PRELIMINARY OFFICIAL STATEMENT DATED __________, 2013

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

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

$17,000,000*
SANTA BARBARA UNIFIED SCHOOL DISTRICT
(Santa Barbara County, California)
2013 General Obligation Refunding Bonds

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

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

The Santa Barbara Unified School District (Santa Barbara County, California) 2013 General Obligation Refunding Bonds, in the aggregate principal amount of $17,000,000* (the "Bonds"), are being issued by the District to: (i) advance refund a portion of the Santa Barbara Secondary/High School District's (the "High School District") outstanding General Obligation Bonds, 2000 Election, Series C (the "Refunded Bonds") and (ii) pay the costs of issuing the Refunding Bonds.

The Bonds are general obligations of the Santa Barbara Unified School District (the "District") payable solely from *ad valorem* property taxes. The Board of Supervisors of Santa Barbara County is empowered and obligated to annually levy *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the 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 (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds will be dated as of their date of initial delivery (the "Date of Delivery") and will be issued as current interest bonds . Interest on the Bonds accrues from their Date of Delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2014. The Bonds are issuable in denominations of $5,000 or any integral multiple thereof.

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

The Bonds are subject to optional and mandatory sinking fund redemption as further described herein.

MATURITY SCHEDULE*

Base CUSIP†: 801315

$______________ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†

$_________ ____% Term Bonds due August 1, 20____ – Yield ____%; CUSIP†: _____

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel to the District. Certain matters will be passed upon for the Underwriter by Nossaman LLP, Irvine, California. It is anticipated that the Bonds in definitive form will be available for delivery through the facilities of The Depository Trust Company, in New York, New York, on or about August __, 2013.*

Piper Jaffray

Dated: July __, 2013.

___

* Preliminary, subject to change.

† 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 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. 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 OVER ALLOT 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.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

S. Monique Limon Susan, *President*
Kate Parker, *Vice President*
Gayle Eidelson, *Board Member*
H. Edward Heron, *Board Member*
Pedro Paz, Ph.D., *Board Member*

DISTRICT ADMINISTRATION

David Cash, Ed.D., *Superintendent*
Meg Jetté, *Assistant Superintendent, Business Services*
Conrad Tedeschi, *Director of Fiscal Services*
David Hetyonk, *Director of Facilities and Operations*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

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

Financial Advisor

Keygent LLC
El Segundo, California

Underwriter

Piper Jaffray & Co.
San Francisco, California

Paying Agent, Registrar and Transfer Agent

U.S. Bank National Association
Los Angeles, California

Escrow Agent

U.S. Bank National Association
Los Angeles, California

Verification Agent

Causey Demgen & Moore Inc.
Denver, Colorado

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$17,000,000*
SANTA BARBARA UNIFIED SCHOOL DISTRICT
(Santa Barbara County, California)
2013 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Santa Barbara Unified School District (Santa Barbara County, California) 2013 General Obligation Refunding Bonds (the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page 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

Santa Barbara Unified District (the "District") is located in Santa Barbara County (the "County") and is governed by a five-member Board of Education (the "Board"). The District is the successor agency to the Santa Barbara Secondary/High School District (the "High School District") and the Santa Barbara Elementary School District (the "Elementary School District"). The District encompasses approximately 136.4 square miles, which includes the cities of Santa Barbara and Goleta, and certain unincorporated areas, including Montecito. The District currently operates eight elementary school districts, three charter schools, one alternative elementary school, one community academy, 15 children's centers, after school child care centers, four junior high schools (grades 7-8), one alternative high school (grades 9-12), one continuation high schools (grades 9-12) and three high schools (grades 9-12). Enrollment in the District for the 2013-14 school year is budgeted to be 14,111 students.

The District's projected average daily attendance for fiscal year 2013-14 is budgeted to be 13,322 and the District has a 2012-13 assessed valuation of $36,064,620,894. See "DISTRICT FINANCIAL INFORMATION" and "SANTA BARBARA UNIFIED SCHOOL DISTRICT" herein.

Administration. The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other personnel. Dr. David Cash is currently the Superintendent of the District. See "SANTA BARBARA UNIFIED SCHOOL DISTRICT" and "DISTRICT FINANCIAL INFORMATION" herein.

The Reorganization Petition. The Elementary School District and the High School District (collectively and formerly known as the "Santa Barbara School Districts") were established as separate districts under the Santa Barbara City Charter. The Board has been responsible for the governance of all the public schools in the two components district comprising Santa Barbara School Districts. The City Charter, as amended, provided for the Santa Barbara School Districts to be governed generally in accordance with state law, except as to continuation of the single elected board of education. The Santa Barbara School Districts also continued to have a single administration that oversaw the affairs of both districts. Prior to fiscal year 2005-06, the financial statements of the two component school districts comprising the Santa Barbara School Districts were each audited separately.

The Santa Barbara School Districts became a single, combined administration district pursuant to a resolution passed on September 27, 2005 and formalized the existing arrangements to be known as a "common administration district" under Education Code Section 35110. Beginning with the 2005-06 fiscal year, the audited financial statements have been combined. The Santa Barbara School Districts operated as a "single school district" for all purposes, except for (i) computing state apportionments and allowances, and allocation of local property tax revenue and (ii) holding title to real property and any related indebtedness.

On January 11, 2011 the Board unanimously approved an agreement and petition to reorganize the Santa Barbara School Districts into a single unified school district. On May 12, 2011, the State Board of Education took action to approve a waiver of various California Education Code provisions to facilitate the unification process, including dispensing with any election. On May 19, 2011, the Santa Barbara County Committee on School District Organization unanimously approved the petition of the Elementary School District and High School District for unification. As a result, the unification of the two districts became "effective for all purposes" on July 1, 2011. Excluded from the unification process were four separate elementary school districts located within the boundaries of the former High School District. In accordance with applicable statutory provisions, the Goleta Union School District, Hope Elementary School District, Cold Spring School District and Montecito Union School District remain separate districts. The boundaries of the Santa Barbara Unified School District are coterminous with the boundaries of the former High School District. With regard to bonded indebtedness, following unification: (1) all proceeds from sold and unsold bonds are required to be expended only in the area of the original district which approved the bonds and only for the purposes originally authorized by the voters; and, (2) the liability for the bonded indebtedness of each former district shall remain solely in the territory comprising that former district.

Purpose of the Bonds

The Bonds are being issued to: (i) advance refund a portion of the High School District's outstanding General Obligation Bonds, 2000 Election, Series C (the "Refunded Bonds") and (ii) 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 resolutions adopted by the Board of Education of the District. 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, without limitation as to rate or amount, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the 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 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"). See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. Purchasers of interests in the Bonds (the "Beneficial Owner's") will not receive physical certificates representing their interests in the Bonds purchased. DTC will act as securities depository of the Bonds. 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 Resolutions described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein.

So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the "Owners" "Bond Owners" or "Holders" of the Bonds (other than under the captions "TAX MATTERS", "APPENDIX A" and "APPENDIX B") 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 or any integral multiple thereof.

Redemption.[*] The Bonds maturing on or after August 1, 2024[*], may be redeemed before maturity at the option of the District from any source of funds, as a whole or in part, on August 1, 2023[*], or on any date thereafter, as further described herein. The Term Bonds are subject to mandatory sinking fund redemption as further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of their Date of Delivery. Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing February 1, 2014. 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. U.S. Bank National Association has been appointed to act 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 the compliance with certain covenants and

[*] Preliminary, subject to change.

requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount, and the amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about August ______, 2013*.

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 REPAYMENT OF BONDS" and "SANTA BARBARA UNIFIED SCHOOL DISTRICT" herein.

Continuing Disclosure

The District has covenanted that it will comply with and carry out all of the provisions of the respective Continuing Disclosure Certificates. "Continuing Disclosure Certificates" shall mean those certain Continuing Disclosure Certificates relating to the disclosure of annual financial information and notices of certain listed events executed by the District as of the date of issuance and delivery of the Bonds, as it may be amended from time to time in accordance with their terms. See "LEGAL MATTERS – Continuing Disclosure" herein, APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" herein. These covenants have been made in order to assist the Underwriter (defined herein) in complying with the S.E.C. Rule 15c2-12(b)(5) (the "Rule").

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" 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,

* Preliminary, subject to change.

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. Stradling Yocca Carlson & Rauth, a Professional Corporation, will receive compensation from the District contingent upon the sale and delivery of the Bonds. Keygent LLC, El Segundo, California, is acting as Financial Advisor to the District with respect to the Bonds. Certain matters will be passed on for the Underwriter by Nossaman LLP, Irvine, California. Causey Demgen & Moore Inc., Denver, Colorado is acting as verification agent for the Bonds.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Santa Barbara Unified School District, 720 Santa Barbara Drive, Santa Barbara, California 93101, telephone: (805) 963-4338. The District may impose a charge for copying, mailing and handling.

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

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

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

Terms used but not otherwise defined herein shall have the meanings assigned to such terms by the Resolutions (defined herein).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California and other applicable law, and pursuant to a resolution adopted by the Board of Education of the District on May 7, 2013 (the "Refunding Resolution" and together with the Series C Resolution, the "Resolutions").

The High School District received authorization at an election held on March 7, 2000 by at least two-thirds of the votes cast by eligible voters within the District to issue $67,000,000 aggregate principal amount of general obligation bonds (the "2000 Bond Authorization"). On October 13, 2005, the High School District issued its General Obligation Bonds, 2000 Election, Series C, in the aggregate principal amount of $21,000,000 (the "Series 2005C Bonds"). A portion of the Series 2005C Bonds will be refunded from proceeds of the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds" and "DISTRICT FINANCIAL INFORMATION – District Debt Structure – General Obligation Bonds" herein.

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 annually *ad valorem* property 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), for the payment of principal of and interest on the Bonds when due. 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 District's Debt Service Fund (defined herein), which are segregated and maintained by the County and which are designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Although the County is obligated to levy an *ad valorem* tax for the payment of the principal of and interest on the Bonds, and will maintain the Debt Service Fund for the repayment of the Bonds, 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 rate of the annual *ad valorem* 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, 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 of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood 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.

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. Purchasers will not receive certificates representing their interest 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 February 1, 2014. Interest on the Bonds shall be computed on the basis of a 360-day year of 12, 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2014, in which event it shall bear interest from its 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 on any Bond, , on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner of such Bond (an "Owner" or "Bond Owner") thereof as of the close of business on the fifteenth day of the month preceding each Bond Payment Date, such interest to be paid by check mailed to such Bond Owner on the Bond Payment Date at his address as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. The Bond Owner in an aggregate principal amount of $1,000,000 or more may request in writing to the Paying Agent that such Bond 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, shall be payable upon maturity or earlier redemption, as applicable, upon surrender at the principal office of the Paying Agent. The interest, principal, and redemption premiums, if any, 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.

Annual Debt Service for the Bonds

The following table displays 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 Payment
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
Total			

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2014.

See "DISTRICT FINANCIAL INFORMATION – District Debt Structure – General Obligation Bonds" for a table of total annual debt service requirements for all of the District's outstanding general obligation bonded debt.

Application and Investment of Bond Proceeds

The Refunding Bonds are being issued to (i) advance refund the Refunded Bonds and (ii) pay the costs of issuing the Refunding Bonds.

The net proceeds from the sale of the Refunding Bonds shall be paid to U.S. Bank National Association, acting as escrow agent (the "Escrow Agent"), to the credit of the "Santa Barbara Unified School District 2012 General Obligation Refunding Bonds, Series A Escrow Fund" (the "Escrow Fund"). Pursuant to an escrow agreement (the "Escrow Agreement") by and between the District and the Escrow Agent, an amount deposited in the Escrow Fund will be used to purchase certain Federal Securities (as such term defined in the Escrow Agreement) the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the principal, redemption premium (if any), and interest due on the Refunded Bonds on August 1, 2015, with respect to the Refunded Bonds, as well as the debt service due on the Refunded Bonds on and before such dates.

The sufficiency of the securities and cash on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the redemption prices of the Refunded Bonds, and the debt service due on the Refunded Bonds, on the above-referenced date will be verified by Causey Demgen & Moore Inc. (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter's and the Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* taxes for payment of the Refunded Bonds will terminate.

Any accrued interest on the Bonds, when received by the District from the sale of the Bonds, and any surplus moneys in the Escrow Fund, when received by the District following the redemption of the Refunded Bonds, shall be kept separate and apart in a fund designated as the "Santa Barbara Unified School District, 2012 General Obligation Refunding Bonds, Series A Debt Service Fund" (the "Refunding Bonds Debt Service Fund" and together with the Series C Debt Service Fund, the "Debt Service Fund") and used only for payment of principal of and interest on the Refunding Bonds. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes for which the Refunding Bonds are being issued shall be transferred to the Refunding Bonds Debt Service Fund and applied to the payment of principal of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Moneys in the Refunding Bonds Debt Service Fund may be invested in any one or more investments generally permitted to school districts under the laws of the State of California or as permitted by the Refunding Resolution. Moneys in the Refunding Bonds Debt Service Fund are expected to be initially invested through the Santa Barbara County Investment Pool. See "SANTA BARBARA COUNTY INVESTMENT POOL" herein.

Redemption

Optional Redemption.* The Bonds maturing on or before August 1, 2023* are not subject to redemption. The Bonds maturing on or after August 1, 2024* are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2023*, at a redemption price equal to the principal amount of the Bonds selected for redemption, together with interest accrued thereon to the date of redemption.

Mandatory Redemption.* The Term Bonds maturing on August 1, 20__*, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__*, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Term Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

Redemption Date (August 1)	Principal Amount
Total:	

(1) Maturity.

In the event that a portion of the Term Bonds maturing on August 1, 20__* are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be

* Preliminary, subject to change.

reduced proportionately or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

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

Notice of Redemption. Notice of any optional redemption of Bonds will be mailed, postage-prepaid, not less than 30 nor more than 45 days prior to the redemption date (i) to the respective registered owners thereof at the addresses appearing on the bond registration books, (ii) to the Securities Depository described below, and (iii) to one or more of the Information Services described below. Notice of redemption to the Securities Depository and the Information Services will be given by registered mail, facsimile transmission or overnight delivery service. Each notice of redemption 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 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.

"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, Fax (212) 855-1000 or (212) 855-7320.

