

NEW ISSUE- FULL BOOK-ENTRY

Ratings: Standard & Poor's: “_”

Moody's: “_”

See “RATINGS” herein.

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest (and original issue discount) on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest (and original issue discount) on the Bonds is exempt from State of California personal income taxes. For a more complete description of such opinions of Bond Counsel, see “TAX MATTERS” herein.

\$[AMOUNT]*
Twin Rivers Unified School District
(County of Sacramento and County of Placer, California)
2016 General Obligation Refunding Bonds (North Sacramento & Rio Linda),
Series B

Dated: Date of Delivery

Due: August 1 as shown on inside front cover

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.

The Twin Rivers Unified School District (the “District”) was established on July 1, 2008, through the merging of the Del Paso Heights Elementary School District, the Grant Joint Union High School District, the North Sacramento Elementary School District (the “North Sacramento District”) and the Rio Linda Union Elementary School District (the “Rio Linda District,” and collectively, the “Former Districts”). The District has assumed all outstanding obligations of the Former Districts. The District is issuing its 2016 General Obligation Refunding Bonds (North Sacramento & Rio Linda), Series B (the “Bonds”) to (a) current refund and defease all or a portion of the North Sacramento District’s 2005 General Obligation Refunding Bonds, (b) current refund and defease all or a portion of the North Sacramento District’s General Obligation Bonds, Election of 2006, Series 2006, (c) advance refund and defease a portion of the North Sacramento District’s General Obligation Bonds, Election of 2006, Series 2007, (d) advance refund and defease a portion of the North Sacramento District’s General Obligation Bonds, Election of 2006, Series 2008, (e) advance refund and defease a portion of the Rio Linda District’s Election of 2006 General Obligation Bonds, Series 2007, and (f) pay certain costs of issuance associated with the Bonds. See “REFUNDING PLAN” herein.

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* taxes. The Board of Supervisors of Sacramento County is empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount, upon all property in the area within the District constituting the Former Elementary Districts (as defined herein) subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest the Bonds when due. See “THE BONDS—Security and Sources of Payment” herein.

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 The Depository Trust Company, New York, New York (“DTC”). Purchasers of the Bonds will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated paying agent, bond registrar and transfer agent (the “Paying Agent”), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the beneficial owners of the Bonds. See “APPENDIX F—BOOK-ENTRY-ONLY SYSTEM.”

The Bonds will accrue interest from the date of delivery thereof and are payable semiannually on February 1 and August 1 of each year, commencing February 1, 2017. The Bonds are issuable in denominations of \$5,000 principal amount, or any integral multiple thereof.

The District has applied for municipal bond insurance for the scheduled payments of the principal of and interest on the Bonds when due which, if purchased, would be issued concurrently with the delivery of the Bonds.

The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to their stated maturity dates as described herein. See “THE BONDS—Redemption” herein.

Maturity Schedule
(see inside front cover)

The Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval as to their legality by Kutak Rock LLP, Bond Counsel to the District, and subject to certain other conditions. Kutak Rock LLP is also serving as Disclosure Counsel to the District. Certain matters are being passed upon for the Underwriters by Nossaman LLP, Irvine, California. It is anticipated that the Bonds, in definitive form, will be available for delivery to Cede & Co. as nominee of The Depository Trust Company on or about November __, 2016.

[STIFEL LOGO]

[MORGAN STANLEY LOGO]

This Official Statement is dated: _____, 2016.

* Preliminary; subject to change.
4823-4225-2856.3

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, REOFFERING YIELDS
AND CUSIP NUMBERS**

**[\$AMOUNT1]*
Twin Rivers Unified School District
(County of Sacramento and County of Placer, California)
2016 General Obligation Refunding Bonds (North Sacramento & Rio Linda),
Series B**

Base CUSIP[†]: _____

\$ _____ Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
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\$ _____ % Term Bonds due August 1, 20__—Yield ____% CUSIP* _____

* 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, and is provided for convenience of reference only. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the Underwriters 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.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable, but such information 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 Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or the completeness of such information.

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

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.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

BOARD OF TRUSTEES

Michelle Rivas, President
Linda Fowler, Vice President
Michael Baker, Clerk
Bob Bastian, Member
Basim Elkarra, Member
Ramona Landeros, Member
Rebecca Sandoval, Member

DISTRICT ADMINISTRATION

Dr. Steven Martinez, Superintendent
Bill McGuire, Deputy Superintendent, Administrative Services

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Kutak Rock LLP
Denver, Colorado

Financial Advisor

Government Financial Strategies inc.
Sacramento, California

Paying Agent, Registrar, Transfer Agent and Escrow Agent

U.S. Bank National Association
St. Paul, Minnesota

Escrow Verification

Causey Demgen & Moore P.C.
Denver, Colorado

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Twin Rivers Unified School District
(County of Sacramento and County of Placer, California)
2016 General Obligation Refunding Bonds (North Sacramento & Rio Linda),
Series B

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of the Twin Rivers Unified School District (County of Sacramento and County of Placer, California) 2016 General Obligation Refunding Bonds (North Sacramento & Rio Linda), Series B (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

The Twin Rivers Unified School District (the “District”) was established on July 1, 2008, through the merging of the Del Paso Heights Elementary School District (the “Del Paso District”), the Grant Joint Union High School District (the “Grant District”), the North Sacramento Elementary School District (the “North Sacramento District”) and the Rio Linda Union Elementary School District (the “Rio Linda District,” and collectively with the Del Paso District, the Grant District and the North Sacramento District, the “Former Districts”). In connection with the unification proceedings, the Elverta Joint Elementary School District (the “Elverta District”) and the Robla Elementary School District (the “Robla District”), both of which are located within the territory of the District, elected not to unify as part of the District; however, graduating students of the Elverta and Robla Districts attend junior high and high school in the District. Because the Elverta District and the Robla District were not part of the unification, the District services elementary students solely within the area of the Del Paso District, the North Sacramento District and the Rio Linda District (collectively, the “Former Elementary Districts”), which is smaller than the entire area of the District. The boundaries of the Former Elementary Districts are within the boundaries of the District and are not coterminous with the District’s boundaries. See the map of the District contained in Appendix G hereto for the boundaries of the District, the Former Elementary Districts and the Elverta and Robla Districts.

The District encompasses approximately 120 square miles in the northern portion of Sacramento County (the “County”), with a small portion (comprised of the Elverta District) extending into the County of Placer (“Placer County”, and together with the County, the “Counties”). The District is located approximately 10 miles north of downtown Sacramento, the State Capitol. The District serves over 28,000 students (which includes over 1,100 preschool and adult education students) and currently operates 29 elementary schools within the Former Elementary Districts, five junior high schools, four high schools, three charter schools, one adult education school and six alternative schools. The District’s average daily attendance for fiscal year 2015-16 was 24,754 students, and is estimated to be 24,760 students for fiscal year 2016-17. See “APPENDIX A—TWIN RIVERS UNIFIED SCHOOL DISTRICT.”

* Preliminary; subject to change.

The District is governed by a seven-member Board of Trustees (the “Board”) who are elected based on region, but serve at large in alternating four-year terms. The chief executive officer of the District is the Superintendent, who is appointed by the Board.

Because the District came into existence on July 1, 2008, it has no audited financial statements for fiscal year 2007-08 or any earlier fiscal year. The District’s audited financial reports for fiscal year 2014-15 are attached hereto as Appendix B.

Purpose of the Bonds

The proceeds from the sale of the Bonds will be used by the District to (a) current refund and defease all or a portion of North Sacramento School District (Sacramento County, California) 2005 General Obligation Refunding Bonds (the “2005 Refunding Bonds”), (b) current refund and defease all or a portion of the North Sacramento School District (Sacramento County, California) General Obligation Bonds, Election of 2006, Series 2006 (the “Series 2006 Bonds”), (c) advance refund and defease a portion of the North Sacramento School District (Sacramento County, California) General Obligation Bonds, Election of 2006, Series 2007 (the “Series 2007 North Sacramento Bonds”), (d) advance refund and defease a portion of the North Sacramento School District (Sacramento County, California) General Obligation Bonds, Election of 2006, Series 2008 (the “Series 2008 Bonds”), and (e) advance refund and defease a portion of the Rio Linda School District (Sacramento County, California) General Obligation Bonds, Election of 2006 General Obligation Bonds, Series 2007 (the “Series 2007 Rio Linda Bonds,” and together with the 2005 Refunding Bonds, the Series 2006 Bonds, the Series 2007 North Sacramento Bonds and the Series 2008 Bonds, the “Prior Bonds”), and (e) pay certain costs of issuance associated with the Bonds.

