also purchases workers' compensation insurance coverage through the ASCIP JPA for bodily injury by accident or disease of employees arising out of and in the course and scope of the injured employee's employment. Employee health benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees electing to participate in the plan by paying a monthly premium based on the number of District employees participating in the plan.

Description
The District's risk management activities are recorded in the General and Deductible Insurance Funds. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance. Effective July 1, 2009, the District is a member participant of the Alliance for School's Cooperative Insurance Programs (ASCIP) under a joint powers agreement. Liability coverage is through ASCIP's vendor Schools Excess Liability Fund (SELF). Refer to Note 12 for additional information regarding the joint powers agreement.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description
The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, California 95826.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-2013 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2014 and 2013 were $1,591,539 and $1,524,168, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under 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 survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. 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 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and 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 CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-2011 was 9.709 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2014 and 2013 were $797,629 and $738,947, respectively, and equal 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of approximately $1.5 million (5.37 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the General Fund - Budgetary Comparison Schedule.

NOTE 11 COMMITMENT AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

Litigation

The District is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2014.

Construction Commitments

As of June 30, 2014, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects		Remaining Construction Commitment
Bassett High School HVAC	$	2,384,905
Bassett High School Labs Modernization		1,119,389
Don Julian Path of Travel and Playground		103,394
Total	$	3,607,688

NOTE 12 PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AGENCY

The District is a participant of the Alliance for School's Cooperative Insurance Programs (ASCIP) under a joint powers agreement. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

NOTE 12 PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AGENCY (CONTINUED)

Alliance for School's Cooperative Insurance Programs (ASCIP)

Purpose	Arranges for and provides workers' compensation, property and liability insurance for its members
Participants	Other school districts in Los Angeles and Orange Counties
Governing Board	Representatives of member districts

The District paid $570,125 to ASCIP for workers' compensation and property and liability insurance premiums, during the year ended June 30, 2014.

NOTE 13 FISCAL ISSUES RELATING TO BUDGET REDUCTIONS

The State of California continues to suffer the effects of a recessionary economy. California school districts are reliant on the State of California to appropriate the funding necessary to continue the level of educational services expected by the State constituency. With the implementation of education trailer bill Senate Bill 4 of the 2009-10 Third Extraordinary Session (SBX3 4) (Chapter 12, Statutes of 2009), 14 percent of current year appropriations have now been deferred to a subsequent period, creating significant cash flow management issues for districts in addition to requiring substantial budget reductions, which may ultimately impact the ability of California school districts to meet their goals for educational services.

NOTE 14 SUBSEQUENT EVENTS

The District has evaluated events subsequent to June 30, 2014 to assess the need for potential recognition or disclosure in the financial statements. Subsequent events were evaluated through February 4, 2015 the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Bassett Unified School District
Budgetary Comparison Schedule
General Fund (Unaudited)
Year ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Local control funding formula	$ 22,986,652	$ 22,917,230	$ 30,627,402	$ 7,710,172
Federal sources	3,479,432	3,346,544	2,645,729	(700,815)
Other state sources	13,700,771	13,789,874	6,438,975	(7,350,899)
Other local sources	146,000	146,000	3,669,911	3,523,911
Total revenues	40,312,855	40,199,648	43,382,017	3,182,369
EXPENDITURES				
Certificated salaries	17,972,059	18,012,848	18,347,497	(334,649)
Classified salaries	7,011,854	7,025,116	6,723,281	301,835
Employee benefits	5,725,568	5,715,146	5,762,779	(47,633)
Books and supplies	1,988,073	2,038,273	2,852,354	(814,081)
Services and other operating expenditures	5,698,983	6,346,181	5,930,623	415,558
Capital outlay	456,877	581,943	84,350	497,593
Other outgo	2,303,098	2,303,098	2,536,408	(233,310)
Total expenditures	41,156,512	42,022,605	42,237,292	(214,687)
Excess (deficiency) of revenues over expenditures	(843,657)	(1,822,957)	1,144,725	2,967,682
Other financing sources/uses				
Transfers in	1,273,825	-	-	-
Transfers out	-	-	(1,109,839)	(1,109,839)
	1,273,825	-	(1,109,839)	(1,109,839)
CHANGE IN FUND BALANCES	430,168	(1,822,957)	34,886	1,857,843
Fund balance - beginning of year	6,078,780	6,078,780	6,078,780	-
Fund balance - end of year	$ 6,508,948	$ 4,255,823	$ 6,113,666	$ 1,857,843

See accompanying report of independent auditors.