The actual receipt by the owner of any Bond (hereinafter referred to as "Bond Owner") or of any Information Service or the Securities Depository of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

The notice or notices required for redemption will be given by the Paying Agent or its designee. A certificate by the Paying Agent that notice of call and redemption has been given to owners of Bonds and to the Securities Depository and appropriate Information Services shall be conclusive as against all parties, and no Bond Owner whose Bond is called for redemption may object thereto or object to the cessation of interest on the fixed redemption date by any claim or showing that said Bond Owner failed to actually receive such notice of call and redemption.

When notice of redemption has been given, substantially as described above, and when the amount necessary for the payment of principal of and premium, if any, is set aside for the purpose in an escrow fund held by the Paying Agent or an independent escrow agent selected by the District, as provided in the Resolutions, the Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof, and upon presentation and surrender of said Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at said redemption price out of the escrow fund held by the Paying Agent or an independent escrow agent selected by the District, and no interest will accrue on such Bonds called for redemption after the redemption date specified in such notice, and the owners of said Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the premium thereon only to said escrow fund.

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," and together with the Direct Participants, the "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 actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 Resolutions. 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.

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

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 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 any authorized denomination upon presentation and surrender at the designated 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 only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the Owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Transfer and Exchange

Any Bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the office of the Paying Agent, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the Owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

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

(a) Cash: by irrevocably depositing with the Paying Agent or with an independent escrow agent selected by the District an amount of cash which together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal, interest and premium, if any; or

(b) Government Obligations: by irrevocably depositing with the Paying Agent or with an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys transferred from the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal and interest represented thereby 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 and the County with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an 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" shall mean 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 or Standard & Poor's. 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 by Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business ("S&P") or Moody's Investors Service ("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	$
Net Original Issue Premium	
Total Sources	$
Uses of Funds	
Costs of Issuance[1]	$
Deposit to Escrow Fund	
Total Uses	$

[1] Reflects all costs of issuance to be paid from the proceeds of the Bonds, including but not limited to the demographics and filing fees, printing costs, legal fees, financial advisory fees, and the costs and fees of the Paying Agent, Escrow Agent and Verification Agent. See "MISCELLANEOUS – Underwriting" herein.

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SANTA BARBARA COUNTY INVESTMENT POOL

The following information has been provided by the Treasurer of Santa Barbara County (the "County Treasurer") (defined herein), and neither the District, the Financial Advisor, nor the Underwriter take any responsibility for the accuracy or completeness thereof. Further information may be obtained from the County Treasurer.

In accordance with Education Code Section 41001, *et. seq.*, substantially all District operating funds are required to be held by the County Treasurer. Each county is required to invest such funds in accordance with California Government Code Sections 53601, *et. seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code.

The following information provides a general description of the County's investment policies, current portfolio holdings and valuation procedures. The Santa Barbara County Auditor conducts a quarterly review and an annual audit of the County Treasurer's investments as to the accuracy of its schedule of deposits and investments and as to compliance with state law restrictions on investments and the Investment Policy.

The following information has been provided by the County Treasurer, and the District takes no responsibility for the accuracy or completeness thereof. Further information may be obtained from the County Treasurer.

The County Treasurer manages the County's Investment pool (the "County Pool") in which certain funds of the County, the District and of certain other entities within the County are invested pending disbursement. The County Treasurer is ex-officio treasurer of each of the other participating entities.

All investments in the County Treasurer's investment portfolio conform to the statutory requirements of Government Code Section 53601 *et. seq*., standards delegated by the County Board of Supervisors, and the County Treasurer's investment policy.

Substantially all operating funds of the District are invested in the County Pool. The County Treasurer accepts funds only from agencies located within the County for investment in the County Pool. As of June 30, 2013, the cost value of the County Pool was $__________. The weighted average days to maturity for the County Pool was ____ days.

The following tables summarize the composition of the County Pool as of June 30, 2013.

SANTA BARBARA COUNTY INVESTMENT POOL
Portfolio Summary
As of June 30, 2013

Investments:	Book Value Cost	Fair Value	% Held
Cash on Deposit			
California Asset Management Program			
Local Agency Investment Funds			
U.S. Treasury Bills			
Medium Term Notes			
Government Agency Bonds			
Government Agency Discount Notes			
Government Agency Bonds - Callable			
Total			

The County provides quarterly investment reports to the County Board of Supervisors. It is current practice for the County Treasurer to report the portfolio's market value on a quarterly basis to the County Board of Supervisors. Market values are derived from the custodial bank's monthly safekeeping reports to the County Treasurer. The County reports that it follows a "buy and hold" investment strategy and was not required to liquidate securities at a loss to meet disbursement requirements of County Pool participants during the past fiscal year. The County expects the County Pool will have sufficient liquid funds to meet disbursement requirements of County Pool participants through the next six months.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County, on behalf of the District, to levy taxes and 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 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* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

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

Article XIIIA requires a vote of two-thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds 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 fifty-five percent 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 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 State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

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 INFORMATION" 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 of the school district from the preceding fiscal year.

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

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the 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 fifty percent 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 one percent *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 approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The

Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

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

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

On June 5, 1990, the voters 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 the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

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

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

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

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property, and property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to 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 per $100,000 of taxable property value projected to be levied as the result of any single election be no more than $60 (for a unified school district), $30 (for a high school or elementary school district), or $25 (for a community college district). These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Jarvis v. 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 can not (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 will be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

State Cash Management Legislation

Since 2002, the State has engaged in the practice of deferring certain apportionments to school districts in order to manage the State's cash flow. This practice has included deferring certain apportionments from one fiscal year to the next. These "cross-year" deferrals have been codified and are expected to be on-going. Legislation enacted with respect to fiscal year 2012-13 provides for additional inter-fiscal year deferrals.

On May 23, 2012, the Governor signed into law Assembly Bill ("AB 103"), which extends certain provisions of existing law designed to manage the State's cash resources. AB 103 authorizes the deferral of State apportionments during fiscal year 2012-13, as follows: (i) $700 million from July 2012 to September 2012, (ii) $500 million from July 2012 to January 2013, (iii) $600 million from August 2012 to January 2013, (iv) $800 million from October 2012 to January 2013, and (v) $900 million from March 2013 to April 2013. Collectively, these deferrals are referred to as the "Cash Management Deferrals."

As in the prior fiscal years, AB 103 provides for an exemption to the Cash Management Deferrals for a school district that would be unable to meet its expenditure obligations if its State apportionments are delayed. The District, however, has not applied for nor received an exemption from any of the Cash Management Deferrals. In the event any of the Cash Management Deferrals are implemented, the State Controller, State Treasurer and State Director of Finance are required to review, as necessary but no less than monthly, the actual State general fund cash receipts and disbursements in comparison to the Governor's most recent revenue and expenditure projections. If the Controller, Treasurer and Director of Finance determine that sufficient cash is available to pay the State apportionments being deferred while maintaining a prudent cash reserve, such State apportionments are required to be paid as soon as feasible. AB 103 authorizes the Cash Management Deferrals to be accelerated or delayed by up by one month, except that the March 2013 deferral must be paid no later than April 29, 2013.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 22, 26, 30, 39, and 98 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 budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty *the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an* ad valorem *tax required to be levied by the County in an amount sufficient for the payment thereof.*

2012-13 Budget. On June 27, 2012, the Governor signed into law the State budget for fiscal year 2012-13. Prior to the conclusion of the State's regular legislative session, the Legislature adopted a series of trailer bills which made various amendments to the budget bill approved by the Governor. Collectively, the budget bill and related trailer bills are referred to as the "2012-13 Budget." The LAO has released a report entitled "California Spending Plan," which summarizes provisions of the 2012-13 Budget (the "LAO Budget Summary"). The following information is drawn from the LAO Budget Summary.

The 2012-13 Budget sought to close a budget gap of $15.7 billion through a combination of measures totaling $16.4 billion. Specifically, the 2012-13 Budget authorized $4.7 billion of expenditure reductions, $8.8 billion of net revenue increases, and $5.8 billion of other measures. The 2012-13 Budget assumed voter approval of a modified tax initiative proposed by the Governor in his May revision to the proposed State budget. The tax initiative, labeled as "Proposition 30," was approved by the voters at the November 6, 2012 general election. The 2012-13 Budget estimated that Proposition 30 would generate approximately $8.5 billion in additional revenues for fiscal years 2011-12 and 2012-13. Pursuant to the provisions of Proposition 30, these additional revenues will be placed into an Education Protection Account and included in the calculation of the Proposition 98 minimum funding guarantee. As a result, the minimum funding guarantee was projected to increase by $2.9 billion, resulting in a net benefit to the State general fund of $5.6 billion. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 30."

With the implementation of all measures, the 2012-13 Budget assumed, for fiscal year 2011-12, total revenues of $86.8 billion and expenditures of $87.0 billion. The State was projected to end fiscal year 2011-12 with a total budget deficit of $3.6 billion. For the current fiscal year, the 2012-13 Budget projected total revenues of $95.9 billion and authorized total expenditures of $91.3 billion. This represented an increase of $9 billion, or approximately 10%, from the prior year. The State was projected to end the 2012-13 fiscal year with a total budget surplus of $948 million.

For fiscal year 2011-12, the Proposition 98 minimum funding guarantee was revised at $46.9 billion, including $33.1 billion from the State general fund. This amount was approximately $1.7 billion less than the level set by the State budget for fiscal year 2011-12. This reduction primarily reflected lower than estimated State general fund revenues and updated estimates of local property tax collections, offset by Proposition 30 revenues attributable to fiscal year 2011-12. To bring ongoing Proposition 98 funding in line with the reduced funding guarantee, the 2012-13 Budget redirected $893 million of fiscal year 2011-12 appropriations towards other uses. Specifically, (i) $672 million was to be counted towards meeting legal settlement obligations under the Quality Education Investment Act of 2006, and (ii) $221 million replaced ongoing Proposition 98 funds with one-time funds unspent from prior years. The LAO noted that this accounting adjustment did not affect the amount of funding schools and community colleges receive.

For fiscal year 2012-13, the Proposition 98 minimum funding guarantee was set at $53.5 billion, including $36.8 billion from the State general fund. This funding level reflected an increase of $6.6 billion (or approximately 14%) from the prior year. The funding increase was supported by a $3.7 billion growth in baseline revenues and $2.9 billion of Proposition 30 revenues.

Proposition 98 funding for K-12 education for fiscal year 2012-13 was set at $47.2 billion, reflecting an increase of $6 billion (or 14%) above the revised 2011-12 level. Programmatic spending remained relatively flat, as most of the additional funding was designated for existing Proposition 98 obligations. The 2012-13 Budget provided that $3.3 billion was to be used to backfill one-time spending decisions made in fiscal year 2011-12, and $2.2 billion was to be designated to pay down existing apportionment deferrals. The LAO also noted that other spending increases were to have no net programmatic effect. The 2012-13 Budget provided $110 million to more closely align K-12 and community college educational mandate funding, $99 million to complete the shift in responsibility for mental health services from county health agencies to schools, and $60 million for anticipated student growth in a few categorical programs.

Significant features relating to K-12 education funding included the following:

- *Deferral Reduction.* The 2012-13 Budget provided $2.2 billion in Proposition 98 funding to reduce school district and community college apportionment deferrals.

- *Charter Schools*. The 2012-13 Budget included several changes to existing law that provide charter schools with additional access to facility space and short-term cash. The plan included provisions that give charter schools priority to lease or purchase surplus school district property, and authorized county offices of education and county treasurers to provide short-term loans to charter schools. Charter schools were further authorized to issue their own tax and revenue anticipation notes or have their respective county office of education issue such notes on their behalf.

- *Educational Mandates*. The 2012-13 Budget provided $167 million to fund a discretionary block grant for K-12 educational mandates. Participating school districts and county offices of education would receive a $28 per-unit of ADA allocation, while participating charter schools would receive a $14 per-unit of ADA allocation. In addition, county offices of education were to receive a $1 per-unit of ADA allocation for all ADA served within their respective counties. Local educational agencies that chose not to participate in this block grant program could continue to seek reimbursement for mandated activities through the existing claims process, subject to audits by the State Controller. The 2012-13 Budget continued to suspend the same educational mandates that were suspended by the 2011-12 State budget legislation, and did not eliminate any further mandates.

- *Child Care and Preschool Programs*. The 2012-13 Budget provided $2.2 billion in funding for subsidized child care and preschools programs. This represented a decrease of $185 million, or 8%, from the prior year. The 2012-13 Budget also consolidated the State's subsidized preschool program by funding all part-day/part-year preschool slots within Proposition 98. The LAO noted that this consolidation was an accounting change, with no programmatic effect.

- *Gubernatorial Vetoes*. As part of approving the enacting legislation, the Governor vetoed (i) all funding for the Early Mental Health Initiative, for an expected savings of $15 million, (ii) $10 million in Proposition 98 funding for child nutrition in private schools and child care centers, and (iii) $8.1 million in one-time Proposition 98 funding for the support of regional activities and statewide administration of the Advancement Via Individual Determination program.

The 2012-13 Budget assumed that schools and community colleges would receive $3.2 billion in revenues in fiscal year 2012-13 resulting from the dissolution of redevelopment agencies, including $2.5 billion for school districts and $165 million for county offices of education. This figure was composed of (i) $1.7 billion of anticipated residual property tax revenues and (ii) $1.5 billion in cash and other liquid assets of former redevelopment agencies. These increased revenues would offset Proposition 98 spending by an identical amount. The budget package also established a series of sanctions and incentives to encourage successor agency participation with redevelopment dissolution laws. The LAO noted that while the State currently backfills school districts if local property taxes fall short of budgetary assumptions, there has previously been no similar requirement for community colleges and K-12 special education. The 2012-13 Budget provided authority for the State to do so if the sums anticipated from the dissolution of redevelopment agencies do not meet such assumptions.

Additional information regarding the 2012-13 Budget may be obtained from the LAO at www.lao.ca.gov. However, such information is not incorporated herein by any reference.

Fiscal Outlook Report. In November 2012, the LAO released a summary of its revised projections for State general fund tax revenues and related spending (the "Fiscal Outlook Report"). The following information is drawn from the Fiscal Outlook Report.