Authority for Issuance of the Bonds

The Bonds are being issued pursuant to certain provisions of the California Government Code and pursuant to a resolution adopted by the Board on September 27, 2016 (the “Resolution”). See “THE BONDS—Authority for Issuance” herein.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* taxes. The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount, upon all property in the area within the District constituting the Former Elementary Districts, subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest the Bonds when due. For more complete information regarding the District’s financial condition and taxation of property in the area within the District constituting the Former Elementary Districts, see “THE BONDS—Security and Sources of Payment,” “TAX BASE FOR REPAYMENT OF BONDS” and “APPENDIX A—TWIN RIVERS UNIFIED SCHOOL DISTRICT” herein.

Description of the Bonds

General. The Bonds will be issued as current interest bonds, maturing on August 1 in the years as indicated on the inside front cover page hereof. The Bonds accrue interest from their initial date of delivery (the “Date of Delivery”) at the interest rates set forth on the inside front cover page hereof, payable semiannually on each February 1 and August 1 (each, a “Bond Payment Date), commencing February 1, 2017.

Form, Registration and Denominations. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. See “THE BONDS—General Provisions” herein and “APPENDIX F—BOOK-ENTRY-ONLY SYSTEM” herein. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in denominations of \$5,000 principal amount, or any integral multiple thereof.

Redemption*. The Bonds are subject to optional and mandatory redemption prior to their respective stated maturity dates, as further described herein. See “THE BONDS—Redemption” herein.

Payments. Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as paying agent (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners (defined herein) of the Bonds.

Bond Insurance

The District has applied for municipal bond insurance for the scheduled payments of the principal of and interest on the Bonds when due which, if purchased, would be issued concurrently with the delivery of the Bonds.

Tax Matters

In the opinion of Kutak Rock LLP, Bond Counsel, based on existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest (including original issue discount) on the Bonds is excludable from gross income for federal income tax purposes and is not a specified preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest (and original issue discount) on the Bonds is exempt from State of California personal income taxes. For a more complete description of such opinions of Bond Counsel, 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 DTC on or about November __, 2016.

Continuing Disclosure

The District has covenanted that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. “Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the District as of the date of issuance and delivery of the Bonds relating to disclosure of annual financial information and notices of certain events, as it may be amended from time to time in accordance with the terms thereof. See “APPENDIX E—FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

* Preliminary; subject to change.

Professionals Involved in the Offering

Kutak Rock LLP, Denver, Colorado, acting as Bond Counsel and Disclosure Counsel to the District, and Government Financial Strategies inc., Sacramento, California, acting as financial advisor to the District with respect to the Bonds, will receive compensation from the District contingent upon the sale and delivery of the Bonds. U.S. Bank National Association has been appointed as the Paying Agent with respect to the Bonds. Certain matters are being passed upon for the Underwriters by Nossaman LLP, Irvine, California. Causey Demgen & Moore P.C., Denver, Colorado, will act as Verification Agent for the Refunded Bonds (as defined herein).

Forward-Looking Statements

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

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

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 Twin Rivers Unified School District, 5115 Dudley Boulevard, Bay A, McClellan, California 95652, telephone: (916) 566-1600. The District may impose a charge for copying, mailing and handling.

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

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 9 (commencing with Section 53550) and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Refunding Law”) and pursuant to the Resolution. See “REFUNDING PLAN” herein.

Security and Sources of Payment

After the establishment of the District on July 1, 2008, the District requested an opinion of the Attorney General for the State of California (the “State”) seeking clarification on the area within the District that is subject to the levy of *ad valorem* taxes for the repayment of the general obligation bonds of

the Former Elementary Districts assumed by the District. The Attorney General for the State issued its opinion dated December 20, 2010, which allowed the District and the County to conclude that the entire area comprising the Former Elementary Districts is subject to the levy of *ad valorem* taxes for the repayment of general obligation bonds of each of the Former Elementary Districts. See “APPENDIX G” hereto for a map of the area comprising the District and the Former Elementary Districts.

The Bonds represent general obligations of the District payable solely from proceeds of *ad valorem* taxes. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of principal of and interest on the Bonds upon all property in the area within the District constituting the Former Elementary Districts subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). 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, with respect to the Bonds, will be deposited by the County in the District’s Debt Service Fund (as defined herein), which shall be segregated and maintained by the County for the payment of principal of and interest on the Bonds when due.

Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County will maintain the Debt Service Fund, the Bonds are not a debt of the County nor Placer County. No funds or moneys of the County and Placer County are pledged or obligated to the payment of the Bonds.

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The liens automatically attach, without further action or authorization by the Board, and are valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the liens, and such liens will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

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 area within the District constituting the Former Elementary Districts 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 area within the District constituting the Former Elementary Districts may cause the annual tax rates to fluctuate. Economic and other factors beyond the District’s control, such as general market decline in property values, disruption in financial markets that may reduce the 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 in the area within the District constituting the Former Elementary Districts and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the assessed valuation, tax rates, overlapping debt, and other matters concerning taxation of the area within the District constituting the

Former Elementary Districts, see “TAX BASE FOR REPAYMENT OF BONDS” and “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Article XIII A of the California Constitution” herein.

Bond Insurance

The District has applied for municipal bond insurance for the scheduled payments of the principal of and interest on the Bonds when due which, if purchased, would be issued concurrently with the delivery of the Bonds.

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 interests in the Bonds.

Interest with respect to the Bonds accrues from the Date of Delivery, and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2017. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 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 sixteenth day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2017, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside front cover page hereof.

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 “Bondowner”) as of the close of business on the fifteenth day of the month next preceding any Bond Payment Date (a “Record Date”), such interest to be paid by check mailed to such Owner on the Bond Payment Date, at his or her address as it appears on such registration books or at such other address as may have been filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate principal amount of \$1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal and redemption premiums, if any, payable on the Bonds are payable upon maturity or earlier redemption, as applicable, upon surrender at the designated corporate trust office of the Paying Agent. The principal, interest, 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 or earlier redemption, 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 “APPENDIX F—BOOK-ENTRY-ONLY SYSTEM” herein.

Application and Investment of Bond Proceeds

Escrow Fund. The net proceeds from the sale of the Bonds will be used to refund all the Refunded Bonds. See “REFUNDING PLAN” herein.

Debt Service Fund. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be kept separate and apart in the fund designated as the “Twin Rivers Unified School District 2016 General Obligation Refunding Bonds Debt Service Fund (North Sacramento and Rio Linda)” (the “Debt Service Fund”) and used only for the payment of principal of an interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts may be transferred to pay other outstanding general obligation bonds of the District, and, if none, shall be transferred to the general fund of the District.

County Invested Funds. Money in the Debt Service Fund is expected to be invested through the Sacramento County Investment Pool (the “County Pool”). Interest earnings on moneys held in the Debt Service Fund will be retained in such fund. For more information regarding the County Pool, see “SACRAMENTO COUNTY INVESTMENT POOL” herein.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2026, are not subject to redemption. The Bonds maturing on or after August 1, 2027, 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, 2026, at a redemption price equal to the principal amount of the Bonds called for redemption, without premium, together with interest accrued thereon to the date of redemption.

Mandatory Redemption. The 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 amounts represented by such Bonds to be so redeemed and the dates therefor and the final maturity date are as indicated in the following table:

Redemption Date (August 1)	Principal Amount
1	

¹ Final Maturity.

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

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all 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.

Notice of Redemption. Notice of any 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 Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Resolution.

Each notice of redemption shall contain all of the following information: (i) the Bonds or designated portions thereof (in the case of redemption of Bonds in part but not in whole) which are to be redeemed; (ii) the redemption date; (iii) the place or places where the redemption will be made, including the name and address of the Paying Agent; (iv) the redemption price; (v) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (vi) 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; (vii) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part; and (viii) notice that further interest on such Bonds will not accrue after the designated redemption date.