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Other local sources	$ 90,000	$ 90,000	$ 22,316	$ (67,684)
Total revenues	90,000	90,000	22,316	(67,684)
EXPENDITURES				
Services and other operating expenditures	1,500,000	1,500,000	569,507	930,493
Capital outlay	2,300,000	2,300,000	413,948	-
Total expenditures	3,800,000	3,800,000	983,455	2,816,545
CHANGE IN FUND BALANCES	(3,710,000)	(3,710,000)	(961,139)	2,748,861
Fund balance - beginning of year	4,022,465	4,022,465	4,022,465	-
Fund balance - end of year	$ 312,465	$ 312,465	$ 3,061,326	$ 3,609,686

See accompanying report of independent auditors.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Acturial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
October 1, 2009	$ -	$ 1,986,335	$ 1,986,335	0%	$ 5,200,000	38%
October 1, 2013	-	2,668,994	2,668,994	0%	4,918,000	54%

See accompanying report of independent auditors.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Bassett Unified School District (the "District") in connection with the issuance of $9,900,000 of the District's Election of 2014 General Obligation Bonds, Series A (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District dated February 10, 2015. The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

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

"Dissemination Agent" shall mean initially has engaged Mission Trail Advisors, San Francisco, California, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Holder" shall mean the registered owner of the Bonds.

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

"Official Statement" shall mean the Official Statement, dated as of May 6, 2015, relating to the offer and sale of the Bonds.

"Participating Underwriter" shall mean Piper Jaffray & Co., or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

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

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2014-15 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

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

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

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

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

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

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

(c) Outstanding indebtedness as of the last completed fiscal year;

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

(e) Total assessed valuation of taxable properties in the District for the current fiscal year; and

(f) Secured tax charges and delinquency information for the District for the prior fiscal year, so long as the Teeter Plan is not in effect.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or

governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled Bond calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice

or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure

Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: May 20, 2015

BASSETT UNIFIED SCHOOL DISTRICT

By: _____

Assistant Superintendent/Chief Business Official

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: BASSETT UNIFIED SCHOOL DISTRICT

Name of Bond Issue: $9,900,000 Election of 2014 General Obligation Bonds, Series A

Date of Issuance: May 20, 2015

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated:_____

BASSETT UNIFIED SCHOOL DISTRICT

By ____[form only; no signature required]_____

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITIES OF INDUSTRY AND LA PUENTE AND LOS ANGELES COUNTY

The following material is descriptive of the City of Industry ("Industry") and the City of La Puente ("La Puente" and together with Industry, the "Cities") and Los Angeles County. The following information concerning the Cities and Los Angeles County is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of Los Angeles County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District or Bond Counsel.

General

Industry is a charter city operating under a charter approved by the voters of the City of Industry on June 8, 1976. Industry, which covers about 12 square miles in the San Gabriel Valley, is located 20 miles east of the City of Los Angeles. La Puente borders Industry to the north and the cities of Hacienda Heights and Diamond Bar bordering Industry to the south and east, respectively. Industry was conceived, developed and operated primarily for manufacturing, distribution and related industrial and commercial activities of all types, with approximately 92% of the city zoned for industrial purposes and the remaining 8% for commercial uses. Nearly 10% of the County's industrial acreage is located within Industry. Industry's population was estimated to 438 people as of January 1, 2014, yet it employs over 70,000 people.

La Puente is located adjacent to the City of Industry, approximately 20 miles east of downtown Los Angeles in the San Gabriel Valley. The city of West Covina is to La Puente's north. La Puente, like Industry, is served by the 60 and 605 Freeways, as well as Interstate 10. Predominantly residential, La Puente is home to 40, 478residents as of January 1, 2014. The City was incorporated on August 1, 1956. The City is predominately residential (70%), with commercial land uses located primarily along major highways and streets. Industrial land uses are less than five percent (5%) of the City's 3.5 square mile land area. The City is a general law city. The City is governed by 5 members of the City Council elected at large to serve 4-year overlapping terms at elections held every two years. The mayor and mayor pro tem are selected by the City Council to serve 2-year terms.

The County encompasses an area of approximately 4,081 miles in southwestern California (the "State"). The 88 cities within the County encompass about 35% of the County, while more than 65% of the County remains unincorporated. The County has the largest population of any county in the nation with approximately 10 million inhabitants as of 2014. The County is bordered on the east and the south by Orange and San Bernardino Counties, on the north by Kern County, and on the west by Ventura County and the Pacific Ocean.

Population

The following table shows the population estimates of the Cities, the County and the State of California for the past ten years.