The Fiscal Outlook Report provided the LAO's projections of the State's general fund revenues and expenditures for fiscal years 2012-13 through 2017-18 under current law, absent any actions to close the projected State budgetary deficit, as further discussed below. The LAO's projections primarily reflected current-law spending requirements and tax provisions, while relying on the LAO's independent assessment of the outlook for the State's economy, demographics, revenues, and expenditures. The LAO noted that its revenue estimates take into account a number of voter initiatives approved at the November 2012 general election, including Proposition 30.

Absent corrective action, the LAO projected that the State will end the 2012-13 fiscal year with a $943 million deficit. This would have eliminated the $948 million surplus projected by the 2012-13 Budget, and reflected an overall $1.9 billion budgetary gap. This gap was a product of (i) $625 million of lower revenue estimates for fiscal years 2011-12 and 2012-13, (ii) $2.7 billion in higher expenditures and (iii) an offsetting positive adjustment of $1.4 billion to the fiscal year 2010-11 ending fund balance.

The LAO noted that its revised revenue estimates were driven primarily by lower than anticipated personal income tax and corporate tax collections (totaling $153 million and $558 million, respectively) for both fiscal years 2011-12 and 2012-13. Notwithstanding the overall reduction in projected revenues, the LAO noted that the passage of Proposition 39 at the November 2012 general election—which changed the way multistate corporations calculate taxable income—contributed to an increase in the Proposition 98 minimum funding guarantee. The LAO's revised minimum funding guarantee was estimated to be $53.8 billion.

The LAO's projected increase resulted in part from lower expected savings to the State general fund from the distribution of redevelopment agency assets. The LAO projected a $1.4 billion savings from such assets, a figure approximately $1.8 billion lower than the savings projected by the 2012-13 Budget. The LAO attributed this to several factors: (i) lower than expected distributions of liquid assets and residual property taxes to school and community colleges, (ii) recent information suggesting that redevelopment agencies had higher than anticipated debt, and (iii) distributions of property taxes to basic aid districts that do not offset State education costs. The LAO noted, however, that estimates relating to redevelopment agencies are subject to considerable uncertainty, and are likely to change prior to the deadline for adopting the State budget for fiscal year 2013-14.

Additional information regarding the Fiscal Outlook Report may be obtained from the LAO at www.lao.ca.gov. However, such information is not incorporated herein by any reference.

Proposed 2013-14 Budget. On January 10, 2013, the Governor released his proposed State budget for fiscal year 2013-14 (the "Proposed Budget"). The following information is drawn from the LAO's summary of the Proposed Budget.

The Proposed Budget reflected a projected improvement to State finances due to a continuing modest economic recovery, prior budgetary actions, and voter approval of certain revenue-raising measures at the November 6, 2012 general election. For fiscal year 2012-13, the Proposed Budget projected year-end revenues of $95.4 billion and expenditures of $93 billion. The State was expected to end the current fiscal year with a surplus of $167 million. For fiscal year 2013-14, the Proposed Budget projected revenues of $98.5 billion and expenditures of $97.7 billion. The State was projected to end fiscal year 2013-14 with a $1 billion surplus. The Governor's multi-year forecast projected that revenues would continue to exceed expenditures annually, accumulating to a projected $2.5 billion general fund surplus by fiscal year 2016-17.

For fiscal year 2012-13, the Proposed Budget revised the Proposition 98 minimum funding guarantee at $53.5 billion, approximately $54 million less than the level set by the current State budget. To bring Proposition 98 spending in line with the reduced guarantee, the Proposed Budget reclassified a fiscal year 2012-13 appropriation towards prefunding legal settlement obligations under the Quality Education Investment Act of 2006 (the "QEIA"). For fiscal year 2013-14, the minimum funding guarantee was set at $56.2 billion, including $40.9 billion from the State general fund. This represented a net increase of $2.7 billion (or 5%) over the revised funding level for fiscal year 2012-13. The increase in spending was driven largely by year-to-year increases in baseline State revenues and the minimum funding guarantee's share of Proposition 30 revenues.

Proposition 98 funding for K-12 education in fiscal year 2013-14 was set at $49.2 billion, including $36.1 billion from the State general fund. This represented an increase of approximately $2.1 billion (or 4%) from the prior year. Significant features include the following:

- *Deferral Reduction.* The Proposed Budget provides $1.9 billion to pay down school district and community college apportionment deferrals. The Proposed Budget includes a plan to eliminate all remaining apportionment deferrals by fiscal year 2016-17.

- *Growth Funding.* The Proposed Budget provides $63 million to fund a 1.65% cost-of-living adjustment to certain categorical programs, including special education, child nutrition, and California American Indian Education Centers. Cost-of-living adjustments for school district and county office of education revenue limits will be provided through the proposed funding increase designed to implement a new K-12 funding formula (described below). The Proposed Budget also funds a 0.10% increase in K-12 ADA, but assumes no increase in funded enrollment levels at community colleges.

- *Local Control Funding Formula.* The Proposed Budget would significantly restructure State funding for K-12 education by consolidating revenue limits and almost all categorical programs into a single funding formula. This formula would provide a base funding grant per pupil, equal to the fiscal year 2007-08 statewide average, undeficited revenue limit funding amount. The Proposed Budget would provide adjustments to this base funding grant to support lower class sizes in grades K-3, as well as an adjustment to reflect the cost of providing career technical education in high schools. The Proposed Budget would also provide a supplemental funding grant for local education agencies that serve English learners, students from low income families and foster children, as well as an additional concentration grant where these students represent more than 50% of a school district's enrollment. The Proposed Budget allocates $1.6 billion to begin increasing funding levels to a target base rate, with supplemental grants adjusted in tandem with the base increase. The Proposed Budget estimates the new formula will be fully implemented by fiscal year 2019-20.

- *Energy Efficiency Projects.* The Proposed Budget allocates supplemental corporate tax revenues raised by Proposition 39 (approved at the November 2012 general election) to schools and community colleges. Proposition 39 requires most interstate businesses to determine their taxable income using a single sales factor method, and provides that all revenues raised from the measure be transferred to a Clean Energy Job Creation Fund to support energy efficiency and alternative energy projects. The Proposed Budget would allocate all Proposition 39-related funding over the next five years exclusively to schools and community colleges, in an amount equal to $450 million in fiscal year 2012-13 and $550 million annually thereafter. For fiscal year 2013-14, this would include $400.5 million for school districts. Under the proposal, the California Department of Education and California Community College Chancellor's Office, in consultation with the California Energy Commission and California Public Utilities Commission, would develop guidelines for schools and community colleges in prioritizing the use of the funds.

- *Adult Education.* The Proposed Budget includes several changes to adult education funding, including narrowing State support to core instructional programs such as adult elementary and secondary education, vocational training, English as a second language, and citizenship. The Proposed Budget would also eliminate school district adult education categorical programs and consolidate the associated funding (approximately $600 million) into the proposed new K-12 funding formula. Adult education, under the Governor's plan, would be funded entirely through the community college system. The Proposed Budget would provide $300 million to create a new adult education categorical program within the statewide community college budget. Funds would be distributed to colleges based on the number of students served in the prior fiscal year. While community colleges would be responsible for administering adult education, they would be authorized to contract with school districts to provide instruction through the latter's adult schools.

- *K-12 Educational Mandates.* The Proposed Budget provides $100 million to augment the existing block grant program, reflecting the addition of two large educational mandates within the program: the Graduation Requirements ("GR") mandate and Behavioral Intervention Plans ("BIP"). Unlike other mandates included in the block grant program, the Proposed Budget does not provide school districts the option to submit independent claims for reimbursement in connection with GR and BIP.

- *Retiring K-14 Obligations.* The Proposed Budget would use half of the projected year-to-year growth in Proposition 98 spending in fiscal years 2013-14 through 2015-16 to reduce outstanding obligations to schools and community colleges, including the reduction of all apportionment deferrals, funding settle-up payments to reduce outstanding mandate claims, and retiring the State's obligations associated with the Emergency Repair Program and the QEIA.

- *Redevelopment Agency Funds.* The Proposed Budget assumed lower State general fund savings from the distribution of offsetting residual property tax revenues and redevelopment agency liquid assets. For the current year, the Proposed Budget projected that redevelopment-related distributions will be $1.1 billion less than what was assumed by the State budget for fiscal year 2012-13. For fiscal year 2013-14, the Proposed Budget projected that such distributions will be $494 million less than previously assumed. The LAO noted that, while the Governor's projections are reasonable, the process for dissolving redevelopment agencies has yet to be fully implemented, subjecting associated State general fund savings projections to considerable uncertainty.

Additional information regarding the Proposed Budget is available from the LAO's website: www.lao.ca.gov. However, such information is not incorporated herein by any reference.

May Revision. On May 14, 2013, the Governor released his May revision (the "May Revision") to the Proposed Budget. The following is drawn from the LAO's summary of the May Revision, released on May 17, 2013.

For fiscal year 2012-13, the May Revision projects year-end revenues of $98.2 billion, approximately $2.8 billion higher than previously projected. The May Revision attributes this increase to higher personal income tax collections. Expenditures are also expected to increase by a like amount, for a year-end total of $95.7 billion. The May Revision projects that the State will end the 2012-13 fiscal year with a $232 million general fund surplus. For fiscal year 2013-14, the May Revision projects revenues of $97.2 billion and authorizes expenditures of $96.4 billion. The State is projected to end the 2013-14 fiscal year with a $1.1 billion general fund surplus.

The May Revision continues to project modest improvements in the State and national economies, although the Governor's near-term economic outlook is weaker than that of the Proposed Budget. The May Revision attributes this primarily to the implementation of federal sequestration cuts and the expiration of the federal payroll tax holiday. The LAO's economic projections, however, are more optimistic. The LAO assumes a higher level of capital gains from the sale of commercial stock and other assets, with an attendant increase in personal income tax collections, offset slightly by a projected drop in sales and use tax collections. For fiscal years 2012-13 and 2013-14, the LAO's revenue projections are higher than the Governor's by $3.5 billion and $1 billion, respectively.

For fiscal year 2012-13, the Proposition 98 minimum funding guarantee is revised at $56.5 billion (including $40.5 billion from the State general fund and Proposition 30 revenues), reflecting an increase of approximately $2.9 billion from the Proposed Budget. This increase is borne largely by the State general fund, as updated 2012-13 local property taxes are almost identical to that projected by the Proposed Budget. The May Revision allocates this increased funding, on a one-time basis, primarily to support implementation of the new Common Core academic standards, and to accelerate repayment of existing inter-year budgetary deferrals (as further discussed herein).

For fiscal year 2013-14, the minimum funding guarantee is revised at $55.3 billion (including $39.3 billion from the State general fund and Proposition 30 revenues), a reduction of approximately $941 million from the Proposed Budget. The LAO indicates that this reduction is due largely to the May Revision's lower projection regarding State general fund revenues that count towards the minimum funding guarantee. The State general fund share of the minimum guarantee drops by $1.5 billion, owing largely to higher projected property tax revenues for fiscal year 2013-14.

Significant features of the May Revision include the following:

- *Common Core Funding.* For fiscal year 2012-13, the May Revision would provide $1 billion of additional funding to implement the Common Core academic standards. Funding would be provided on a per-student basis, equating to approximately $170 per student. Schools districts would be required to use the funds for instructional materials, professional development and technology-related implementation. Districts would be required to develop an implementation plan and spend the funds over the next two fiscal years, with expenditures subject to an annual funding and compliance audit.

- *Deferral Reduction.* For fiscal year 2012-13, the May Revision provides an additional $1.8 billion to pay down school district and community college apportionment deferrals. As a result of the projected decline of the minimum funding guarantee in fiscal year 2013-14, the May Revision reduces the proposed pay down of deferrals in fiscal year 2013-14 by $1 billion (bringing total deferral reductions in that fiscal year to $920 million). As a result, the May Revision projects that, at the beginning of the 2014-15 fiscal year, outstanding school district and community college deferrals will total $5.5 billion.

- *Local Control Funding Formula.* The May Revision proposes an additional $236 million to implement the Local Control Funding Formula included in the Proposed Budget. The May Revision also makes certain adjustments related largely to supplemental funding for English learner and low income students, including (i) the use of a three-year rolling average percentage of English learner and low income students served by a local education agency for purposes of calculating supplemental and concentration grants, (ii) allowing English learner students to generate supplemental funding for seven (rather than five) years, and (iii) requiring local education agencies to allocate English learner and low income student funding in proportion to their enrollment of such students. Additionally, the May Revision proposes to strengthen academic accountability through a tiered intervention system through which county superintendents of schools, the Fiscal Crisis and Management Assistance Team and the State Superintendent of Public Instruction could intervene in local educational agencies that fail to meet academic performance targets.

- *Restructuring of Adult Education.* The May Revision rescinds the prior proposal that would have provided $300 million of funding to create a new adult education categorical program within the statewide community college budget. Instead, the May Revision provides $30 million in fiscal year 2013-14 to fund two-year planning and implementation grants for the development of regional adult education consortiums. Providers would have two years to form such consortiums and develop plans for coordinating and integrating services. Beginning in fiscal year 2015-16, the May Revision proposes to provide $500 million to fund adult education through consortiums. Under the Governor's plan, consortiums would submit applications to the State Department of Education and the California Community College Chancellor's Office, which would jointly review the applications and allocate funding. Funding would be limited to critical areas such as English as a second language and vocational instruction. Providers would receive the same funding level currently received by community colleges for enhanced, non-credit funding. To create an incentive for districts to continue providing adult education in fiscal years 2013-14 and 2014-15, the May Revision proposes to earmark two-thirds of the proposed $500 million augmentation to providers that meet this criteria.

- *Energy Efficiency Projects.* The May Revision includes a revised estimate of Proposition 39 corporate tax revenue collections, resulting in an increase of $14 million of funding for support energy efficiency and alternative energy projects.

- *Local Property Tax Adjustments.* For fiscal year 2013-14, local property tax collections are projected to be $579 million than that assumed by the Proposed Budget, due largely to higher estimates of higher redevelopment agency revenues re-directed to schools and community colleges. These higher property taxes would offset State general fund support for education by a like amount.

- *Special Education.* The May Revision provides for an increase of $60.7 million in Proposition 98 funding for special education programs to backfill a federal sequestration cut to an Individuals with Disability Education Act grant.

Additional information regarding the May Revise may be obtained from the LAO at www.lao.ca.gov. However, such information is not incorporated herein by any reference.