Neither failure to receive such redemption notice nor any defect in the redemption notice so given, shall affect the sufficiency of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as provided for in the Resolution and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund or otherwise held in trust for such purpose, the Bonds to be redeemed shall become due and payable on such date of redemption, and from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the owners of the Bonds to be redeemed. All Bonds paid at maturity or redeemed prior to maturity pursuant shall be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent

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

Conditional Notice. Any notice of optional redemption may be conditioned on any fact or circumstance stated therein, and if such condition shall not have been satisfied on or prior to the redemption date stated in such notice, said notice shall be of no force and effect on and as of the stated redemption date, the redemption shall be cancelled, and the District shall not be required to redeem the Bonds that were the subject of the notice. The Paying Agent shall give notice of such cancellation and the reason therefor in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such cancellation shall not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice shall not affect the validity of the cancellation.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of the Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent and sufficient moneys shall be held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest to the

date fixed for redemption, all as provided in the Resolution, then such Bonds shall no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Transfer and Exchange

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its designated office all books and records necessary for the registration, exchange and transfer of the Bonds (the "Bond Register") as provided in the Resolution. Subject to the provisions of the Resolution, the person in whose name a Bond is registered on the Bond Register will be regarded as the absolute owner of that Bond for all purposes of the Resolution. Payment of or on account of the principal of and interest on, and premium, if any, on any Bond will be made only to or upon the order of that person; neither the District, nor the Paying Agent will be affected by any notice to the contrary, but the registration may be changed as provided in the Resolution. All such payments will be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

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

In all cases of exchanged or transferred Bonds, the District shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. All fees and costs of transfer will be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer will be valid obligations of District, evidencing the same debt, and entitled to the same security and benefit under the Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be canceled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District may have acquired in any manner whatsoever, and those Bonds shall be promptly canceled by the Paying Agent. Written reports of the surrender and cancellation of Bonds shall be made to the District by the Paying Agent at least twice each calendar year. The cancelled Bonds shall be retained for a period of time and then returned to the District or destroyed by the Paying Agent as directed by the District.

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 fifteenth 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

(a) ***Discharge of Resolution.*** Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable by the District under the Resolution:

(i) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

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

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

If the District pays all outstanding Bonds and also pays or causes to be paid all other sums payable by the District under the Resolution, then and in that case, at the election of the District (evidenced by a certificate of an authorized officer filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and Resolution), and notwithstanding that any Bonds have not been surrendered for payment, the Resolution and other assets made under the Resolution, and all covenants, agreements and other obligations of the District under the Resolution, shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Resolution. In that event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it under the Resolution, which are not required for the payment or redemption of Bonds not surrendered for such payment or redemption.

(b) ***Discharge of Liability on Bonds.*** Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Resolution) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption has been given as provided under the Resolution, or provision satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment.

The District may at any time surrender to the Paying Agent for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

(c) ***Deposit of Money or Securities with Paying Agent or Escrow Agent.*** Whenever in the Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent or other escrow agent specified by the District, money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may

include money or securities held by the Paying Agent in the funds and accounts established under the Resolution and shall be:

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

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

(d) ***Payment of Refunding Bonds After Discharge of Resolution.*** Any moneys held by the Paying Agent or other escrow agent specified by the District, in trust for the payment of the principal or redemption price of, or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Resolution), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by the Resolution, and all liability of the Paying Agent with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Refunding Bonds which have not been paid at the addresses shown on the registration books a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

REFUNDING PLAN

The proceeds of the Bonds will be used to (a) current refund and defease all or a portion of the outstanding 2005 Refunding Bonds (the "Refunded 2005 Refunding Bonds"), (b) current refund and defease all or a portion of the outstanding Series 2006 Bonds (the "Refunded Series 2006 Bonds"), (c) advance refund and defease a portion of the outstanding Series 2007 North Sacramento Bonds (the "Refunded Series 2007 North Sacramento Bonds"), (d) advance refund and defease a portion of the outstanding Series 2008 Bonds (the "Refunded Series 2008 Bonds"), (e) advance refund and defease a portion of the outstanding Series 2007 Rio Linda Bonds (the "Series 2007 Rio Linda Refunded Bonds", and together with the Refunded 2005 Refunding Bonds, Refunded Series 2006 Bonds, Refunded Series 2007 North Sacramento Bonds and the Refunded Series 2008 Bonds, the "Refunded Bonds") , and (f) pay certain costs of issuance of the Bonds.

The outstanding Prior Bonds expected to be refunded with the proceeds of the Bonds are described in the tables below:

**TWIN RIVERS UNIFIED SCHOOL DISTRICT
Refunded Bonds***

Refunded 2005 Refunding Bonds

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2017	\$385,000	3.750%	11/14/2016	100.00%
2018	405,000	3.875	11/14/2016	100.00
2019	415,000	4.000	11/14/2016	100.00
2020	435,000	4.000	11/14/2016	100.00
2021	450,000	4.125	11/14/2016	100.00
2022	465,000	4.200	11/14/2016	100.00
2023	490,000	4.200	11/14/2016	100.00
2024	505,000	4.250	11/14/2016	100.00
2025	530,000	4.250	11/14/2016	100.00
2026	555,000	4.250	11/14/2016	100.00
2029	1,805,000	4.250	11/14/2016	100.00

Refunded Series 2006 Bonds

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2017	\$220,000	4.050%	11/14/2016	100.50%
2019	430,000	4.150	11/14/2016	100.50
2021	470,000	4.200	11/14/2016	100.50
2023	500,000	4.250	11/14/2016	100.50
2025	550,000	4.300	11/14/2016	100.50
2027	595,000	4.350	11/14/2016	100.50
2029	650,000	4.400	11/14/2016	100.50
2031	705,000	4.500	11/14/2016	100.50

* Preliminary; subject to change.

Refunded Series 2007 North Sacramento Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Maturity</u> <u>Value</u>	<u>Accretion Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
2018	\$440,000	4.150%	8/1/2017	101.00%
2019	465,000	4.230	8/1/2017	101.00
2020	490,000	4.300	8/1/2017	101.00
2021	480,000	4.350	8/1/2017	101.00
2022	490,000	4.380	8/1/2017	101.00
2023	490,000	4.400	8/1/2017	101.00
2024	485,000	4.450	8/1/2017	101.00
2025	490,000	4.500	8/1/2017	101.00
2026	490,000	4.550	8/1/2017	101.00
2027	485,000	4.600	8/1/2017	101.00
2028	485,000	4.630	8/1/2017	101.00
2029	490,000	4.650	8/1/2017	101.00
2030	490,000	4.680	8/1/2017	101.00
2031	490,000	4.700	8/1/2017	101.00
2032	860,000	4.730	8/1/2017	101.00

Refunded Series 2008 Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
2018	\$ 115,000	5.000%	8/1/2017	101.00%
2021	445,000	5.250	8/1/2017	101.00
2023	415,000	5.250	8/1/2017	101.00
2025	535,000	5.250	8/1/2017	101.00
2027	745,000	5.250	8/1/2017	101.00
2029	980,000	5.250	8/1/2017	101.00
2032	1,965,000	5.250	8/1/2017	101.00

Refunded Series 2007 Rio Linda Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
2018	\$ 1,000,000	5.000%	8/1/2017	100.00%
2019	1,150,000	4.250	8/1/2017	100.00
2020	1,300,000	5.000	8/1/2017	100.00
2021	1,500,000	5.000	8/1/2017	100.00
2022	1,725,000	5.000	8/1/2017	100.00
2023	2,000,000	5.000	8/1/2017	100.00
2025	5,000,000	5.000	8/1/2017	100.00
2027	5,250,000	5.000	8/1/2017	100.00
2031	15,000,000	5.000	8/1/2017	100.00

The District and U.S. Bank National Association, as escrow agent (the “Escrow Agent”) will enter into an Escrow Agreement dated as of November 1, 2016 (the “Escrow Agreement”), with respect to the Refunded Bonds, pursuant to which the District will deposit a portion of the proceeds from the sale of the Bonds into a special fund (and separate accounts therein) to be held by the Escrow Agent (the “Escrow Fund”). The amount deposited with the Escrow Agent with respect to the Refunded Bonds will be used to purchase certain securities, the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Agent to (i) pay the principal of, interest on, and redemption premium if any, on the Refunded 2005 Refunding Bonds being redeemed on November 14, 2016; (ii) pay the principal of, interest on, and redemption premium, if any, on the Refunded Series 2006 Bonds being redeemed on November 14, 2016, (iii) pay the principal of, interest on, accreted value and redemption premium, if any, on the Refunded Series 2007 North Sacramento Bonds being redeemed on August 1, 2017; (iv) pay the principal of, interest on, and redemption premium, if any, on the Refunded Series 2008 Bonds being redeemed on August 1, 2017, and (v) pay the principal of, interest on, accreted value, and redemption premium, if any, on the Refunded Series 2007 Rio Linda Bonds being redeemed on August 1, 2017, all in accordance with the schedules set forth in the Escrow Agreement.