POPULATION ESTIMATES
Cities of Industry and La Puente, Los Angeles County and State of California
2005-2014

	City of Industry		City of La Puente		Los Angeles County		State of California	
Year[1]	Population	% Change	Population	% Change	Population	% Change	Population	% Change
2005	626	--	41,199	--	9,816,153	--	35,869,173	--
2006	589	(5.9%)	40,784	(1.0%)	9,798,609	(0.2)%	36,116,202	0.7%
2007	553	(6.1)	40,419	(0.9)	9,780,808	(0.2)	36,399,676	0.8
2008	541	(2.2)	40,139	(0.7)	9,785,474	0.0	36,704,375	0.8
2009	481	(11.1)	39,990	(0.4)	9,801,096	0.2	36,966,713	0.7
2010[2]	451	(6.2)	39,816	(0.4)	9,818,605	0.2	37,253,956	0.8
2011	439	(2.7)	39,887	0.2	9,847,712	0.3	37,427,946	0.5
2012	436	(0.7)	40,008	0.3	9,889,467	0.4	37,668,804	0.6
2013	437	0.2	40,245	0.6	9,963,811	0.8	37,984,138	0.8
2014	438	0.2	40,478	0.6	10,041,797	0.8	38,340,074	0.9

[1] As of January 1.
[2] As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2005-09, 2011-14 (2000 and 2010 DRU Benchmark): California Department of Finance for January 1.

Personal Income

The following table shows of per capita personal income for the County, State of California and the United States from 2003 through 2013.

PER CAPITAL PERSONAL INCOME[1]
Los Angeles County, State of California, and United States
2003-2013

Year	County of Los Angeles	%. Change	California	% Change	United States	% Change
2003	$33,145	--	$35,303	--	$32,676	--
2004	34,632	4.5%	37,156	5.2%	34,300	5.0%
2005	36,540	5.5	38,964	4.9	35,888	4.6
2006	39,508	8.1	41,623	6.8	38,127	6.2
2007	41,058	3.9	43,152	3.7	39,804	4.4
2008	42,165	2.7	43,608	1.1	40,873	2.7
2009	40,396	(4.2)	41,587	(4.6)	39,379	(3.7)
2010	41,163	1.9	42,282	1.7	40,144	1.9
2011	43,062	4.6	44,749	5.8	42,332	5.5
2012	45,800	6.4	47,505	6.2	44,200	4.4
2013	46,530	1.6	48,434	2.0	44,765	1.3

[1] Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for the Cites, the County and the State from 2008 through 2013.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE
Cities of Industry and La Puente, Los Angeles County and State of California
2008-2013[(1)]

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2008	City of Industry	300	300	0	13.9%
	City of La Puente	19,200	17,500	1,700	8.8
	Los Angeles County	4,934,800	4,565,500	369,300	7.5
	State of California	18,203,100	16,890,000	1,313,100	7.2
2009	City of Industry	300	300	100	20.7%
	City of La Puente	19,200	16,600	2,600	13.6
	Los Angeles County	4,907,600	4,339,300	568,300	11.6
	State of California	18,220,100	16,155,000	2,065,100	11.3
2010	City of Industry	300	300	100	22.2%
	City of La Puente	19,300	16,400	2,800	14.7
	Los Angeles County	4,916,300	4,298,500	617,900	12.6
	State of California	18,336,300	16,068,400	2,267,900	12.4
2011	City of Industry	300	300	100	21.6%
	City of La Puente	19,400	16,600	2,800	14.3
	Los Angeles County	4,936,400	4,331,500	604,900	12.3
	State of California	18,417,900	16,249,600	2,168,300	11.8
2012	City of Industry	300	300	100	19.6%
	City of La Puente	19,200	16,700	2,500	12.8
	Los Angeles County	4,901,300	4,365,800	535,500	10.9
	State of California	18,519,000	16,589,700	1,929,300	10.4
2013	City of Industry	300	300	100	17.8%
	City of La Puente	19,400	17,100	2,200	11.6
	Los Angeles County	4,960,300	4,470,700	489,600	9.9
	State of California	18,596,800	16,933,300	1,663,500	8.9

(1) Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2014 Benchmark.