Recent Litigation Regarding State Budgetary Provisions. On September 28, 2011, the California School Boards Association, the Association of California School Administrators, the Los Angeles Unified School District, the San Francisco Unified School District and the Turlock Unified School District filed a petition for a writ of mandate in the Superior Court of the State of California in and for the County of San Francisco (the "CSBA Petition"). The petitioners allege that the fiscal year 2011-12 State budget improperly diverted sales tax revenues away from the State general fund, resulting in a reduction to the minimum funding guarantee of approximately $2.1 billion. The CSBA Petition seeks an order from the Court compelling the State Director of Finance, Superintendent of Public Instruction and the State Controller to recalculate the minimum funding guarantee in accordance with the provisions of the California Constitution. On May 31, 2012, the court denied the CSBA Petition, finding that Proposition 98 does not prohibit the State from assigning sales tax revenues to a special fund that previously were deposited into the State general fund. The court also found that, upon doing so, the State was not required to rebench the minimum funding guarantee. On July 27, 2012, the petitioners filed a notice of appeal of the court's decision.

The District makes no representations regarding the viability of the claims in the CSBA Petition, nor can the District predict whether the petitioners will be successful. Moreover, the District makes no representations as to how a final decision by the Superior Court would affect the State's ability to fund education in future fiscal years.

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. Continued State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District.

TAX BASE FOR REPAYMENT 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

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated 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 County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Assessed Valuations

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. Property within the District has a total assessed valuation for fiscal year 2011-12 of $35,703,726,066. The following table represents a 14-year history of assessed valuations in the District:

ASSESSED VALUATIONS
Fiscal Year 1999-00 through 2012-13
Santa Barbara Unified School District

	Local Secured	Utility	Unsecured	Total
1999-00	$15,782,202,764	$47,544,879	$1,039,380,408	$16,869,128,051
2000-01	17,559,341,054	39,939,220	970,495,832	18,569,776,106
2001-02	19,279,612,577	40,606,888	1,074,826,680	20,395,046,145
2002-03	20,743,787,487	48,118,988	1,200,551,764	21,992,458,239
2003-04	22,419,851,816	50,330,526	1,233,857,386	23,704,039,728
2004-05	24,184,106,918	66,043,128	1,229,219,428	25,479,369,474
2005-06	26,486,042,009	66,828,901	1,174,256,927	27,727,127,837
2006-07	29,010,185,521	49,510,479	1,209,424,097	30,269,120,097
2007-08	31,129,368,863	46,269,478	1,208,416,884	32,384,055,225
2008-09	32,972,728,253	46,488,978	1,377,506,495	34,396,723,726
2009-10	33,717,570,746	43,970,978	1,403,972,271	35,165,513,995
2010-11	33,797,215,759	45,380,978	1,383,601,297	35,226,198,034
2011-12	34,246,122,760	45,530,978	1,412,072,328	35,703,726,066
2012-13	4,690,216,982	8,190,574	1,366,213,338	36,064,620,894

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 or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Appeals of Assessed Valuations

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, 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 residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

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

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

Assessed Valuation and Parcels by Land Use

The following table shows the assessed valuation and parcels by land use in the District for fiscal year 2012-13.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2012-13
Santa Barbara Unified School District

Non-Residential:	2012-13 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 434,762,324	1.25%	840	1.59%
Commercial	2,735,851,905	7.89	2,259	4.29
Vacant Commercial	67,317,457	0.19	159	0.30
Industrial	748,294,621	2.16	569	1.08
Vacant Industrial	37,256,014	0.11	89	0.17
Recreational	139,646,649	0.40	429	0.81
Government/Social/Institutional	118,768,712	0.34	272	0.52
Miscellaneous	67,990,471	0.20	460	0.87
Subtotal Non-Residential	$4,349,888,153	12.54%	5,077	9.63%
Residential:				
Single Family Residence	$22,278,218,839	64.22%	31,741	60.22%
Condominium/Townhouse	3,023,104,621	8.71	7,287	13.83
Mobile Home	69,051,000	0.20	1,844	3.50
Mobile Home Park	51,039,706	0.15	23	0.04
2-4 Residential Units	1,615,200,360	4.66	3,418	6.48
5+ Residential Units/Apartments	1,617,199,850	4.66	1,137	2.16
Hotel/Motel	1,083,589,981	3.12	194	0.37
Vacant Residential	602,924,472	1.74	1,987	3.77
Subtotal Residential	$30,340,328,829	87.46%	47,631	90.37%
Total	$34,690,216,982	100.00%	52,708	100.00%

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

Assessed Valuation of Single Family Homes

The following table shows the assessed valuation of single family homes within the District for fiscal year 2012-13.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2012-13
Santa Barbara Unified School District

	No. of Parcels	2012-13 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	31,741	$22,278,218,839	$701,875	$434,472

2012-13 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	4,198	13.226%	13.226%	$ 318,845,235	1.431%	1.431%
$100,000 - $199,999	3,950	12.444	25.670	558,346,041	2.506	3.937
$200,000 - $299,999	3,026	9.533	35.204	755,992,174	3.393	7.331
$300,000 - $399,999	3,588	11.304	46.508	1,255,912,607	5.637	12.968
$400,000 - $499,999	2,972	9.363	55.871	1,332,882,066	5.983	18.951
$500,000 - $599,999	2,940	9.262	65.133	1,611,987,937	7.236	26.187
$600,000 - $699,999	2,255	7.104	72.238	1,459,074,730	6.549	32.736
$700,000 - $799,999	1,864	5.873	78.110	1,392,421,257	6.250	38.986
$800,000 - $899,999	1,181	3.721	81.831	1,000,137,965	4.489	43.476
$900,000 - $999,999	864	2.722	84.553	817,725,442	3.671	47.146
$1,000,000 - $1,099,999	698	2.199	86.752	730,705,520	3.280	50.426
$1,100,000 - $1,199,999	489	1.541	88.293	560,108,070	2.514	52.940
$1,200,000 - $1,299,999	412	1.298	89.591	514,353,416	2.309	55.249
$1,300,000 - $1,399,999	356	1.122	90.712	479,461,649	2.152	57.401
$1,400,000 - $1,499,999	287	0.904	91.617	415,163,687	1.864	59.265
$1,500,000 - $1,599,999	237	0.747	92.363	366,518,293	1.645	60.910
$1,600,000 - $1,699,999	199	0.627	92.990	327,836,945	1.472	62.381
$1,700,000 - $1,799,999	194	0.611	93.601	339,454,460	1.524	63.905
$1,800,000 - $1,899,999	160	0.504	94.105	295,918,247	1.328	65.233
$1,900,000 - $1,999,999	134	0.422	94.528	261,375,406	1.173	66.407
$2,000,000 and greater	1,737	5.472	100.000	7,483,997,692	33.593	100.000
	Total		31,741	100.000%		
	$22,278,218,839		100.000%			

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

Assessed Valuation by Jurisdiction

The following table is an analysis of the District's assessed valuation by jurisdiction for fiscal year 2012-13.

ASSESSED VALUATION BY JURISDICTION[(1)]
Fiscal Year 2012-13
Santa Barbara Unified School District

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Goleta	$ 5,127,923,029	14.22%	$5,127,923,029	100.00%
City of Santa Barbara	15,226,386,070	42.22	$15,226,386,070	100.00%
Unincorporated Santa Barbara County	15,710,311,795	43.56	$29,738,466,570	52.83%
Total District	$36,064,620,894	100.00%		
Santa Barbara County	$36,064,620,894	100.00%	$62,524,066,192	57.68%

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

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 annual secured tax levies and delinquencies are included for the District for the fiscal years shown below.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2005-06 through 2011-12
Santa Barbara Unified School District

	Secured Tax Charge [(1)]	Amt. Del. June 30	% Del. June 30
2005-06	$3,130,555.29	$28,724.97	0.92%
2006-07	3,597,535.20	46,643.36	1.30
2007-08	3,859,325.99	69,223.72	1.79
2008-09	4,080,957.25	93,170.00	2.28
2009-10	4,159,335.07	78,260.72	1.88
2010-11	4,172,574.64	47,167.00	1.13
2011-12	4,625,689.52	44,280.70	0.96

(1) General obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - Teeter Plan

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

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

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

Tax Rates

The following table summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical tax rate area within the District during the period from fiscal year 2007-08 to fiscal year 2012-13.

SUMMARY OF *AD VALOREM* TAX RATES
Fiscal Years 2006-07 through 2011-12
Typical Total Tax Rates (TRA 2-001) [(1)]
Santa Barbara Unified School District

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Santa Barbara Elementary School District	.01385	.01385	.01398	.01398	.01403	.01728
Santa Barbara High School District	.01248	.01248	.01248	.01248	.01366	.01391
Santa Barbara Community College District	--	.00850	.00850	.00850	.00850	.00850
Total	1.02633%	1.03483%	1.03496%	1.03496%	1.03619%	1.03969%

[(1)] 2011-12 assessed valuation of TRA is $9,400,866,750 which is 26.07% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Principal Taxpayers

The following table lists the major taxpayers in the District based on their 2012-13 secured assessed valuations:

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2012-13
Santa Barbara Unified School District

	Property Owner	Primary Land Use	Assessed Valuation	Total (1)
1.	1260 BB Property LLC	Hotel	$ 160,000,000	0.46%
2.	Fairway BB Property LLC	Residential	153,520,923	0.44
3.	SP Maravilla LLC	Rest Home	109,747,967	0.32
4.	SB Luxury Resort LLC	Hotel	105,000,000	0.30
5.	Tara II LLC	Residential	93,216,008	0.27
6.	Venoco Inc.	Oil & Gas Exploration	91,170,884	0.26
7.	Camino Real II LLC	Shopping Center	86,107,046	0.25
8.	Essex Portfolio LP	Apartments	84,670,610	0.24
9.	Fess Parker Doubletree Hotel	Hotel	84,186,866	0.24
10.	Levon Investments	Commercial	82,784,728	0.24
11.	Peter V. Sperling	Residential	72,751,024	0.21
12.	Marsupial Properties LLC	Residential	70,287,492	0.20
13.	Tropicana Gardens Holdings LLC	Apartments	67,817,000	0.20
14.	Dario Pini	Apartments	54,804,363	0.16
15.	FW CA-Five Points Shopping Center LLC	Shopping Center	51,939,313	0.15
15.	Hitchcock Holdings LLC	Apartments	50,689,764	0.15
17.	Los Carneros Business Park LP	Office Building	50,000,000	0.14
18.	Sumida Family LP	Apartments	49,288,390	0.14
19.	Estate of Huguette M. Clark	Residential	45,900,000	0.13
20.	MCC BB Property LLC	Golf Course/Country Club	44,996,396	0.13
			$1,608,878,774	4.64%

(1) 2012-13 local secured assessed valuation: $34,690,216,982.
Source: California Municipal Statistics, Inc

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective as of July 1, 2013, for debt issued as of June 24, 2013. 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 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.

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DIRECT AND OVERLAPPING DEBT STATEMENT
Santa Barbara Unified School District

2012-13 Assessed Valuation: $36,064,620,894

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 7/1/13	
Santa Barbara Community College District	88.074%	$ 52,514,123	
Santa Barbara Unified School District	**100.**	**93,435,157**	(1) (2)
Santa Barbara School District	**100.**	**37,763,677**	(3)
Goleta Union School District	100.	18,725,000	
Other School Districts	100.	14,954,403	
Special District 1915 Act Bonds	100.	725,000	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$218,117,360	
OVERLAPPING GENERAL FUND DEBT:			
Santa Barbara County General Fund Obligations	57.681%	$40,636,265	
City of Santa Barbara Certificates of Participation	100.	47,865,000	
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$88,501,265	
Less: City of Santa Barbara General Fund Obligations supported by airport revenues		45,505,000	
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$42,996,265	
OVERLAPPING TAX INCREMENT DEBT:		$56,785,000	
GROSS COMBINED TOTAL DEBT		$363,403,625	(4)
NET COMBINED TOTAL DEBT		$317,898,625	

(1) Bond proceeds to be used for secondary school purposes.
(2) Excludes issue to be sold.
(3) Bond proceeds to be used for elementary school purposes.
(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2012-13 Assessed Valuation:

Direct Debt ($131,198,834).. 0.36%
Total Direct and Overlapping Tax and Assessment Debt............. 0.60%
Gross Combined Total Debt.. 1.01%
Net Combined Total Debt... 0.88%

Ratios to Redevelopment Incremental Valuation ($3,079,341,379):
Total Overlapping Tax Increment Debt 1.84%

Source: California Municipal Statistics, Inc.

SANTA BARBARA UNIFIED SCHOOL DISTRICT

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

Introduction

The District is located in the County and is governed by a five-member Board of Education (the "Board"). The District encompasses approximately 136.4 square miles, which includes the cities of Santa Barbara and Goleta, and certain unincorporated areas, including Montecito. The District encompasses approximately 136.4 square miles, which includes the cities of Santa Barbara and Goleta, and certain unincorporated areas, including Montecito. The District currently operates eight elementary school districts, three charter schools, one alternative elementary school, one community academy, 15 children's centers, after school child care centers, four junior high schools (grades 7-8), one alternative high school (grades 9-12), one continuation high schools (grades 9-12) and three high schools (grades 9-12). Enrollment in the District for the 2013-14 school year is budgeted to be 14,111 students.

The District's budgeted average daily attendance for fiscal year 2013-14 is 13,322 and the District has a 2012-13 assessed valuation of $36,064,620,894.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: Santa Barbara Unified School District, 720 Santa Barbara Drive, Santa Barbara, California 93101, Attention: Assistant Superintendent, Business Services. The District may impose a charge for copying, mailing and handling.

Administration

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. Current members of the Board, together with their offices and the dates their terms expire, are listed in the following table:

BOARD OF EDUCATION
Santa Barbara Unified School District

Board Member	Office	Term Expires
S. Monique Limon	President	November, 2014
Kate Parker	Vice President	November, 2014
Gayle Eidelson	Board Member	November, 2016
H. Edward Heron	Board Member	November, 2016
Pedro Paz, Ph.D.	Board Member	November, 2016

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Dr. David Cash is currently the Superintendent of the District.