The sufficiency of the securities and cash on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the Refunded Bonds on their respective redemption dates, will be verified by the Verification Agent. See “ESCROW VERIFICATION” herein.

Unrefunded Bonds. The Series 2007 North Sacramento Bonds, the Series 2008 Bonds and the Series 2007 North Sacramento Bonds maturing on August 1, 2017 are not expected to be refunded with proceeds of the Bonds.

DEBT SERVICE ON THE BONDS

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

<u>Period Ending (August 1)</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment *</u>	<u>Annual Debt Service</u>
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
Totals			

*Interest payments will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2017.

See “APPENDIX A—TWIN RIVERS UNIFIED SCHOOL DISTRICT—DISTRICT FINANCIAL INFORMATION—District Debt Structure—*Combined Annual Debt Service for General Obligation Bonds*” herein for a debt service schedule of the District’s total general obligation bonded debt.

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:
 - Escrow Fund
 - Costs of Issuance*
 - Total Uses

* A portion of the proceeds of the Bonds will be used to pay costs of issuance thereof, including Underwriters’ discount, printing costs, bond insurance premium, if any, demographics fees, legal fees, fees of the Financial Advisor, the costs and fees of the Escrow Agent, Paying Agent, and rating agencies, and other costs of issuance of the Bonds.

SACRAMENTO COUNTY INVESTMENT POOL

The following information provides a general description of current portfolio holdings of the Sacramento County Pooled Investment Fund. The information has been furnished by the Sacramento County Director of Finance for use as disclosure information on securities issues. Neither the District nor the Underwriters make any guaranty as to the accuracy or completeness of this information. Further information may be obtained directly from the Sacramento County Chief Investment Officer.

The following table reflects certain limited information with respect to the Sacramento County Pooled Investment Fund (the “County Pool”) for the month ending on August 31, 2016. A wide range of investments is authorized under state law. The value of the various investments in the County Pool will fluctuate on a daily basis as a result of a multitude of factors, including, generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the County Pool will not vary significantly from the values described below. In addition, the values specified in the following tables were bases upon estimates of market values provided to Sacramento County by a third party. Accordingly, there can be no assurance that if these securities had been sold on the date indicated, the County Pool necessarily would have received the values specified.

AUGUST 31, 2016 MONTH-END REPORT

Portfolio’s Month-End Balance	\$2,925,012,719
Earned Income Yield for the Month	0.85%
Weighted Average Maturity (Days)	287
Estimated Duration (Years)	0.775
Amortized Book Value	\$2,919,519,363
Month-End Market Value	\$2,927,275,987
Percent of Mark to Book Value	100.27%

As of August 31, 2016 the County Pool had approximately 31.51% of its assets invested in United States Agency Notes, United States Treasury Notes and municipal notes. Approximately 68.49% of the County Pool’s assets were invested in highly liquid short-term money market instruments (supranationals (SUPRAS), certificates of deposit, commercial paper, the Local Agency Investment Fund (LAIF) and money market funds). The detailed composition, cost and market value of the County Pool were as follows:

<u>Investment Description</u>	<u>Portfolio at Cost</u>	<u>Yield at Month End</u>
United States Agency, Treasury and Municipal Notes	31.51%	1.025%
Commercial Paper	30.17	0.710
Certificates of Deposit	27.71	0.862
Supranationals (SUPRAS)	8.39	1.048
LAIF/Money Market Funds	<u>2.22</u>	0.588
	100.00%	

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 within the District constituting the Former Elementary Districts. The District’s general fund is not a source for the repayment of the Bonds.

Because the Elverta and Robla Districts were not included in the unification process creating the District, assessed valuation of the District is calculated in two ways, depending upon how the calculation is used: (a) first, the assessed valuation is calculated to include only that area consisting of the Former Elementary Districts for purposes of the area within the District servicing the elementary students, including determining the tax base for the repayment of the Bonds and any other general obligation bonds of the Former Elementary Districts that have been assumed by the District, and (b) second, the assessed valuation is calculated to include the entire area of the District, constituting the former Grant District. Certain of the information presented under this section “TAX BASE FOR REPAYMENT OF BONDS” reflects both manners of such calculations, although the Bonds are payable solely from *ad valorem* taxes levied and collected by the County on taxable property within the District constituting the Former Elementary Districts. See “APPENDIX G—MAP OF THE DISTRICT AND FORMER ELEMENTARY DISTRICTS.”

Ad Valorem Property Taxation

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

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.” A supplemental roll is developed when property changes hands or new construction is completed. Each county levies and collects all property taxes for property falling within that county’s taxing boundaries.

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

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

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

All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, nonprofit hospitals, and charitable institutions which are not reimbursed by the State.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

Assessed Valuations

The assessed valuation of property in the District is established by the applicable County Assessor, except for public utility property, which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the State Constitution. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” herein. Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

In fiscal year 2016-17, the total net secured and unsecured assessed valuation within the area comprising the Former Elementary Districts is \$9,287,042,767 (preliminary) and the area comprising the former Grant District is \$12,353,292,850 (preliminary). Shown in the following tables are the net assessed valuation of property in the Former Elementary Districts since fiscal year 2000-01 and in the former Grant District since fiscal year 2000-01.

TWIN RIVERS UNIFIED SCHOOL DISTRICT
Former Elementary Districts¹
Fiscal Years 2000-01 through 2016-17
Assessed Valuations

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Annual % Change</u>
2000-01	\$4,550,942,747	\$4,464,792	\$266,618,984	\$4,822,026,523	--
2001-02	4,806,164,919	4,660,193	280,835,039	5,091,660,151	5.59%
2002-03	5,147,214,245	4,935,180	328,224,683	5,480,374,108	7.63
2003-04	5,580,540,805	5,200,201	420,104,382	6,005,845,388	9.59
2004-05	6,555,939,773	5,974,012	349,721,266	6,911,635,051	15.08
2005-06	7,844,876,891	5,712,019	409,515,849	8,260,104,759	19.51
2006-07	9,148,159,546	5,065,720	453,372,059	9,606,597,325	16.30
2007-08	9,974,314,641	5,473,007	498,163,072	10,477,950,720	9.07
2008-09	9,766,497,323	5,357,287	402,760,131	10,174,614,741	-2.89
2009-10	8,508,867,837	5,357,287	415,193,724	8,929,418,848	-12.24
2010-11	8,259,722,109	5,357,287	381,344,230	8,646,423,626	-3.17
2011-12	7,888,307,531	5,461,475	372,422,656	8,266,191,662	-4.40
2012-13	7,600,210,756	5,936,021	388,927,904	7,995,074,681	-3.28
2013-14	7,894,024,174	5,936,021	358,861,256	8,258,821,451	3.30
2014-15	8,373,537,069	5,936,021	485,413,193	8,864,886,283	7.34
2015-16	8,728,209,530	3,375,566	482,764,185	9,214,349,281	3.94
2016-17 ²	9,287,042,768	3,375,566	488,155,490	9,778,573,824	6.12

¹ Former North Sacramento District, Rio Linda District and Del Paso Heights District only. Excludes Elverta and Robla Districts, which chose not to unify.

² Preliminary.

Source: Sacramento County Auditor-Controller for all fiscal years except for fiscal year 2008-09, which was provided by California Municipal Statistics, Inc.

TWIN RIVERS UNIFIED SCHOOL DISTRICT
Former Grant Joint Union High School District¹
Fiscal Years 2000-01 through 2016-17
Assessed Valuation