Industry

Industry and Norwalk are included in the Los Angeles-Long Beach-Glendale Metropolitan Statistical Area. The distribution of employment in the Los Angeles/Long Beach/Glendale area is presented in the following table for the calendar years 2010 through 2014. These figures are countywide statistics and may not necessarily accurately reflect employment trends in the Cities.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
Los Angeles-Long Beach-Glendale Metropolitan Division
2010-2014

	2010	2011	2012	2013	2014
Farm	6,200	5,600	5,400	5,500	5,300
Mining and Logging	4,100	4,100	4,300	4,600	4,700
Construction	104,500	105,100	109,200	116,200	120,200
Manufacturing	373,300	366,900	367,400	368,200	364,900
Wholesale Trade	203,400	205,800	211,900	218,700	223,500
Retail Trade	386,500	393,000	401,000	406,000	414,500
Transportation, Warehousing and Utilities	150,600	151,800	154,500	157,500	162,700
Information	191,600	192,000	191,500	196,400	195,900
Financial Activities	209,600	208,600	211,000	211,700	209,700
Professional and Business Services	528,100	544,000	571,600	594,700	609,400
Education and Health Services	637,300	643,200	674,300	719,600	748,000
Leisure and Hospitality	384,800	394,700	415,400	439,300	464,600
Other Services	136,700	137,000	141,700	145,700	151,700
Government	579,600	565,500	556,800	551,200	556,700
Total All Industries	3,896,300	3,917,200	4,015,900	4,135,200	4,231,700

Source: California Employment Development Department, Labor Market Information Division. March 2014 Benchmark.

Largest Employers

The following tables show the largest private and public-sector employers located in the County:

LARGEST PRIVATE-SECTOR EMPLOYERS
Los Angeles County
2014

Rank	Company	Employees	Description
1.	Kaiser Permanente	35,991	Non-profit health plan
2.	Northrop Grumman Corp.	17,000	Systems and products in aerospace, electronics and information systems
3.	Target Corp.	15,000	Retailer
4.	Providence Health & Services Southern California	15,000	Health care
5.	University of Southern California	14,722	Private university
6.	Bank of America Corp.	13,500[1]	Banking and financial services
7..	Ralphs/Food 4 Less	13,500[1]	Grocery retailer
8.	Home Depot	10,600[1]	Home improvement specialty retailer
9.	Boeing Co.	10,500[1]	Aerospace and defense contractor
10.	Cedars-Sinai Medical Center	10,243	Medical center
11.	Walt Disney Co.	10,200[2]	Entertainment
12.	Wells Fargo	10,000[1]	Diversified financial services
13.	UPS	8,984	Logistics, transportation and freight
14.	AT&T Inc.	8,900	Telecommunications
15.	ABM Industries Inc.	8,400[1]	Facility services, energy solutions, commercial cleaning, maintenance and repair

[1] Estimate.
Source: Los Angeles Business Journal, The Lists 2015.

LARGEST PUBLIC-SECTOR EMPLOYERS
Los Angeles County
2014

Rank	Company	Employees	People Served
1.	Los Angeles County	103,678	10 million residents
2.	Los Angeles Unified School District	60,139	907,019 students
3.	U.S. Government – Federal Executive Board	46,500	United States residents
4.	City of Los Angeles	31,893	3.9 million residents
5.	University of California, Los Angeles	31,889	42,190 students
6.	State of California	29,400	State of California
7..	Metro	9,162	10 million residents
8.	Los Angeles Department of Water & Power	8,889	Los Angeles residents
9.	Los Angeles Community College District	6,492	Nine community colleges; 154,078 students
10.	Long Beach Unified School District	6,365	80,874 students
11.	Long Beach	5,097	468,000 residents
12.	California State University, Long Beach	4,026	35,586 students
13.	California State University, Northridge	3,708	38,310 students
14.	Los Angeles World Airports	3,535	Los Angeles, Van Nuys, Ontario airports
15.	City of City of Santa Monica	2,179	89,736 residents

Source: Los Angeles Business Journal, The Lists 2015.

The following table shows the largest private-sector employers located in La Puente.

LARGEST EMPLOYERS
City of La Puente
2014

Rank	Company	Employees	% of Employment
1.	Northgate Supermarket	120	18.29%
2.	Bodega Latina Corp.	80	12.20
3.	Food 4 Less	75	11.43
4.	Big Saver Foods	60	9.15
5.	Ed Butts Ford	59	8.99
6.	Ross Store	51	7.77
7.	Merritt's Hardware	43	6.55
8.	Burger King	37	5.64
9.	CVS Pharmacy	35	5.34
10.	99 Cents Only Store	32	4.88

Source: City of La Puente 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2014.

Commercial Activity

Summaries of annual taxable sale date for the County and the Cities for years 2004 through 2013 are shown in the following tables.