A brief biography follows:

Dr. David Cash, Superintendent. Dr. Cash became the Superintendent of the District on July 1, 2011. Prior thereto he served for 2 years as Superintendent of the Clovis Unified School District and 3 years as Superintendent of the Claremont Unified School District. Dr. Cash has 23 years of education experience and has held various positions including Assistant Superintendent of Education and Assessment Services, Principal, Special Education Administrator and teacher. He received his Bachelors of Arts from the University of California, Santa Barbara in political science and cultural anthropology, a Juris Doctorate from Willamette University, Master of Arts in Education from the University of California, Santa Barbara and a Doctor of Education in educational leadership from the University of Southern California.

Meg Jetté, Assistant Superintendent, Business Services. Ms. Jetté became the Assistant Superintendent of Business Services in January 2012 after serving as the Interim Assistant Superintendent of Business Services since October of 2011. Prior thereto she served as the Director of Fiscal Services of the District for 3 years. Prior to her service with the District, she held the positions of District Financial Advisor and Financial Service Manager at the Santa Barbara County Office of Education for 5 years. She received a Bachelors of Arts in photography from Brooks Institute and a Associates Degree in Accounting from Santa Barbara Community College. She currently holds a chief business official certification from the California Association of School Business Officials. She also received a business certificate from the University of California, Santa Barbara.

Average Daily Attendance and Enrollment

The District's total A.D.A. for the 2012-13 academic year was 13,418 students and is budgeted to be 13,322 students for the 2013-14 academic year. The current student-teacher ratio in the District is 25:1 in grades K-3; 26:1 in grades 4-6; 33:1 in grades 7-8; 35:1 in grades 9-12.

The following table reflects the A.D.A. and enrollment for the District for the last six years, and a budgeted amount for fiscal year 2013-14:

AVERAGE DAILY ATTENDANCE AND ENROLLMENT
Fiscal Years 2007-08 through 2013-14
Santa Barbara Unified School District

Fiscal Year	Total A.D.A.(1)	Enrollment(3)
2007-08	13,960	14,572
2008-09	13,835	14,423
2009-10	13,529	14,335
2010-11	13,277	14,071
2011-12	13,308	14,044
2012-13	13,418	14,208
2013-14(2)	13,322	14,111

(1) Except for fiscal year 2013-14, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. Includes K-12, home and hospital, special education and community day school, but excludes charter school students.
(2) Projected.
(3) Enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") in each school year.
Note: All amounts are rounded to the nearest whole number. The A.D.A. figures shown are based on the District implementation of legislation which requires that average daily attendance be based on actual attendance only. The District's revenue limit is adjusted to account for the change in attendance accounting and is revenue neutral with prior years.
Source: Santa Barbara Unified School District.

Charter Schools

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

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

There are three charter schools currently operating within the District, one of which is affiliated (collectively, the "Charter Schools"). The following table shows enrollment figures in for the District's Charter Schools for the past six fiscal years and budgeted figures for fiscal year 2013-14.

CHARTER SCHOOL ENROLLMENT
Fiscal Years 2007-08 through 2013-14
Santa Barbara Unified School District

Fiscal Year	Affiliated Charter School	Independent Charter Schools
2007-08	490.26	716.65
2008-09	498.31	716.65
2009-10	513.14	740.98
2010-11	255.61	928.81
2011-12	286.90	928.98
2012-13	308.00	975.00
2013-14[1]	308.00	975.00

[1] Projected.
Source: Santa Barbara Unified School District.

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

Labor Relations

The District currently employs approximately 703 full-time equivalent ("FTE") certificated employees and 583 FTE classified employees. In addition, the District employs 525 part-time faculty and staff. District employees, except management and some part-time employees, are represented by two bargaining units as noted below:

BARGAINING UNITS
Santa Barbara Unified School District

Labor Organization	Number of Employees In Bargaining Unit	Contract Expiration Date
Santa Barbara Teachers Association	764	June 30, 2014
California School Employees Association	720	June 30, 2014

Source: Santa Barbara Unified School District.

District Retirement Systems

The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District, the Financial Advisor 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. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. The District is currently required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contribute 8% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 3.041% of teacher payroll. The State's contribution reflects a base contribution of 2.017% and a supplemental contribution of 1.024% that will vary from year-to-year based on statutory criteria.

The District's contributions to STRS for the fiscal years ending June 30, 2012, 2011, and 2010 were $4,940,780, $5,035,449, and $5,127,428, respectively. The District's contribution to STRS is estimated to be $4,923,463 for fiscal year 2012-13 and is budgeted to be $ 5,001,250 for fiscal year 2013-14.

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 provision are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.417% of eligible salary expenditures for fiscal year 2012-13, while participants contribute 7% of their respective salaries.

The District's contribution to PERS is capped at 13.02% of gross expenditures for any given fiscal year. To the extent the District's contribution rate to PERS is less than 13.02%, the State will reduce the District's revenue limit for that year by the difference between the maximum contribution rate and the District's actual contribution rate. Alternatively, if the District's contribution rate is greater than

13.02%, the State is required to provide additional revenue limit allocations to the District to make up the difference.

The District's contributions to PERS for the fiscal years ending June 30, 2012, 2011, and 2010 were $2,587,066, $2,492,550, and $2,124,605, respectively. The District's contribution to PERS is estimated to $2,7464,757 for fiscal year 2012-13 and is budgeted to be $ 2,499,681 in fiscal year 2013-14.

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.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
(Dollar Amounts in Millions)[1]

Plan	Accrued Liability	Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	$58,358	$45,901[2]	$(12,457)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	215,189	144,232[3]	(70,957)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets as of June 30, 2011.
(3) Reflects actuarial value of assets as of June 30, 2012.
Source: PERS State & Schools Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

Unlike PERS, STRS contribution rates for participant employers and current employees, as well as the State's base contribution rate, are set by statute and do not currently vary from year-to-year based on actuarial valuations. As a result of the Reform Act (defined below), the contribution rate for STRS participants hired after the Implementation Date (defined below) will vary from year-to-year based on actuarial valuations. See "California Public Employee's Pension Reform Act of 2013" below. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. This unfunded liability is expected to continue to increase in the absence of legislation requiring additional or increased contributions. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. 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 (currently 12 months for STRS members who retire with 25 years of service), and (ii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for members not participating in social security, 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.

Other Post Employment Benefits

Plan Description. The District administers a single-employer defined benefit other post employment plan (the "Plan"), where plan assets may be used only for the payment of post-employment benefits ("Post Employment Benefits") to the members of that Plan. The Plan assets are accounted for in the Special Reserve Fund for Other Than Capital Outlay Projects. The District's plan covers eligible retired employees of the District including all departments. The Plan provides insurance benefits to eligible retirees. Retired Plan members and beneficiaries currently receiving benefits are eligible to retire upon attaining age 55 with 10 or more years of service. The District reimburses certificated and classified retirees for premium cost of medical coverage (employee only) up to a maximum of $1,000 per year until the age of 65. Retirees employed before October 7, 1982 who have twenty or more years of full-time service with the District are also reimbursed up to a maximum of $500 per year after age 65.

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

Membership of the Plan consists of 463 retirees and beneficiaries currently receiving benefits, and 1,285 active Plan members.

Funding Policy. The District funds the Post-Employment Benefits on a pay-as-you-go basis to cover the cost of premiums for current retirees with an additional amount, as determined annual by the District's Board, to begin funding its unfunded actuarial accrued liability (the "UAAL"). For fiscal year 2011-12, the District contributed $1,508,085 to the Plan, all of which was used for current premiums. The District has projected $1,416,041 for such expenditures in fiscal year 2012-13 and has budgeted $1,416,041 for such expenditures in fiscal year 2013-14.

Actuarial Study. The District has implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, pursuant to which the District has commissioned and received several actuarial studies of its outstanding liabilities with respect to the Post-Employment Benefits. The most recent of these studies (the “Study”), dated as of June 22, 2012, determined that the UAAL with respect to the Post-Employment Benefits, as of a July 1, 2011 valuation date, was $16,695,000. The Study also concluded that the annual required contribution (“ARC”) for fiscal year 2012-13 was $954,000. 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 UAAL, in accordance with the Governmental Accounting Standards Board Statements Nos. 43 and 45.

Net OPEB Obligation. As of June 30, 2012, the District recognized a long-term obligation (the “Net OPEB Obligation”) of $(1,154,393) with respect to its accrued liability for the Post-Employment Benefits. The Net OPEB Obligation is based on the District’s contributions towards the ARC during fiscal year 2011-12, plus interest on the prior year’s Net OPEB Obligation and minus any adjustments to reflect the amortization thereof. See “DISTRICT FINANCIAL INFORMATION – District Debt Structure – Long Term Debt” and “APPENDIX C – EXCERPTS FROM THE DISTRICT’S 2011-12 AUDITED FINANCIAL STATEMENTS – Note 121 “Post Employment Health Care plan and Other Post Employment Benefits (OPEB) Asset” herein.

Insurance

The District is a member of the Self-Insured Schools of California Proeprty and Liablity Program (“SISC II”) and the Self Insured Schools of California (“SISC”) public entity risk pools (together, the “JPA’s”). The District pays an annual premium to each entity for its health, workers’ compensation, and property liability coverage. The relationships between the District and the JPA’s are such that they are not component units of the District for financial reporting purposes.

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

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem *tax 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

As a whole, California school districts receive a significant portion of their funding from State appropriations. As a result, decreases in state revenues significantly affect appropriations made by the legislature to school districts.

Annual state apportionments of basic and equalization aid to school districts for general purposes are computed up to a revenue limit per unit of average daily attendance. Generally, these apportionments amount to the difference between the district's revenue limit and its property tax allocation. The revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. The following table reflects the District's A.D.A., enrollment and the A.D.A. base revenue limit per student for the last five years, and a projected amount for fiscal year 2011-12.

The following table reflects the District's A.D.A., enrollment and the A.D.A. base revenue limit per student for the last seven years, and budgeted amounts for fiscal year 2013-14.

AVERAGE DAILY ATTENDANCE, ENROLLMENT AND BASE REVENUE LIMIT PER A.D.A.
Fiscal Years 2006-07 through 2013-14
Santa Barbara Unified School District

Fiscal Year	Total A.D.A.[1]	Enrollment[2]	Base Revenue Limit Per A.D.A.[4]	Funded Base Revenue Limit Per A.D.A.[4]
2006-07	13,599	14,884	$6,013.67	$6,013.67
2007-08	13,960	14,572	6,014.90	6,014.92
2008-09	13,835	14,423	6,641.89	6,120.85
2009-10	13,529	14,335	6,915.86	5,676.29
2010-11	13,277	14,071	6,891.38	5,627.09
2011-12	13,308	14,044	7,571.95	6,011.98
2012-13	13,418	14,208	7,783.95	6,050.31
2013-14[3]	13,322	14,111	7,889.95	6,391.10

(1) Except for fiscal year 2013-14, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. Includes K-12, home and hospital, special education and community day school, but excludes charter school students.
(2) Enrollment as of October CBEDS in each school year.
(3) Projected.
(4) Deficit revenue limit funding, if provided for in State budget legislation, reduces the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for a given fiscal year, and results from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit limit funding was eliminated effective in fiscal year 2000-01, reinstated beginning in fiscal year 2003-04, eliminated again effective in fiscal year 2006-07, and reinstated again beginning in fiscal year 2008-09.
Source: Santa Barbara Unified School District.

Revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among California school districts.

Revenue Sources

Major Revenue Sources of the District are described below.

Revenue Limit Sources. Since fiscal year 1973-74, California school districts have operated under general purpose revenue limits established by the State Legislature. In general, revenue limits are calculated for each school district by multiplying the A.D.A. for such district by a base revenue limit per unit of A.D.A. The revenue limit calculations are adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type.

Funding of the District's revenue limit is provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments will amount to the difference between the District's revenue limit and its local property tax revenues.

Certain schools districts, known as "basic aid" districts, have local property tax collections of such a large magnitude that, when compared to the district's total revenue limit, result in the receipt of the minimum State aid of $120 per pupil. This amount is defined in the State's constitution as basic aid. The implication for basic aid districts is that the legislatively determined annual cost of living adjustment 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 is not a basic aid district.

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

The revenue limit sources constituted approximately 68.25% of general fund revenues in fiscal year 2009-10, approximately 65.81% of such revenues in fiscal year 2010-11, approximately 68.84% of such revenues in fiscal year 2011-12, approximately 74.72% of such estimated revenues in 2012-13, and is budgeted to be 74.65% of such revenues in fiscal year 2013-14.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Drug Free Schools, Education for Economic Security, and the free and reduced lunch program. The federal revenues, most of which are restricted, constituted approximately 9.42% of general fund revenues in 2009-10, approximately 9.07% of such revenues in 2010-11, approximately 7.28% of such revenues in 2011-12, approximately 6.46% of such estimated revenues in fiscal year 2012-1, and is budgeted equal approximately 6.19% of such revenues in 2013-14.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues. These other State revenues are primarily restricted revenues funding items such as the Class Size Reduction Program, Educational Technology Assistance Grants, mandated cost reimbursements and instructional materials, among others. Other State revenues constituted approximately 14.61% of general fund revenues in fiscal year 2009-10, approximately 17.91% of such revenues in 2010-11, approximately 12.53% of such revenues in fiscal year 2011-12, approximately 16.36% of such estimated revenues in fiscal year 2012-13, and is budgeted to equal approximately 13.55% of such revenues in 2013-14.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as leases and rentals, interest earnings, interagency services, and other local sources. Other local revenues constituted approximately 7.7% of general fund revenues in fiscal year 2009-10, approximately 7.19% of such revenues in 2010-11, approximately 7.52% of such revenues in fiscal year 2011-12, approximately 6.29% of such estimated revenues in fiscal year 2012-13 and is budgeted to equal approximately 5.61% of such revenues in 2013-14.

Parcel Taxes

At an election held on November 4, 2008, the voters of the High School District authorized the High School District to levy a four-year special tax of $23 per parcel, which expired on July 1, 2013 (the "2008 High School District Parcel Tax") that generated approximately $1.1 million in tax revenues each fiscal year. The revenues generated by the High School District Parcel Tax were deposited in the District's general fund and allowed the District to supplement its academic program at its high schools and middle schools.

At an election held on November 6, 2012, the voters of the High School District authorized the High School District to levy a four-year special tax of $45 per parcel, ending on July 1, 2017 (the "2012 High School District Parcel Tax") that generates approximately $1.9 million in tax revenues each fiscal year. The revenues generated by the 2012 High School District Parcel Tax are deposited in the District's general fund and allow the District to supplement its academic program at its high schools and middle schools.