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Annual % Change</u>
<u>Sacramento County Portion</u>					
2000-01	\$5,446,763,158	\$4,986,403	\$381,437,459	\$5,833,187,020	--
2001-02	5,766,703,004	5,229,462	398,967,202	6,170,899,668	5.79%
2002-03	6,207,222,017	5,708,361	449,329,338	6,662,259,716	7.96
2003-04	6,722,957,746	5,916,284	522,768,038	7,251,642,068	8.85
2004-05	7,853,398,657	6,813,080	484,261,963	8,344,473,700	15.07
2005-06	9,322,186,922	6,498,721	588,987,115	9,917,672,758	18.85
2006-07	10,883,072,649	5,731,399	627,585,248	11,516,389,296	16.12
2007-08	11,947,475,224	5,573,557	714,965,133	12,668,013,914	10.00
2008-09	11,784,551,416	5,457,837	924,732,771	12,714,742,024	0.37
2009-10	10,504,254,408	5,457,837	860,721,096	11,370,433,341	-10.57
2010-11	10,173,841,020	5,457,837	765,570,737	10,944,869,594	-3.74
2011-12	9,698,090,246	5,572,054	753,402,311	10,457,064,611	-4.46
2012-13	9,342,774,366	6,046,600	806,139,245	10,154,960,211	-2.89
2013-14	9,680,386,721	6,046,600	872,344,630	10,558,777,951	3.98
2014-15	10,226,305,272	6,046,600	1,107,944,505	11,340,296,377	7.40
2015-16	10,687,907,120	3,517,573	1,111,049,525	11,802,474,218	4.08
2016-17 ²	11,192,038,214	3,517,573	1,080,825,845	12,276,381,632	4.02
<u>Placer County Portion</u>					
2000-01	\$32,706,503	\$0	\$539,190	\$33,245,693	--
2001-02	34,670,599	0	368,190	35,038,789	5.39%
2002-03	37,074,777	0	333,030	37,407,807	6.76
2003-04	38,916,946	0	545,160	39,462,106	5.49
2004-05	44,411,198	0	284,150	44,695,348	13.26
2005-06	48,245,114	0	473,010	48,718,124	9.00
2006-07	55,634,924	0	577,190	56,212,114	15.38
2007-08	65,123,004	0	629,770	65,752,774	16.97
2008-09	70,848,056	0	571,370	71,419,426	8.62
2009-10	66,789,936	0	433,294	67,223,230	-5.88
2010-11	64,955,443	0	352,520	65,307,963	-2.85
2011-12	59,127,713	0	193,259	59,320,972	-9.17
2012-13	55,810,600	0	202,285	56,012,885	-5.58
2013-14	62,980,864	0	195,210	63,176,074	12.79
2014-15	66,653,083	0	201,500	66,854,583	5.82
2015-16	74,791,676	0	187,660	74,979,336	12.15
2016-17 ²	76,590,098	0	321,120	76,911,218	2.58
<u>Total Grant Joint Union High School District</u>					
2000-01	\$5,479,469,661	\$4,986,403	\$381,976,649	\$5,866,432,713	--
2001-02	5,801,373,603	5,229,462	399,335,392	6,205,938,457	5.79%
2002-03	6,244,296,794	5,708,361	449,662,368	6,699,667,523	7.96
2003-04	6,761,874,692	5,916,284	523,313,198	7,291,104,174	8.83
2004-05	7,897,809,855	6,813,080	484,546,113	8,389,169,048	15.06
2005-06	9,370,432,036	6,498,721	589,460,125	9,966,390,882	18.80
2006-07	10,938,707,573	5,731,399	628,162,438	11,572,601,410	16.12
2007-08	12,012,598,228	5,573,557	715,594,903	12,733,766,688	10.03
2008-09	11,855,399,472	5,457,837	925,304,141	12,786,161,450	0.41
2009-10	10,571,044,344	5,457,837	861,154,390	11,437,656,571	-10.55
2010-11	10,238,796,463	5,457,837	765,923,257	11,010,177,557	-3.74
2011-12	9,757,217,959	5,572,054	753,595,570	10,516,385,583	-4.48
2012-13	9,398,584,966	6,046,600	806,341,530	10,210,973,096	-2.90
2013-14	9,743,367,585	6,046,600	872,539,840	10,621,954,025	4.02
2014-15	10,292,958,355	6,046,600	1,108,146,005	11,407,150,960	7.39
2015-16	10,762,698,796	3,517,573	1,111,237,185	11,877,453,554	4.12
2016-17 ²	11,268,628,312	3,517,573	1,081,146,965	12,353,292,850	4.01

¹ Former Grant District's boundaries and the District's boundaries are coterminous.

² Preliminary.

Source: Sacramento County Auditor-Controller

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 Counties to pay the debt service with respect to the Bonds. See "THE BONDS—Security and Sources of Payment" herein.

Appeals of Assessed Values. One type of assessed valuation appeal is based on the provisions of Article XIII A of the California Constitution, which was amended with the passage of Proposition 8 in November 1978, and is known as a "Proposition 8 Appeal." Under Article XIII A, for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

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, an 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. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property pursuant to Proposition 8. Any reduction in the assessment ultimately granted as a result of such appeal or reduction by the County assessor applies to the year for which application or reduction 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 XIII A. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS-Article XIII A 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, reduction of assessed valuations by County assessors, or other factors in the future will not significantly reduce the assessed valuation of property within the District.

Assessed Valuations and Parcels by Land Use

Shown in the following tables are the assessed valuation and parcels by land use in the Former Elementary Districts and in the former Grant District for fiscal year 2016-17.

TWIN RIVERS UNIFIED SCHOOL DISTRICT Former Elementary Districts¹ 2016-17 Assessed Valuation and Parcels by Land Use

	<u>2016-17 Assessed Valuation²</u>	<u>Percent of Total</u>	<u>Number of Parcels</u>	<u>Percent of Total</u>
Non-Residential:				
Agricultural				
Commercial				
Office Building				
Vacant Commercial				
Industrial				
Vacant Industrial				
Recreational				
Government/Social/Institutional				
Miscellaneous				
Subtotal Non-Residential				
Residential:				
Single Family Residence				
Condominium				
Hotel/Motel				
Mobile Home				
Mobile Home Park				
2-4 Residential Units				
5+ Residential Units/Apartments				
Vacant Residential				
Subtotal Residential				
Total				

¹ Former North Sacramento District, Rio Linda District and Del Paso Heights District only. Excludes Elverta and Robla Districts, which chose not to unify.

² Local secured assessed valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

TWIN RIVERS UNIFIED SCHOOL DISTRICT
Former Grant Joint Union High School District¹
2016-17 Assessed Valuation and Parcels by Land Use

	<u>2016-17 Assessed Valuation²</u>	<u>Percent of Total</u>	<u>Number of Parcels</u>	<u>Percent of Total</u>
Non-Residential:				
Agricultural/Rural				
Commercial				
Office Building				
Vacant Commercial				
Industrial				
Vacant Industrial				
Recreational				
Government/Social/Institutional				
Miscellaneous				
Subtotal Non-Residential				
Residential:				
Single Family Residence				
Condominium				
Hotel/Motel				
Mobile Homes				
Mobile Home Park				
2-4 Residential Units				
5+ Residential Units/Apartments				
Miscellaneous Residential				
Vacant Residential				
Subtotal Residential				
Total				

¹ Former Grant District's boundaries and the District's boundaries are coterminous.

² Local secured assessed valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuations by Jurisdiction

The following table shows assessed valuation of property in the Former Elementary Districts and the former Grant District by political jurisdiction for fiscal year 2016-17.

**TWIN RIVERS UNIFIED SCHOOL DISTRICT
Former Elementary Districts¹
2016-17 Assessed Valuation by Jurisdiction²**

<u>Jurisdiction</u>	<u>Assessed Valuation in Former Elementary Districts</u>	<u>Percent of Former Elementary Districts</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>Percent of Jurisdiction in Former Elementary Districts</u>
City of Citrus Heights				
City of Sacramento				
Unincorporated Sacramento County				
Total Former Elementary Districts ¹				
Sacramento County				

¹ Former North Sacramento District, Rio Linda District and Del Paso Heights District only. Excludes Elverta and Robla Districts, which chose not to unify.

² Before deduction of redevelopment incremental valuation.

Source: California Municipal Statistics, Inc.

**TWIN RIVERS UNIFIED SCHOOL DISTRICT
Former Grant Joint Union High School District¹
2016-17 Assessed Valuation by Jurisdiction²**

<u>Jurisdiction</u>	<u>Assessed Valuation in School District</u>	<u>Percent of School District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>Percent of Jurisdiction in School District</u>
City of Citrus Heights				
City of Sacramento				
Unincorporated Sacramento County				
Unincorporated Placer County				
Total District ¹				
Total Sacramento County				
Total Placer County				
Total District ¹				

¹ Former Grant District’s boundaries and the District’s boundaries are coterminous.

² Before deduction of redevelopment incremental valuation.

Source: California Municipal Statistics, Inc.

Assessed Valuation Per Parcel of Single Family Homes

The following tables present the per parcel assessed valuation of single family homes for fiscal year 2016-17 within the boundaries of the Former Elementary Districts and the former Grant District, including the average and mean assessed valuation per parcel for single family residences.