TAXABLE SALES
Los Angeles County
2004-2013
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2004	134,717	$86,496,685	295,398	$122,533,104
2005	139,641	92,271,155	298,083	130,722,373
2006	142,512	95,554,193	295,701	136,162,552
2007	142,380	96,095,711	290,344	137,820,418
2008	146,999	89,810,309	289,802	131,881,744
2009	175,461	78,444,115	264,928	112,744,727
2010	182,491	82,175,416	271,293	116,942,334
2011	179,872	89,251,447	266,868	126,440,737
2012	180,359	95,318,603	266,414	135,295,582
2013	179,370	99,641,174	263,792	140,079,708

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

TAXABLE SALES
City of Industry
2004-2013
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2004	1,477	$1,595,238	4,639	$2,667,913
2005	1,476	1,703,893	4,652	2,810,034
2006	1,625	1,749,974	4,564	2,989,254
2007	1,864	1,764,261	4,423	3,067,172
2008	2,122	1,482,623	4,623	2,758,613
2009	3,026	1,147,216	4,334	2,362,529
2010	3,481	1,215,176	4,794	2,433,996
2011	3,436	1,356,734	4,756	2,663,275
2012	3,448	1,484,737	4,775	2,998,533
2013	3,094	1,527,696	4,416	2,725,077

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

TAXABLE SALES
City of La Puente
2004-2013
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2004	653	$198,792	1,237	$222,173
2005	723	199,644	1,370	221,950
2006	829	206,710	1,487	230,991
2007	934	192,345	1,481	219,884
2008	1,002	175,423	1,563	200,713
2009	1,120	162,849	1,372	179,370
2010	1,208	183,035	1,451	199,517
2011	1,216	189,583	1,464	208,850
2012	1,140	191,118	1,397	209,433
2013	1,050	196,458	1,299	215,334

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2009 through 2013 in the County and the Cities are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
Los Angeles County
(Dollars in Thousands)
2009-2013

	2009	2010	2011	2012	2013
Valuation ($000's)					
Residential	$2,393,257	$2,824,463	$3,415,434	$3,089,228	$4,743,955
Non-Residential	2,673,544	2,699,913	3,126,956	1,836,109	4,326,366
Total	$5,066,801	$5,494,375	$6,542,390	$4,925,337	$9,070,321
Units					
Single Family	2,131	2,417	2,370	2,508	3,607
Multiple Family	3,522	5,056	8,098	7,244	13,243
Total	5,653	7,473	10,468	9,752	16,850

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
City of Industry
(Dollars in Thousands)
2009-2013

	2009	2010	2011	2012	2013
Valuation ($000's)					
Residential	$3,440	$11,300	$12,915	$21,759	$5,919
Non-Residential	40,392	56,132	60,232	42,171	33,553
Total	$43,832	$67,432	$73,147	$63,940	$39,472
Units					
Single Family	0	4	0	0	0
Multiple Family	2	0	0	0	0
Total	2	4	0	0	0

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
City of La Puente
(Dollars in Thousands)
2009-2013

	2009	2010	2011	2012	2013
Valuation ($000's)					
Residential	$2,889	$2,438	$1,113	$1,548	$4,433
Non-Residential	3,243	455	1,384	163	5,548
Total	$6,132	$2,893	$2,497	$1,711	$9,981
Units					
Single Family	9	7	0	2	9
Multiple Family	2	2	0	5	2
Total	11	9	0	7	11

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

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APPENDIX E

LOS ANGELES COUNTY TREASURY POOL

The following information concerning the Los Angeles County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer and Tax Collector (the "Treasurer") of Los Angeles County (the "County"), and has not been confirmed or verified by the District, the Financial Advisor or the Underwriter. None of the District, the Financial Advisor or the Underwriter have made any independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, none of the District, the Financial Advisor or the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer at https://ttc.lacounty.gov/*; however, the information presented on such website is not incorporated herein by any reference.*

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THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of February 28, 2015, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$9.468
Schools and Community Colleges	12.141
Discretionary Participants	2.388
Total	$23.997

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	90.04%
Discretionary Participants:	
Independent Public Agencies	8.58%
County Bond Proceeds and Repayment Funds	1.38%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on June 17, 2014, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to

the Investment Report dated April 1, 2015, the February 28, 2015 book value of the Treasury Pool was approximately $23.997 billion and the corresponding market value was approximately $24.019 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of February 28, 2015:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	49.68
Certificates of Deposit	15.94
Commercial Paper	32.90
Bankers Acceptances	0.00
Municipal Obligations	0.11
Corporate Notes & Deposit Notes	1.37
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of February 28, 2015, approximately 43.90% of the investments mature within 60 days, with an average of 554 days to maturity for the entire portfolio.

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $_____ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _____

Risk Premium: $_____
Member Surplus Contribution: $ _____
Total Insurance Payment: $_____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer 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, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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