At an election held on November 4, 2008, the voters of the Elementary School District authorized the Elementary School District to levy a four-year special tax of $27 per parcel, which expired on July 1, 2013 (the "2008 Elementary School District Parcel Tax" and together with the 2008 High School District Parcel Tax, the "2008 Parcel Taxes") that generated approximately $600,000 in tax revenues each fiscal year. The revenues generated by the Elementary School District Parcel Tax are deposited in the District's general fund and allow the District to supplement its academic program at its elementary schools.

At an election held on November 6, 2012, the voters of the Elementary School District authorized the Elementary School District to levy a four-year special tax of $48 per parcel ending on July 1, 2017 (the "2012 Elementary School District Parcel Tax" and together with the 2012 High School District Parcel Tax, the "2012 Parcel Taxes") that generates approximately $1.0 million in tax revenues each fiscal year. The revenues generated by the Elementary School District Parcel Tax are deposited in the District's general fund and allow the District to supplement its academic program at its elementary schools

The 2008 Parcel Taxes generated $1,733,624 in fiscal year 2011-12 and are currently estimated to generate $1,744,796 in fiscal year 2012-13. The 2012 Parcel Taxes are budgeted to generate $________ during fiscal year 2013-14.

State 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, not to exceed $250,000 in any year, to the extent such costs have been approved in an administrative budget; 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 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 Controller. If the 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, including to the District. 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), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs to the District 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 revenue limit apportionments 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.

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.

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, 2011, and prior fiscal years are on file with the District and available for public inspection at the Office of the Assistant Superintendent, Business Services of the District, 720 Santa Barbara Street, Santa Barbara, California 93101, telephone: (805) 963-4338. Excerpts from the audited financial statements for the year ended June 30, 2011, are included in APPENDIX C hereto.

Comparative Financial Statements

The following table reflects the District's general fund audited revenues, expenditures and changes in fund balances from fiscal year 2007-08 to fiscal year 2011-12:

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GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES[1]
Fiscal Years 2007-08 through 2011-12
Santa Barbara Unified School District
(Revised Reporting Format)

	Audited Fiscal Year 2007-08	Audited Fiscal Year 2008-09	Audited Fiscal Year 2009-10	Audited Fiscal Year 2010-11	Audited Fiscal Year 2011-12
REVENUES					
Revenue Limit Sources	$88,319,868	$86,068,483	$77,150,088	$76,782,220	$83,698,956
Federal Sources	7,766,928	14,011,681	10,653,222	10,591,291	8,851,251
Other State Sources	24,251,333	18,227,843	16,510,140	20,898,978	19,895,682
Other Local Sources	6,801,260	6,203,685	8,731,041	8,393,515	9,139,646
TOTAL REVENUES	127,139,389	124,511,692	113,044,491	116,666,004	121,585,535
EXPENDITURES					
Instruction	77,979,813	74,882,627	72,215,742	74,580,968	74,275,956
Instruction-related Activities:					
Supervision of instruction	4,612,443	4,320,387	5,356,258	5,245,275	5,501,390
Instructional Library, Media, and Technology	1,567,472	1,481,855	1,423,278	1,459,340	1,451,791
School Site Administration	8,569,543	8,597,404	8,475,056	8,700,198	8,729,049
Pupil services:					
Home-to-School Transportation	1,839,677	2,035,914	2,077,196	2,151,828	2,280,629
Food Services	17,519	377,111	807,390	278,721	18,923
All Other Pupil Services	7,495,372	7,380,350	6,400,432	6,289,938	6,925,795
Administration:					
Data Processing	1,106,965	1,303,942	1,297,162	1,463,273	1,088,287
All Other Administration	4,431,737	4,690,955	5,147,288	5,062,552	4,658,997
Plant Services	13,038,134	12,501,652	12,875,828	11,371,927	12,923,657
Facility Acquisition and Construction	203,646	34,769	13,691	257,175	17,601
Ancillary Services	1,372,831	1,463,900	1,423,004	1,508,664	1,565,023
Community Services	935,571	998,420	1,146,999	1,396,630	1,517,000
Enterprise activities	--	--	--	(1,321)	--
Transfers to other agencies		108,931	42,543	93,374	--
Other Outgo	115,134				89,685
Debt Service					
Costs of Issuance	--	359,000	--	--	--
Principal	--	--	69,172	--	--
Interest and other	110,787	--	38,250	35,032	134,822
TOTAL EXPENDITURES	$123,396,644	$120,537,217	$118,809,289	119,893,574	121,178,605
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,742,745	3,974,475	(5,764,798)	(3,227,570)	406,930
OTHER FINANCING SOURCES (USES)					
Transfers In	--	--	12,627	725,000	60,100
Transfers Out	(1,018,210)	(1,155,990)	(1,195,471)	(78,276)	(267,380)
Other Sources (Uses)	--	(124,082)	(80,709)	(76,106)	--
NET FINANCING SOURCES (USES)	(1,018,210)	(1,280,072)	(1,263,553)	570,618	(207,280)
NET CHANGE IN FUND BALANCE	2,724,535	2,694,403	(7,028,351)	(2,656,952)	199,650
Fund Balance – Beginning	12,157,592	14,882,127	17,576,530	10,548,179[2]	8,768,965
Adjustment for restatement				877,738[2]	--
Fund Balance – Beginning, as restated	12,157,592	14,882,127	17,576,530	11,425,917	8,768,965
Fund Balance – Ending	$14,882,127	$17,576,530	$10,548,179	$8,768,965	$8,968,615

Note: Totals may not add due to rounding.

(1) District audited financial statements for each fiscal year indicated.

(2) The District implemented GASB Statement No. 54, Fund Balance Reporting and governmental Fund type Definitions, during Fiscal Year 2010-11, the effect of which was to reclassify and restate certain funds as general fund activities.

Source: Santa Barbara 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 A.B. 1200, which became law on October 14, 1991. Portions of A.B. 1200 are summarized below.

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. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 15 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

For both dual and single budgets submitted on July 1, 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, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. 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 August 20, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget has been disapproved.

For all dual budget options and for single budget option districts whose budgets have been disapproved, the district must revise and readopt its budget by September 15, 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 § 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reporting. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or subsequent two fiscal years.

The District, the High School District and the Elementary School District have never had an adopted budget disapproved by the county superintendent of schools. The District's Board received a qualified certification on its 1st Interim Financial Report with respect to the Elementary School District and the High School District for fiscal year 2007-08 pursuant to A.B. 1200. The District received a negative certification with respect to the Elementary School District and High School District for the 2nd Interim Financial Report for fiscal year 2007-08. In its next interim financial report, and for all reporting periods thereafter, the District, the Elementary School District and the High School District have reported a "positive" certification.

General Fund Budgeting. The following table summarizes the District's adopted general fund budgets for fiscal years 2010-11 through 2013-14, audited statements of revenues, expenditures and changes in fund balance for fiscal years 2010-11 through 2011-12 and estimated actuals for fiscal year 2012-13.

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General Fund Budget

GENERAL FUND BUDGET
Fiscal Years Ending June 30, 2011 through June 30, 2013-14
Santa Barbara Unified School District

	Adopted Budget 2010-11[1]	Audited Actuals 2010-11[1]	Adopted Budget 2011-12[2]	Audited Actuals 2011-12[1]	Adopted Budget 2012-13[2]	Estimated Actuals 2012-13[3]	Adopted Budget 2013-14[3]
REVENUES							
Revenue Limit Sources	$74,460,670	$76,782,220	$82,571,284	$83,698,956	$78,719,878	$94,008,974	88,842,202
Federal	6,821,163	10,591,291	6,501,181	8,851,251	6,814,462	8,134,202	7,370,313
Other State	18,170,862	20,898,978	17,910,313	19,895,682	16,090,838	15,762,637	16,127,700
Other Local	5,631,400	8,393,515	7,086,437	9,139,646	6,660,606	7,914,327	6,676,058
Total Revenues	105,084,095	116,666,004	114,069,215	121,585,535	108,285,784	125,820,140	119,016,273
EXPENDITURES							
Certificated Salaries	53,510,425	60,955,495	56,911,417	59,448,010	52,715,868	58,961,797	59,317,221
Classified Salaries	18,317,527	20,663,494	19,429,531	21,040,147	18,363,279	21,152,270	19,814,133
Employee Benefits	19,428,791	22,779,798	20,653,964	23,169,435	19,893,689	19,999,060	18,842,324
Books and Supplies	4,654,599	3,961,506	3,331,004	5,009,465	4,232,844	4,982,185	5,441,840
Services, Other Operating Expenses	13,276,492	11,325,459	13,108,169	12,738,068	14,453,926	16,896,463	15,650,861
Capital Outlay	25,369	694,508	145,268	236,348	73,652	555,269	422,618
Transfers of Indirect Costs	(712,891)	(580,060)	(811,002)	(462,868)	(591,780)	(602,170)	(593,037)
Other Outgo	194,685	93,374	29,351	--	32,070	33,796	33,796
Total Expenditures	108,694,997	119,893,574	112,797,702	121,178,605	109,173,548	121,978,671	118,929,756
Revenues Over (Under) Expenditures	(3,610,902)	(3,227,570)	1,271,513	406,930	(887,764)	3,841,469	86,517
OTHER FINANCING SOURCES (USES)							
Transfers In	--	725,000	208,000	60,100	--	210,887	
Transfers Out	(13,517)	(78,276)	(472,942)	(267,380)	(250,000)	4,740,673)	(375,500)
Other Uses	(98,390)	(76,106)	--	--	--	(94,406)	(167,547))
Total Other Financing Sources (Uses)	(111,907)	570,618	(264,942)	(207,280)	(250,000)	(4,824,192)	(543,047)
Net Change in Fund Balances	(3,722,809)	(2,656,952)	1,006,571	199,650	(1,137,764)	(782,723)	(456,530)
Beginning Balance, July 1	10,548,179	10,548,179[4]	8,768,965[5]	8,768,965	8,942,728	8,942,728	8,160,005
Adjustment	877,738[4]	877,738[4]		--			
Fund Balance, July 1, as adjusted	11,425,917[4]	11,425,917	8,768,965	8,768,965	8,942,728	8,942,728	8,160,005
Fund Balance, June 30	$7,703,108	$8,768,965	$9,775,536	$8,968,615	$7,804,964	$8,160,005	$7,703,475

[1] From the Comprehensive Annual Financial Statements of the District for fiscal years 2010-11 and 2011-12.
[2] From the District's Second Interim Financial Report for fiscal year 2012-13 approved by the Board on March 12, 2013.
[3] From the District's 2013-14 Adopted Budget, approved by the Board on June 25, 2013.
[4] The District implemented GASB Statement No. 54, Fund Balance Reporting and governmental Fund type Definitions, during Fiscal Year 2010-11, the effect of which was to reclassify and restate certain funds as general fund activities.
[5] Does not reflect GASB Statement No. 54 reclassification. The District is permitted under current state law to account for funds classified under GASB Statement No. 54 as general fund activities as a special revenue fund type for interim reporting and budgeting purposes.
Note: Totals may not add to sums due to rounding.
Source: Santa Barbara Unified School District.

District Debt Structure

Short-Term Debt. On _____________, 2013, the District issued its 2013-14 tax and revenue anticipation notes in an aggregate principal amount of $__________ (the "Fiscal Year TRANs") to fund seasonal cashflow deficits of the District. The Fiscal Year TRANs mature on ___________, 2014, with a yield of _________%. The Fiscal Year TRANs are a general obligation of the District, payable from any lawfully available funds of the District.

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2012 is shown below:

SCHEDULE OF LONG TERM DEBT
As of June 30, 2012
Santa Barbara Unified School District

	Balance as of July 1, 2011	Additions	Deductions	Balance as of June 30, 2012
General Obligation Bonds	$124,733,472	$44,524,066	$30,900,000	$138,357,538
Premium on issuance	2,397,924	2,641,588	136,156	4,903,356
Capital Leases	173,699	--	40,138	133,561
Accumulated vacation - net	923,729	87,941	--	1,011,670
Career Technical Education Facilities Loan	--	1,442,158	--	1,442,158
Totals	$128,228,824	$48,695,753	$31,076,294	$145,848,283

Source: Santa Barbara Unified School District.

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

Fiscal Year	Lease Payments
2012-13	$49,294
2013-14	49,294
2014-15	49,294
Total	$147,882
Less: Amount representing interest	(14,321)
Present value of minimum lease payments	$133,561

Career Technical Education Facilities Loan. During fiscal year 2011-12, the District entered into an agreement with the State Allocation Board for a loan of $1.442,158 for the purpose of financing a portion of the project costs of the Multimedia Arts and Design Academy Relocation Project at Santa Barbara High School. The loan has a final maturity of July 1, 2021, with an interest rate of 2.568%. At June 30, 2012, the principal balance outstanding was $1,442,158. Future payments are as follows:

Fiscal Year	Principal	Interest	Total
2012-13	$128,324	$37,035	$165,359
2013-14	131,619	33,739	165,358
2014-15	134,999	30,359	165,358
2015-16	138,466	26,892	165,358
2016-17	142,022	23,337	165,359
2017-18 through 2021-22	766,728	60,067	826,795
Total	$1,442,158	$211,429	$1,653,587

General Obligation Bonds.

High School District. The High School District received authorization at an election held on March 7, 2000, by at least two-thirds of the votes cast by eligible voters within the High School District to issue $67,000,000 maximum principal amount of general obligation bonds (the "2000 Bond Authorization"). On July 3, 2000, the High School District issued $25,000,000 aggregate principal amount of Santa Barbara High School District (Santa Barbara County, California) General Obligation Bonds, 2000 Election, Series A (the "Series 2000A Bonds"). On August 19, 2004, the High School District issued $21,000,000 aggregate principal amount of Santa Barbara High School District (County of Santa Barbara, California) General Obligation Bonds, 2000 Election, Series B (the "Series 2004B Bonds"). On October 13, 2005, the High School District issued $21,000,000 aggregate principal amount of Santa Barbara High School District (County of Santa Barbara, California) General Obligation Bonds, 2000 Election, Series C (the "Series 2005C Bonds"). On August 2, 2007, the High School District issued $23,650,000 aggregate principal amount of its 2007 General Obligation Refunding Bonds to advance refund the outstanding Series A Bonds (the "2007 Refunding Bonds, Series B"). On June 19, 2012, the District issued $16,160,000 aggregate principal amount of its 2012 General Obligation Refunding Bonds, Series A in order to advance refund portions of the District's Series 2004B Bonds (the "2012 Refunding Bonds, Series A") The proceeds from the sale of the Bonds will be utilized to advance refund a portion the District's Series 2005C Bonds.