**TWIN RIVERS UNIFIED SCHOOL DISTRICT
Former Elementary Districts¹
Per Parcel 2016-17 Assessed Valuation of Single Family Homes**

<u>Number of Parcels</u>	<u>2016-17 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential			

<u>2016-17 Assessed Valuation</u>	<u>Number of Parcels²</u>	<u>Percent of Total</u>	<u>Cumulative Percent of Total</u>	<u>Total Valuation</u>	<u>Percent of Total</u>	<u>Cumulative Percent of Total</u>
\$0 - \$24,999						
\$25,000 - \$49,999						
\$50,000 - \$74,999						
\$75,000 - \$99,999						
\$100,000 - \$124,999						
\$125,000 - \$149,999						
\$150,000 - \$174,999						
\$175,000 - \$199,999						
\$200,000 - \$224,999						
\$225,000 - \$249,999						
\$250,000 - \$274,999						
\$275,000 - \$299,999						
\$300,000 - \$324,999						
\$325,000 - \$349,999						
\$350,000 - \$374,999						
\$375,000 - \$399,999						
\$400,000 - \$424,999						
\$425,000 - \$449,999						
\$450,000 - \$474,999						
\$475,000 - \$499,999						
\$500,000 and greater						
Total						

¹ Former North Sacramento District, Rio Linda District and Del Paso Heights District only. Excludes Elverta and Robla Districts, which chose not to unify.

² Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

TWIN RIVERS UNIFIED SCHOOL DISTRICT
Former Grant Joint Union High School District¹
Per Parcel 2016-17 Assessed Valuation of Single Family Homes

	<u>Number of Parcels</u>	<u>2016-17 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential				

	<u>2016-17 Assessed Valuation</u>	<u>Number of Parcels²</u>	<u>Percent of Total</u>	<u>Cumulative Percent of Total</u>	<u>Total Valuation</u>	<u>Percent of Total</u>	<u>Cumulative Percent of Total</u>
	\$0 - \$24,999						
	\$25,000 - \$49,999						
	\$50,000 - \$74,999						
	\$75,000 - \$99,999						
	\$100,000 - \$124,999						
	\$125,000 - \$149,999						
	\$150,000 - \$174,999						
	\$175,000 - \$199,999						
	\$200,000 - \$224,999						
	\$225,000 - \$249,999						
	\$250,000 - \$274,999						
	\$275,000 - \$299,999						
	\$300,000 - \$324,999						
	\$325,000 - \$349,999						
	\$350,000 - \$374,999						
	\$375,000 - \$399,999						
	\$400,000 - \$424,999						
	\$425,000 - \$449,999						
	\$450,000 - \$474,999						
	\$475,000 - \$499,999						
	\$500,000 and greater						
	Total						

¹Former Grant District's boundaries and the District's boundaries are coterminous.

²Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

The Counties levy and collect all property taxes for property falling within each County’s taxing boundaries. The annual secured tax levies and delinquencies are included for the Former Elementary Districts and the former Grant District for the fiscal years shown below.

**TWIN RIVERS UNIFIED SCHOOL DISTRICT
Former Elementary Districts^{1,2}
Secured Tax Charges and Delinquencies
Fiscal Years 2007-08 through 2016-17**

<u>Fiscal Year</u>	<u>Secured Tax Charge¹</u>	<u>Amount Delinquent June 30</u>	<u>Percentage Delinquent June 30</u>
2007-08	\$ 4,568,497	\$290,533	6.36%
2008-09	14,063,453 ³	800,062	5.69
2009-10	725,235	31,464	4.34
2010-11	4,301,992	142,421	3.31
2011-12	5,754,400	169,464	2.94
2012-13	6,324,437	163,622	2.59
2013-14			
2014-15			
2015-16			
2016-17			

¹ Data reflects debt service levy only for general obligation bonds issued by the former North Sacramento District and Rio Linda District only. Del Paso Heights District has no general obligation bonds. Excludes Elverta and Robla Districts, which chose not to unify.

² Includes debt service on the District’s 2012A Refunding Bonds beginning in fiscal year 2012-13, which refunded a portion of the Former Elementary Districts’ general obligation bonds.

³ Increased tax charge in fiscal year 2008-09 attributable to several outstanding bond issues for the former North Sacramento District and Rio Linda District maturing.

Source: California Municipal Statistics, Inc.

**TWIN RIVERS UNIFIED SCHOOL DISTRICT
Former Grant Joint Union High School District¹
Secured Tax Charges and Delinquencies
Fiscal Years 2008-09 through 2016-17**

<u>Fiscal Year</u>	<u>Secured Tax Charge¹</u>	<u>Amount Delinquent June 30</u>	<u>Percentage Delinquent June 30</u>
2008-09	\$4,390,726	\$258,057	5.88%
2009-10	7,396,694	310,131	4.19
2010-11	6,292,699	206,581	3.28
2011-12	5,578,910	163,696	2.93
2012-13	5,644,762	146,398	2.59
2013-14			
2014-15			
2015-16			
2016-17			

¹Data reflects debt service levy only for former Grant District general obligation bonds.
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 secured 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 Counties fund the District its full tax levy allocation in the manner described below rather than funding only actual collections (levy less delinquencies). In exchange, the Counties receive the interest and penalties that accrue on delinquent payments, when the late taxes are collected. The Counties include the District’s general purpose secured property tax levy under the Teeter Plan including the *ad valorem* tax levy securing the Bonds.

Under the Teeter Plan for Placer County, Placer County apportions secured property taxes on an accrual basis (irrespective of actual collections) to local political subdivisions, including the District, for which the County acts as the tax levying or tax collecting agency.

Under the Teeter Plan for Sacramento County, the County distributes tax collections on a cash basis to taxing entities during the fiscal year and at year end distributes 100% of any taxes delinquent as of June 30 to the respective taxing entities and those special assessment districts and community facilities districts which the County determines are eligible to participate in the Teeter Plan.

Each County reserves the right to exclude from its Teeter Plan any special tax levying agency or assessment levying agency if such agency has provided for accelerated foreclosure proceedings in the event of non-payment of such special taxes or assessments except that, if such agency has a delinquency rate in the collection of such special tax or assessment as of June 30 of any fiscal year that is equal to or less than the County’s delinquency rate on the collection of current year *ad valorem* taxes on the countywide secured assessment roll, such agency’s special taxes or assessments may, at the County’s option, be included in the Teeter Plan.

Typical Tax Rates

The following table summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical tax rate area (“TRA”) within each of the Former Elementary Districts, as well as the Robla District and the Elverta District (which are part of the District for purposes of the former Grant District), during the period from fiscal year 2012-13 to fiscal year 2016-17.

TWIN RIVERS UNIFIED SCHOOL DISTRICT¹ Typical Total Tax Rate as a Percent of Assessed Valuation

Within Former Rio Linda Union School District (TRA 79-028/59-028)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
General Countywide	1.0000%	1.0000%			
Los Rios Community College District Bonds	.0193	.0181			
Twin Rivers Unified School District Bonds	.0117	.0099			
Grant Joint Union High School District Bonds	.0823	.0728			
North Sacramento School District Bonds	.0167	.0206			
Rio Linda School District Bonds	<u>.0576</u>	<u>.0557</u>			
Total All Property Tax Rate	1.1876%	1.1771%			

Within Former North Sacramento School District (TRA 3-130)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
General Countywide	1.0000%	1.0000%			
Los Rios Community College District Bonds	.0193	.0181			
Twin Rivers Unified School District Bonds	.0117	.0099			
Grant Joint Union High School District Bonds	.0823	.0728			
North Sacramento School District Bonds	.0167	.0206			
Rio Linda School District Bonds	<u>.0576</u>	<u>.0557</u>			
Total All Property Tax Rate	1.1876%	1.1771%			

Within Former Del Paso Heights Elementary School District (TRA 3-225)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
General Countywide	1.0000%	1.0000%			
Los Rios Community College District Bonds	.0193	.0181			
Twin Rivers Unified School District Bonds	.0117	.0099			
Grant Joint Union High School District Bonds	.0823	.0728			
North Sacramento School District Bonds	.0167	.0206			
Rio Linda School District Bonds	<u>.0576</u>	<u>.0557</u>			
Total All Property Tax Rate	1.1876%	1.1771%			

Within Robla School District (TRA 83-018)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
General Countywide	1.0000%	1.0000%			
Los Rios Community College District	.0193	.0181			
Grant Joint Union High School District	.0823	.0728			
Robla School District	<u>.0879</u>	<u>.0531</u>			
Total	1.1895%	1.1440%			

Within Elverta Joint School District (TRA 93-001)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
General Countywide	1.0000%	1.0000%			
Los Rios Community College District	.0193	.0181			
Grant Joint Union High School District	.0823	.0728			
Elverta Joint School District	<u>.0298</u>	<u>.0271</u>			
Total	1.1314%	1.1180%			

¹This table includes TRAs within each of the Former Elementary Districts, as well as the Elverta District and Robla District, which chose not to unify.