The High School District received authorization at an election held on November 2, 2010 by at least fifty-five percent of the votes cast by eligible voters within the High School District to issue $75,000,000 maximum principal amount of general obligation bonds (the "2010 High School District Bond Authorization"). On May 18, 2011, the High School District issued $15,798,210.65 aggregate principal amount of Santa Barbara Secondary/High School District (Santa Barbara County, California) General Obligation Bond, Election of 2010, Series A (Tax-Exempt) (the "2010 High School District Series A Bonds"). Concurrently with the issuance of the 2010 Series A Bonds, on May 18, 2011, the High School District issued $9,200,000 aggregate principal amount of Santa Barbara Secondary/High School District (Santa Barbara County, California) General Obligation Bonds, Election of 2010, Series B, Qualified School Construction Bonds (Federally Taxable Direct Subsidy Bonds) (the "2010 High School District Series B Bonds"). On June 19, 2012, the District issued $14,997,217.75 aggregate principal amount of Santa Barbara Unified School District (Santa Barbara County, California) Election of 2010 General Obligation Bonds, Series C (the "2010 High School District Series C Bonds"). Concurrently with the issuance of the Bonds, the District intends to issue $35,000,000* aggregate principal amount of its Election of 2010 High School District General Obligation Bonds, Series D (the "2010 High School District Series D Bonds"). The 2010 High School District Series D Bonds are the fourth series of bonds issued under the 2010 Bond Authorization, and following the issuance thereof, no useable 2010 High School District Bond Authorization will remain.

* Preliminary, subject to change.

Elementary School District. The Santa Barbara Elementary School District (the "Elementary School District") received authorization at an election held on June 2, 1998, by at least two-thirds of the votes cast by eligible voters within the Elementary School District to issue $25,000,000 maximum principal amount of general obligation bonds (the "1998 Bond Authorization"). On November 4, 2004, the Elementary School District issued $10,000,000 aggregate principal amount of Santa Barbara Elementary School District (County of Santa Barbara, California) General Obligation Bonds, Election of 1998, Series B (the "1998 Series B Bonds"). On November 23, 2004, the Elementary School District issued $5,435,000 aggregate principal amount of its 2004 General Obligation Refunding Bonds, Series A to refund a portion of the Elementary School District's outstanding General Obligation Bonds, 1995 Election, Series A and General Obligation Bonds, 1995 Election, Series B (the "2004 Refunding Bonds"). On August 2, 2007, the Elementary School District issued $13,265,000 aggregate principal amount of its 2007 General Obligation Refunding Bonds, Series A to refund a portion of the Elementary School District's outstanding General Obligation Bonds, 1995 Election, Series A (the "2007 Refunding Bonds, Series "). On July 6, 2012, the District issued $11,745,000 aggregate principal amount of its 2012 General Obligation Refunding Bonds, Series B (the "2012 Refunding Bonds, Series B") to refund a portion of the District's outstanding 1998 Series B Bonds and 2004 Refunding Bonds.

The Elementary School District received authorization at an election held on November 2, 2010 by at least fifty-five percent of the votes cast by eligible voters within the Elementary School District to issue $35,000,000 maximum principal amount of general obligation bonds (the "2010 Elementary School District Bond Authorization"). On May 18, 2011, the Elementary School District issued $14,998,228.70 aggregate principal amount of Santa Barbara Elementary School District (Santa Barbara County, California) General Obligation Bonds, Election of 2010, Series A (the "2010 Elementary School District Series A Bonds"). Concurrently with the issuance of the Bonds, the District intends to issue its Santa Barbara Unified School District (Santa Barbara County, California) Elementary School Election of 2010 General Obligation Bonds, Series B (the "2010 Series B Bonds) in an aggregate principal amount of $20,001,771.30*.

The following table shows the combined debt service requirements with respect to the total outstanding general obligation debt of the District attributable to the High School District.

* Preliminary, subject to change.

COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE
Santa Barbara Secondary/High School District

	2000 Bond Authorization					2010 High School District Bond Authorization				
Year Ending August 1	Series 2004B Bonds (1)	Series 2005C Bonds (2)	2007 Refunding Bonds, Series B (3)	2012 Refunding Bonds	The Bonds	2010 High School District Series A Bonds	2010 High School District Series B Bonds(4)	2010 High School District Series C Bonds	2010 High School District Series D Bonds	Total Annual Debt Service
2013	$702,000.00	$1,420,312.50	$1,892,168.76	$780,768.76		--	$512,711.00	--		
2014	--	1,424,512.50	1,885,968.76	1,482,168.76		--	512,711.00	--		
2015	--	1,422,512.50	1,886,231.26	1,320,618.76		--	512,711.00	--		
2016	--	1,424,512.50	1,888,575.00	1,318,118.76		--	512,711.00	$50,000.00		
2017	--	1,423,487.50	1,892,575.00	1,320,018.76		--	557,711.00	125,000.00		
2018	--	1,424,287.50	1,888,825.00	1,321,168.76		--	775,383.16	135,000.00		
2019	--	1,423,512.50	1,887,575.00	1,323,368.76		--	986,674.70	145,000.00		
2020	--	1,421,162.50	1,888,575.00	1,319,168.76		--	1,206,327.00	150,000.00		
2021	--	1,422,237.50	1,896,575.00	1,318,768.76		--	1,408,305.46	155,000.00		
2022	--	1,421,512.50	1,886,075.00	1,321,968.76		--	1,627,868.70	165,000.00		
2023	--	1,423,987.50	1,891,237.50	1,318,968.76		--	1,826,617.36	178,800.00		
2024	--	1,424,437.50	1,883,075.00	1,318,718.76		--	2,039,913.90	178,800.00		
2025	--	1,422,862.50	1,892,062.50	1,320,968.76		--	2,236,041.46	178,800.00		
2026	--	1,424,262.50	1,887,250.00	1,317,668.76		$235,000.00	--	1,173,800.00		
2027	--	1,420,587.50	1,889,112.50	1,320,668.76		455,000.00	--	1,228,800.00		
2028	--	1,419,537.50	1,812,175.00	1,318,168.76		770,000.00	--	1,286,760.00		
2029	--	1,420,875.00	--	1,318,031.26		2,825,000.00	--	1,346,040.00		
2030	--	1,419,362.50	--	--		4,570,000.00	--	1,407,440.00		
2031	--	--	--	--		6,255,000.00	--	1,470,720.00		
2032	--	--	--	--		6,534,495.30	--	1,535,640.00		
2033	--	--	--	--		6,822,651.60	--	1,606,960.00		
2034	--	--	--	--		7,130,472.00	--	1,678,460.00		
2035	--	--	--	--		7,446,480.00	--	1,760,460.00		
2036	--	--	--	--		7,780,000.00	--	1,837,210.00		
2037	--	--	--	--		8,071,752.60	--	1,948,710.00		
2038	--	--	--	--		8,428,450.50	--	2,035,430.10		
2039	--	--	--	--		8,807,100.00	--	2,130,301.60		
2040	--	--	--	--		9,200,000.00	--	2,228,310.15		
2041	--	--	--	--		10,000,000.00	--	2,158,751.25		
2042	--	--	--	--		--	--	6,862,960.00		
2043	--	--	--	--		--	--	7,172,960.00		
2044	--	--	--	--		--	--	7,494,640.00		
2045	--	--	--	--		--	--	7,831,220.00		
Total	$702,000.00	$25,603,962.50	$30,148,056.28	$22,059,331.42		$95,331,402.00	$14,715,686.74	$57,656,973.10		

(1) Excludes debt service on the Series 2004B Bonds prior to issuance of the 2012 Refunding Bonds.

(2) Excludes debt service on the Series 2005C Bonds to be refunded from proceeds of the 2013 General Obligation Refunding Bonds.

(3) Concurrently with the issuance of the 2007 Refunding Bonds, Series B, the Santa Barbara Schools Financing Authority issued its 2007 General Obligation Revenue Bonds, Series B for the purpose of purchasing the High School District's 2007 Refunding Bonds, Series B and to finance additional capital improvements of the High School District.

(4) The 2010 High School District Series B Bonds are designated as "Qualified School Construction Bonds" pursuant to an irrevocable election by the District to have Sections 54F and Section 6431 of the Code, as amended by the Hiring Incentives to Restore Employment Act of 2010, apply thereto. The District expects to receive a cash subsidy payment from the United States Department of the Treasury equal to the lesser of the (a) interest payable on such bonds on such semi-annual interest payment date or (b) the amount of interest that would have been payable on such semi annual interest payment date if such interest were determined at a federal tax credit rate applicable to the 2010 High School District Series B Bonds (each a "QSCB Subsidy"). This table reflects gross debt service payments with respect to the 2010 High School District Series B Bonds and does not reflect the anticipated receipt of the QSCB Subsidy.

Source: The District.

The following table shows the combined debt service requirements with respect to the total outstanding general obligation debt of the Santa Barbara Elementary School District attributable to the Elementary School District.

COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE
Santa Barbara Elementary School District

	1998 Authorization				2010 Elementary School District Bond Authorization		
Year Ending August 1	1998 Series B Bonds[1]	2004 Refunding Bonds[1]	2007 Refunding Bonds Series A[2]	2012 Refunding Bonds	2010 Elementary School District Series A Bonds	2010 Elementary School District Series B Bonds	Total Annual Debt Service
2013	$338,000.00	$228,800.00	$1,187,425.00	$560,056.26	--		
2014	--	--	1,204,375.00	1,132,356.26	--		
2015	--	--	1,229,412.50	1,013,156.26	--		
2016	--	--	1,251,162.50	1,015,006.26	--		
2017	--	--	1,275,412.50	1,025,006.26	--		
2018	--	--	1,296,412.50	1,020,206.26	--		
2019	--	--	1,324,162.50	1,016,456.26	--		
2020	--	--	1,343,162.50	1,018,656.26	--		
2021	--	--	1,368,662.50	1,019,656.26	--		
2022	--	--	1,400,162.50	1,019,456.26	$75,000.00		
2023	--	--	1,425,312.50	1,015,206.26	175,000.00		
2024	--	--	381,425.00	1,014,206.26	1,349,550.00		
2025	--	--	--	1,001,206.26	1,879,550.00		
2026	--	--	--	794,506.26	2,229,550.00		
2027	--	--	--	657,318.76	2,549,550.00		
2028	--	--	--	657,981.26	2,709,550.00		
2029	--	--	--	657,225.00	2,869,550.00		
2030	--	--	--	--	3,774,550.00		
2031	--	--	--	--	3,954,550.00		
2032	--	--	--	--	4,144,550.00		
2033	--	--	--	--	4,340,400.00		
2034	--	--	--	--	4,548,600.00		
2035	--	--	--	--	4,761,350.00		
2036	--	--	--	--	4,986,200.00		
2037	--	--	--	--	5,225,199.10		
2038	--	--	--	--	5,473,669.80		
2039	--	--	--	--	5,734,287.00		
2040	--	--	--	--	6,007,800.00		
2041	--	--	--	--	6,290,000.00		
Total	$338,000.00	$228,800.00	$14,687,087.50	$15,637,662.66	$73,078,455.90		

[1] Does not reflect debt service on the bonds refunded from the proceeds of the 2012 Refunding Bonds.
[2] Concurrently with the issuance of the 2007 Refunding Bonds, Series A, the Santa Barbara Schools Financing Authority issued its 2007 General Obligation Revenue Bonds, Series A for the purpose of purchasing the Elementary School District's 2007 Refunding Bonds, Series A and to finance additional capital improvements of the High School District.
Source: The District.

TAX MATTERS

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

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

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

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

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

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY 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 Resolutions 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 California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the Government Code of the State, are eligible for security for deposits of public moneys in the State.

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 will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for 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.

Continuing Disclosure

In connection with the issuance of the Bonds, the District has covenanted for the benefit of bondholders (including beneficial owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than 270 days following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2011-12 Fiscal Year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in APPENDIX C– "FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule. The District has, in the past, failed to file certain of its required annual reports and notices of material events in a timely manner as required by its prior continuing disclosure obligations. The District has since filed all such reports and notices and is current on all filings required under its continuing disclosure obligations.

No Litigation

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

Financial Statements

Excerpts from the District's audited financial statements with required supplemental information for the year ended June 30, 2011, the independent auditor's report of the District, the related statements of activities and of cash flows for the year then ended, and the report dated December 14, 2012 of Christy White Accountancy Corporation (the "Auditor"), are included in this Official Statement as Appendix C. In connection with the inclusion of the financial statements and the report of the Auditor herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Verification

Upon delivery of the Bonds, Causey Demgen & Moore, Inc., will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter (defined herein) relating to (a) the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of and interest on the Refunded Bonds and (b) the computations of yield of the Bonds and the Federal Securities in the Escrow Fund which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

Legal Opinion

The legal opinions 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 ratings of "___" by Moody's and "___" by S&P. The ratings reflect only the view of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody's, 7 World Trade Center at 250 Greenwich, New York, NY 10007 and Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business, 55 Water Street, 45th Floor, New York, NY 10041. 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 agencies if, in the judgment of the rating agencies, 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.

Underwriting

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 Bonds for a purchase price of $___________, which is equal to the initial principal amount of the Bonds, plus original issue premium of $___________ and less $___________ of Underwriter's discount. The Purchase Contract 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 in the Purchase Contract, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than such initial offering prices.

Distribution Agreements. The Underwriter and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to the Underwriter, including the Bonds. Under the agreement, the Underwriter will share with Pershing LLC a portion of the fee or commission paid to the Underwriter.

The Underwriter has entered into a distribution agreement with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

Additional Information

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

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

SANTA BARBARA UNIFIED SCHOOL DISTRICT

By: ____

Dr. David Cash
Superintendent

APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

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

[Closing Date]

Board of Education
Santa Barbara Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $_______ Santa Barbara Unified School District 2013 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") of the Board of Education of the Santa Barbara Unified School District (the "District").