Source: California Municipal Statistics, Inc.

Principal Taxpayers

The following tables set forth the largest local secured taxpayers within the Former Elementary Districts and the former Grant District for fiscal year 2016-17.

TWIN RIVERS UNIFIED SCHOOL DISTRICT
Former Elementary Districts¹
Largest 2016-17 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2016-17 Assessed Valuation</u>	<u>Percent of Total²</u>
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				

¹ Former North Sacramento District, Rio Linda District and Del Paso Heights District only. Excludes Elverta and Robla Districts, which chose not to unify.

² 2016-17 local secured assessed valuation: \$ _____.

Source: California Municipal Statistics, Inc.

TWIN RIVERS UNIFIED SCHOOL DISTRICT
Former Grant Joint Union High School District¹
Largest 2016-17 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2016-17 Assessed Valuation</u>	<u>Percent of Total²</u>
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				

¹ Grant District's boundaries and the District's boundaries are coterminous.

² 2016-17 local secured assessed valuation: \$_____.

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth below are direct and overlapping debt reports (the "Debt Reports") prepared by California Municipal Statistics, Inc. for debt issued as of October 1, 2016. The Debt Reports are included for general information purposes only. The District has not reviewed the Debt Reports for completeness or accuracy and makes no representation in connection therewith.

The Debt Reports generally include 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 tables show the percentage of each overlapping entity's assessed value located within the boundaries of the Former Elementary Districts and the former Grant District. The tables also show the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the Former Elementary Districts and the former Grant District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the Former Elementary Districts and the former Grant District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the Former Elementary Districts and the former Grant 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 the third column, which is the apportionment of each

overlapping agency's outstanding debt to taxable property in the Former Elementary Districts and the former Grant District.

TWIN RIVERS UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Debt
Former Elementary Districts

Source: California Municipal Statistics, Inc.

TWIN RIVERS UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Debt
Former Grant Joint Union High School District

Source: California Municipal Statistics, Inc.

**CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT
REVENUES AND APPROPRIATIONS**

The principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof as described herein under “THE BONDS—Security and Sources of Payment”. Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the former North Sacramento District’s and the former Rio Linda District’s voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

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

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

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

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

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

State-Assessed Utility 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. 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. Such State-assessed property is allocated to the counties by the 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. The District is not a basic aid district. See “APPENDIX A—TWIN RIVERS UNIFIED SCHOOL DISTRICT —DISTRICT FINANCIAL INFORMATION—State Funding of Education” herein.

Article XIII B of the California Constitution

Article XIII B (“Article XIII B”) 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 XIII B defines

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in California per capita income from the preceding year; and
- (b) “change in population” with respect to a school district to mean the percentage change in the average daily attendance (“ADA”) of the school district from the preceding fiscal year.

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

The appropriations of an entity of local government subject to Article XIII B 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 State legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

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

Article XIII C and Article XIII D 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 XIII C and XIII D (respectively, “Article XIII C” and “Article XIII D”), 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 XIII C 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 XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the Counties pursuant to Article XIII A 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 XIII C 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: (a) 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; (b) 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; (c) 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; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (e) 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; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. 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 entity.

Propositions 98 and 111

On November 8, 1988, voters of the State of California 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 changed State funding of public education below the university level and the operation of the State’s appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as “K-14 school districts”) at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in 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 changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, 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 is 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 XIII B surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the 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 of the State of California 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 XIII B 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 XIII B 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 XIII B 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 XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

(d) *Recalculation of Appropriations Limit.* The Article XIII B 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 (i) 40.9% of State general fund revenues (the "first test") or (ii) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (A) the first test; (B) the second test, or (C) a third test, which 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 (a) 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 (b) 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% of the value of property, and property taxes could only exceed this limit to pay for (i) any local government debts approved by the voters prior to July 1, 1978, or (ii) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (a) 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; (b) 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 (c) 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 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), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A of the Constitution. 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 cannot (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature, or (d) 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 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State’s total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State’s general fund costs by approximately \$1 billion annually for several decades. See “APPENDIX A—TWIN RIVERS UNIFIED SCHOOL DISTRICT—DISTRICT FINANCIAL INFORMATION—State Dissolution of Redevelopment Agencies” herein.

Proposition 30

On November 6, 2012, voters of the State of California approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2017. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax is being levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending in the

taxable year ending December 31, 2019, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers); (ii) 2% for taxable income over \$300,000 but less than \$500,000 (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers); and (iii) 3% for taxable income over \$500,000 (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

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

Proposition 2

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

Under Proposition 2, and beginning in fiscal year 2015-2016 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15 year period ending with the 2029-2030 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of

any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

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

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

Senate Bill 858. Senate Bill 858 (Stats. 2014, Chapter 32) (“SB 858”), trailer legislation to the 2014-15 State budget, creates new disclosure requirements effective beginning fiscal year 2015-16 for school districts that have general fund reserves in excess of the State minimum. Prior to implementation of SB 858, minimum reserve levels varied between one to five percent of general fund expenditures, depending on the size of the district, and generally higher reserves for smaller school districts. SB 858 requires school districts to identify amounts in excess of their required reserves and explain the need for higher levels. This information must be disclosed at a public meeting and in each budget submitted to a county office of education. As a result of the passage of Proposition 2, certain additional provisions of SB 858 cap school district reserve levels. Reserves are capped in any fiscal year following a State deposit into the Proposition 98 reserve created by Proposition 2. Caps for most school districts will range between three to ten percent of annual general fund expenditures. SB 858 permits a county office of education to grant an exemption from the reserve cap for up to two years if a school district demonstrates that it would face extraordinary fiscal circumstances justifying a higher reserve.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D 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.

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the District, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest 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 such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, such interest will be included in the adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Bond Counsel is also of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of California or any other state or jurisdiction.

Special Considerations With Respect to the Bonds

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the Owners of the Bonds. The extent of these other tax consequences will depend on such Owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder that fails to provide certain required information including an accurate taxpayer

identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Tax Treatment of Original Issue Discount

The Bonds that have an original yield above their respective interest rates and the Capital Appreciation Bonds, as shown on the inside cover of this Official Statement (collectively, the “Discount Bonds”) are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Tax Treatment of Original Issue Premium

The Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”) are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Premium Bond is reduced by a

corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

A copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is included in Appendix D.

CONTINUING DISCLOSURE

Current Undertaking. 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 Report") by not later than nine months following the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2015-16 fiscal year (which initial report is due not later than March 31, 2017), and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed 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 Report or the notices of enumerated events is included under the caption "APPENDIX E—FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Previous Undertakings. [TO COME]

ESCROW VERIFICATION

Upon delivery of the Bonds, Causey Demgen & Moore P.C., Denver, Colorado, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriters relating to (a) the adequacy of the moneys in the Escrow Fund to pay the Refunded Bonds on their respective redemption dates; and (b) the computations of yield of the Bonds.

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.

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

LEGAL OPINION

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

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "[]" to the Bonds. Moody's Investors Service ("Moody's") has assigned a rating of "[]" to the Bonds. 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 Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, 45th Floor, 55 Water Street, New York, New York 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.

FINANCIAL STATEMENTS

The financial statements with supplemental information for the year ended June 30, 2015, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 10, 2015 of Gilbert Associates, Inc., CPAs and Advisors (the "Auditor"), are included in this Official Statement as Appendix B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in Appendix B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, and Morgan Stanley & Co. LLC (collectively, the "Underwriters") have agreed, pursuant to a purchase contract between the District and the Underwriters, to purchase all of the Bonds for a purchase price of \$_____ (principal amount of the Bonds of \$_____, plus [net] original issue premium of \$_____, less Underwriters' discount of \$_____).

The purchase contract related to the Bonds provides that the Underwriters 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 front cover of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

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ADDITIONAL INFORMATION

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

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

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

TWIN RIVERS UNIFIED SCHOOL DISTRICT

By _____
Title Deputy Superintendent, Administrative Services

APPENDIX A

TWIN RIVERS UNIFIED SCHOOL DISTRICT

The information in this Appendix A 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 or 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 for the payment thereof as described under "THE BONDS—Security and Sources of Payment" herein.