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

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such 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 such 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.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

EXCERPTS FROM THE DISTRICT'S 2011-12 AUDITED FINANCIAL STATEMENTS

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Santa Barbara Unified School District (the "District") in connection with the issuance of $___________ of the District's 2013 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of Education of the District dated April 24, 2012 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with 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 the District, 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.

"Holders" shall mean registered owners of the Bonds.

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

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

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

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2011-12 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

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

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 attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

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

Dated: _________________, 2013

SANTA BARBARA UNIFIED SCHOOL DISTRICT

By: ____

Dr. David Cash
Superintendent

APPENDIX D

COUNTY OF SANTA BARBARA AND CITY OF SANTA BARBARA GENERAL INFORMATION

[TO BE UPDATED]

The following information concerning the Cities of Santa Barbara and Goleta, the Community of Montecito and the County of Santa Barbara is included only for the purpose of supplying general information regarding the community. Information in this Appendix has been assembled from various sources, including the public domain, and is believed to be reliable, however, neither the District, the Financial Advisor, nor the Underwriter take any responsibility for the accuracy or completeness thereof.

County of Santa Barbara

Santa Barbara County (the "County") was incorporated on February 18, 1850 and is one of the original counties of California. With 4,061 square miles, Santa Barbara County borders 70 miles of coast on the Pacific Ocean. The County is home to 88 incorporated cities and many unincorporated areas. In between the large desert portions of the county — which make up around 40 percent of its land area — and the heavily urbanized central and southern portions sits the Santa Barbara Mountains containing Angeles National Forest. All of southern Santa Barbara County, north to about the center of the county, is heavily urbanized.

City of Santa Barbara

The City of Santa Barbara (the "City") is located in the Santa Barbara Valley approximately 12 miles northeast of Santa Barbara and encompasses approximately 4.1 square miles. The City was incorporated on April 24, 1913. It is a general law city and operates under a Council/Manager form of government. The Mayor and Council members are elected at large and City Manager is appointed by the Council and is responsible for supervising the day-to-day operations of the City and for carrying out policies set by the Council.

City of Goleta

The City of Goleta is located adjacent to the University of California at Santa Barbara, the City of Santa Barbara, the Pacific Coast, and the Santa Ynez Mountains. Incorporated in 2002, the City of Goleta is a General Law City with a Council-Manager form of government. The Goleta City Council serves as a legislative body and consists of five council members, one of whom is chosen to serve as mayor for a one-year term.

Population

The historic population of the City of Santa Barbara, the County and the State is shown below.

POPULATION ESTIMATES
City of Santa Barbara, County of Santa Barbara and State of California
2001-2011

Year[(1)]	City of Santa Barbara	City of Goleta	County of Santa Barbara	State of California
2001	40,014	--	9,590,080	34,256,789
2002	40,235	--	9,679,212	34,725,516
2003	40,470	30,357	9,756,914	35,163,609
2004	40,440	30,181	9,806,944	35,570,847
2005	40,365	29,803	9,816,153	35,869,173
2006	40,109	29,298	9,798,609	36,116,202
2007	39,974	29,137	9,780,808	36,399,676
2008	39,870	29,273	9,785,474	36,704,375
2009	39,798	29,266	9,801,096	36,966,713
2010	39,774	29,789	9,822,121	37,223,900
2011	39,839	29,888	9,858,989	37,510,766

(1) January 1 data.
Note: The community of Montecito is unincorporated.
Source: State of California, Department of Finance, Population Estimates for Cites, Counties and the State. March 2010 Benchmark.

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Median Household Income

Effective Buying Income (EBI) is defined as personal income less personal income tax and non-tax payments, such as fines, fees or penalties. The following table summarizes median household EBI for the County, the State of California and the United States.

MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME
County of Santa Barbara, State of California, and United States of America
1999-2009

Year	Santa Barbara County	California	United States
1999	$36,730	$39,492	$37,233
2000	41,628	44,464	39,129
2001	40,789	43,532	38,365
2002	37,983	42,484	38,035
2003	38,311	42,924	38,201
2004	39,414	43,915	39,324
2005	40,020	44,681	40,529
2006	41,683	46,275	41,255
2007	43,710	48,203	41,792
2008	44,653	48,952	42,303
2009	45,390	49,736	43,252

Source: The Nielson Company (US), Inc.

Personal Income

The following tables summarize per capita personal income for the County, the State of California and the United States for 1999 to 2009.

PER CAPITA PERSONAL INCOME
County of Santa Barbara, State of California, and United States of America
1999-2009

Year	Santa Barbara County	State of California	United States of America
1999	$28,607	$30,679	$28,333
2000	29,865	33,398	30,318
2001	31,495	33,890	31,145
2002	32,041	34,045	31,462
2003	32,961	34,977	32,271
2004	34,481	36,904	33,881
2005	36,434	38,767	35,424
2006	39,519	41,567	37,698
2007	41,128	43,402	39,392
2008	42,195	43,852	40,166
2009	40,867	41,353	38,846

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures from 2007 to 2011 for the City, the County, the State and the United States.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES
City of Santa Barbara, City of Goleta, Community of Montecito, County of Santa Barbara, State of California and United States
2007-2011

Year and Area	Labor Force	Employment[1]	Unemployment[2]	Unemployment Rate (%)[3]
2007				
City of Santa Barbara	20,700	19,800	900	4.1%
City of Goleta	17,100	16,800	400	2.1
Community of Montecito	4,400	4,200	100	2.5
Santa Barbara County	4,874,600	4,626,900	247,600	5.1
State of California	17,928,700	16,970,200	958,500	5.3
United States	153,124,000	146,047,000	7,078,000	4.6
2008				
City of Santa Barbara	20,800	19,600	1,300	6.1%
City of Goleta	17,400	16,900	500	2.6
Community of Montecito	4,400	4,300	100	3.1
Santa Barbara County	4,930,900	4,563,200	367,600	7.5
State of California	18,191,000	16,883,400	1,307,600	7.2
United States	154,287,000	145,362,000	8,924,000	5.8
2009				
City of Santa Barbara	20,500	18,600	1,900	9.5%
City of Goleta	17,200	16,500	700	4.2
Community of Montecito	4,400	4,200	200	4.9
Santa Barbara County	4,900,100	4,336,600	563,500	11.5
State of California	18,204,200	16,141,500	2,062,700	11.3
United States	154,142,000	139,877,000	14,265,000	9.3
2010				
City of Santa Barbara	20,400	18,300	2,100	10.4%
City of Goleta	17,300	16,500	800	4.7
Community of Montecito	4,400	4,200	200	5.5
Santa Barbara County	4,879,500	4,262,300	617,200	12.6
State of California	18,176,200	15,916,300	2,259,900	12.4
United States	153,889,000	139,064,000	14,825,000	9.6
2011				
City of Santa Barbara	20,600	18,500	2,100	10.1%
City of Goleta	17,600	16,900	800	4.4
Community of Montecito	4,500	4,300	200	5.2
Santa Barbara County	4,924,400	4,318,900	605,500	12.3
State of California	18,384,900	16,226,600	2,158,300	11.7
United States	153,373,000	140,681,000	12,692,000	8.3

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics. Based on March 2010 Benchmark.

The City is included in the Santa Barbara-Santa Maria-Goleta Metropolitan Statistical Area. The distribution of employment in the Santa Barbara/Santa Maria/Goleta area is presented in the following table for the calendar years 2007 through 2011. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the City.

INDUSTRY EMPLOYMENT & LABOR FORCE
Santa Barbara-Santa Maria-Goleta MSA
2007-2011

Category	2007	2008	2009	2010	2011
Total Farm	16,100	17,100	17,600	18,600	18,500
Total Nonfarm	173,600	172,300	163,800	161,800	164,400
Total Private	136,600	135,000	126,100	123,500	126,700
Goods Producing	24,900	23,800	20,600	19,200	19,400
Natural Resources and Mining	1,200	1,100	900	1,000	1,100
Construction	10,500	9,700	7,800	7,000	6,700
Manufacturing	13,300	13,000	11,900	11,300	11,700
Durable Goods	10,000	9,800	9,000	8,500	8,800
Service Providing	148,700	148,500	143,300	142,600	145,000
Private Service Producing	111,700	111,100	105,500	104,300	107,300
Trade, Transportation and Utilities	28,100	27,700	25,700	24,700	24,200
Wholesale Trade	4,800	4,600	4,200	4,000	4,100
Retail Trade	20,300	20,000	18,600	17,900	17,300
Transportation, Warehousing and Utilities	3,000	3,100	3,000	2,800	2,800
Information	3,900	3,700	3,500	3,500	3,600
Financial Activities	8,200	7,800	6,700	6,400	6,600
Professional and Business Services	22,200	22,400	21,200	21,600	24,100
Educational and Health Services	20,300	20,600	20,700	20,900	21,700
Leisure and Hospitality	22,900	23,100	22,100	21,900	22,000
Other Services	6,000	6,000	5,600	5,300	5,200
Government	37,000	37,300	37,800	38,200	37,800
Total, All Industries	189,600	189,400	181,400	180,400	183,000

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein. The data consists of annual averages.

Source: State of California, Employment Development Department, Labor Market Information Division, Santa Barbara MSA Annual Average Labor Force and Industry Employment. March 2010 Benchmark.

Largest Employers

The table below ranks major employers in the County by number of employees.

LARGEST EMPLOYERS
County of Santa Barbara
2011

	Employer	Description	Number of Employees
1.	Vandenberg Air Force Base	Military Base	6,330
2.	University of California, Santa Barbara	University	4,334
3.	County of Santa Barbara	County Government	4,025
4.	Cottage Health System	Health Care	3,440
5.	Santa Barbara School Districts	Primary & Secondary Education	2,500
6.	Santa Barbara City College	Medical center	2,252
7.	Santa Maria-Bonita School District	Primary & Secondary Education	1,886
8.	City of Santa Barbara	City Government	1,687
9.	Raytheon	Defense Contractor	1,450
10.	Marian Medical Center	Health Care	1,436

Source: County of Santa Barbara 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2011

The table below lists the largest employers in the City of Santa Barbara for 2011.

LARGEST EMPLOYERS
City of Santa Barbara
2011

	Employer	Description	Number of Employees
1.	University of California, Santa Barbara	University	9,500
2.	County of Santa Barbara	County Government	4,215
3.	Santa Barbara Cottage Hospital	Hospital	2,500
4.	Santa Barbara City College	College	2,000
5.	Santa Barbara High School District	Secondary Education	1,800
6.	Sansum Medical Foundation Clinic	Medical Care	1,500
7.	Raytheon Electronic Systems	Defense Contractor	1,450
8.	City of Santa Barbara	City Government	1,013
9.	US Postal Service	Postal Service	1,000
10.	Santa Barbara Bank & Trust	Financial Services	950

Source: City of Santa Barbara 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2011.

The table below lists the largest employers in the City of Goleta for 2011.

LARGEST EMPLOYERS
City of Goleta
2011

	Employer	Description	Number of Employees
1.	Raytheon	Defense Contractor	1,400
2.	Sansum Clinic	Clinic	1,100
3.	Citrix Online	Information Technology	544
4.	Barcara Resorts	Resort	551
5.	Goleta Unified School District	Primary & Secondary Education	550
6.	Yardi Systems	Software Developer	445
7.	FLIR	Imaging	425
8.	Allergan	Health Care	352
9.	Goleta Cottage Hospital	Hospital	346
10.	Karl Storz Imaging	Medical Equipment Manufacturer	342

Source: City of Goleta 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2011.

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Commercial Activity

Taxable sales in the County of Santa Barbara, and Cities of Santa Barbara and Goleta from 2006 through 2010 are shown in the following tables.

TAXABLE SALES
County of Santa Barbara
2006-2010
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2006	5,027	4,435,128	13,170	6,133,270
2007	5,069	4,428,913	13,177	6,067,223
2008	5,176	4,097,313	13,114	5,883,938
2009	7,815	3,634,081	12,303	5,104,186
2010	7,803	3,737,532	12,298	5,309,768

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 Santa Barbara
2006-2010
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2006	1,808	1,458,829	4,704	1,764,889
2007	1,835	1,466,562	4,688	1,773,217
2008	1,860	1,388,365	4,646	1,697,196
2009	2,856	1,198,362	4,379	1,470,749
2010	2,888	1,217,901	4,427	1,505,540

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 Goleta
2006-2010
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2006	444	567,153	1,351	740,855
2007	428	572,539	1,328	738,849
2008	443	528,609	1,307	696,450
2009	733	491,982	1,237	638,123
2010	704	516,911	1,210	666,656

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

Annual building permit valuations and the number of permits for new dwelling units issued from 2007 through 2011 in the County and the Cities are shown in the following tables.

BUILDING PERMIT VALUATIONS
Santa Barbara County
2007-2011

	2007	2008	2009	2010	2011
Valuation ($000's)					
Residential	$273,650	$197,484	$160,117	$222,020	$187,382
Non-Residential	214,260	192,205	130,217	126,800	186,156
Total	$487,910	$389,690	$290,335	$348,821	$373,538
Units					
Single Family	478	189	182	250	164
Multiple Family	245	354	31	210	183
Total	723	543	213	460	347

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

BUILDING PERMIT VALUATIONS
City of Santa Barbara
2007-2011

	2007	2008	2009	2010	2011
Valuation ($000's)					
Residential	$51,973	$54,899	$64,394	$56,159	$66,351
Non-Residential	95,599	77,065	35,057	23,979	44,763
Total	$147,573	$131,964	$99,452	$80,138	$111,117
Units					
Single Family	23	24	47	41	29
Multiple Family	22	25	14	60	125
Total	45	49	61	101	154

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

BUILDING PERMIT VALUATIONS
City of Goleta
2007-2011

	2007	2008	2009	2010	2011
Valuation ($000's)					
Residential	$7,376	$17,221	$1,559	$2,658	$3,529
Non-Residential	23,097	25,683	10,394	10,796	18,769
Total	$30,473	$42,904	$11,953	$13,454	$22,298
Units					
Single Family	13	0	1	2	3
Multiple Family	0	222	0	0	0
Total	13	222	1	2	3

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

APPENDIX E

LOCATION MAP OF THE DISTRICT