GENERAL DISTRICT INFORMATION

Introduction

The Twin Rivers Unified School District (the "District") was established on July 1, 2008, through the merging of the Del Paso Heights Elementary School District (the "Del Paso District"), the Grant Joint Union High School District (the "Grant District"), the North Sacramento Elementary School District (the "North Sacramento District") and the Rio Linda Union Elementary School District (the "Rio Linda District," and collectively with the Del Paso District, the Grant District and the North Sacramento District, the "Former Districts"). The District encompasses approximately 120 square miles in the northern portion of Sacramento County (the "County"), with a small portion (comprised of the Elverta Joint Elementary School District (the "Elverta District")), extending into Placer County (collectively with the County, the "Counties"). The District is located approximately 10 miles north of downtown Sacramento. In connection with the unification proceedings, the Elverta District and the Robla Elementary School District (the "Robla District"), both of which are located within the territory of the District, elected not to unify as part of the District; however, graduating students attend junior high and high school in the District. The District serves over 28,000 students (which includes over 1,100 preschool and adult education students) and currently operates 29 elementary schools, five junior high schools, four comprehensive high schools, three charter schools, one adult education school on a number of different campuses and six alternative schools. The District's average daily attendance ("ADA") for fiscal year 2015-16 was 24,754 students, and is estimated to be 24,760 students for fiscal year 2016-17.

Administration

The District is governed by a Board of Trustees (the "Board"). The Board consists of seven members who represent seven geographic areas based on the elected member's address of residence and serve four-year terms. On June 5, 2012, voters approved Measure G, which changed the representation of members of the Board such that, in subsequent elections, they will be selected solely by the voters in the neighborhoods where such members of the Board reside, as opposed to at large. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board members or by a special election. The years in which the current terms for each member of the Board expire are set forth below:

Board of Trustees

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Michelle Rivas	President	June 2018
Linda Fowler	Vice President	June 2020
Michael Baker	Clerk	June 2020
Bob Bastian	Member	June 2018
Basim Elkarra	Member	June 2020
Ramona Landeros	Member	June 2020
Rebecca Sandoval	Member	June 2018

Key Personnel

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators.

Dr. Steven Martinez, Superintendent. The Board appointed Steven Martinez, Ed.D., as the District's Superintendent effective July 1, 2013. Before coming to the District, Dr. Martinez was the Assistant Superintendent, School Leadership, at Fresno Unified School District, which experienced a 4 percent increase in its graduation rate during his tenure. He holds a doctorate in educational leadership and a bachelor's degree in chemistry from California State University, Fresno. Dr. Martinez earned his master's degree in cross-cultural teaching from National University. During his 15 years in education, Dr. Martinez has been a principal, assistant principal, learning director, coach, and math and science teacher. As a principal at Clovis East High School (which is part of Clovis Unified School District), Dr. Martinez was credited with turning an underperforming school into a California State Distinguished School in one year and a National Blue Ribbon School in two years. Under his leadership, Clovis East also received the U.S. News Bronze Award in 2008 and 2009 and was awarded the Golden Bell for outstanding CTE program in the area of agriculture in 2008.

Dr. Martinez is a member of the Association for Supervision and Curriculum Development and the California Association of Latino Superintendents and Administrators. His specialized training includes the following: Association of California School Administrators (ACSA) Superintendents Academy, College Board/Advanced Placement, Academic Vocabulary and Common Core Instructional Strategies, California Association of Latino Superintendents and Administrators (CALSA) Mentoring Program, Mastery Learning and Walk-Throughs, Five Minute Walk-Throughs, and The Skillful Leaders (Supervision and Evaluation).

Bill McGuire, Deputy Superintendent, Administrative Services. Bill McGuire was appointed as the Deputy Superintendent, Administrative Services in March 2014. Prior to the appointment, Mr. McGuire served as the Superintendent and Chief Business Official for St. Helena Unified School District. Mr. McGuire has also served senior positions in the private sector. Mr. McGuire is the recipient of the Association of School Business Officials International Pinnacle of Achievement Award.

District Employees

The District employs approximately 1,436 full-time equivalent certificated academic professionals as well as approximately 910 full-time equivalent classified employees. The District also employs approximately 162 full-time equivalent management employees.

The classified employees of the District have assigned California School Employees' Association ("CSEA") as their exclusive bargaining agents. The contract with CSEA is set to expire on October 15, 2016. The District is currently in negotiations for a renewed contract. The District will continue to operate under the terms of the current contract under a new one is negotiated.

The District Police officers have formed the Twin Rivers Police Officers Association ("TRPOA") as their exclusive bargaining agents. The contract with TRPOA is set to expire on June 30, 2017.

The certificated employees of the District have assigned Twin Rivers United Educators ("TRUE") as their exclusive bargaining agent. The contract with TRUE is set to expire on June 30, 2017.

District Investments

The Sacramento County Director of Finance (the "Director of Finance") manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Director of Finance by school and community college districts located in the County, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County's Pooled Investment Fund (the "County Pool"). The District invests its surplus moneys only through the County Pool.

The composition and value of investments under management in the County Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the County Pool, see the caption "SACRAMENTO COUNTY INVESTMENT POOL."

Retirement Programs

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

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. Prior to fiscal year 2014-2015, neither the employee, employer or State contribution rate to STRS varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contribution to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant losses, the unfunded actuarial liability of STRS has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS plan would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce unfunded actuarial liability of the STRS plan, the State recently adopted legislation to increase contribution rates. Prior to July 1, 2014, the District was required by State statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed A.B. 1469 ("A.B. 1469") into law as part of the 2014-15 State budget. A.B. 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS plan before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing employee, employer and

State contributions to STRS. Commencing on July 1, 2014, the employee contribution rates will increase over a three year phase in period in accordance with the following schedule:

**EMPLOYEE CONTRIBUTION RATES
STRS (Defined Benefit Program)**

Effective Date	STRS Member Hired Prior to January 1, 2013	STRS Member Hired After to January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: A.B. 1469

Pursuant to A.B. 1469, employer contribution rates increase over a seven year phase in period in accordance with the following schedule:

**EMPLOYER CONTRIBUTION RATES
STRS (Defined Benefit Program)**

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

Source: A.B. 1469

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

The State also contributes to STRS. Pursuant to A.B. 1469, the State's total contribution will increase to 6.30% of teacher payroll in fiscal year 2016-17. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"),

which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

The District's contribution to STRS was \$8,941,595 for fiscal year 2011-12, \$9,039,374 for fiscal year 2012-13, \$9,350,578 for fiscal year 2013-14 and \$10,743,604 for fiscal year 2014-15. The District has estimated a contribution of \$13,366,875 to STRS for fiscal year 2015-16. The District has budgeted \$13,600,000 as its contribution to STRS in fiscal year 2016-17.

PERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, within the Public Employees' Retirement Laws. Contributions by employers to PERS are based upon an actuarial rate determined annually and contributions by employees vary based on their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.847% of eligible salary expenditures for fiscal year 2015-16 and 13.888% of eligible salary expenditures for fiscal year 2016-17. Plan participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal years 2015-16 and 2016-17. See "—California Public Employees' Pension Reform Act of 2013" below.

The District's contribution to PERS was \$4,308,550 for fiscal year 2011-12, \$4,670,275 for fiscal year 2012-13, \$4,820,526 for fiscal year 2013-14 and \$5,971,010 for fiscal year 2014-15. The District has estimated a contribution of \$5,799,076 to PERS for fiscal year 2015-16. The District has budgeted \$5,900,000 as its contribution to PERS in fiscal year 2016-17.

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 (Schools Pool Program)
(Dollar Amounts in Millions)¹
Fiscal Year 2014-2015

Plan	Accrued Liability	Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	\$73,325	\$56,814 ²	\$(16,511)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	241,753	165,553 ³	(76,200)

¹Amounts may not add due to rounding.

²On April 19, 2016, the PERS Finance & Administration Committee released certain actuarial information to be incorporated into the June 30, 2015 actuarial valuation, which is expected to be released later this year.

³Reflects actuarial value of assets as of June 30, 2015.

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

On April 17, 2013, the PERS board of administration (the "PERS Board") approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses and a five-year ramp-up of rates at the start and a five year ramp-down of rates at the end. The PERS Board delayed the implementation of the new policies until fiscal year 2015-2016 for the State, schools and all other public agencies.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The cost of the revised assumptions shall be amortized over a 20-year period and related increases in public agency contribution rates shall be affected over a three year period, beginning in fiscal year 2014-15. The new demographic assumptions affect the State, school districts and all other public agencies.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (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: (a) 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; (b) 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 (c) 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.

GASB Statement Nos. 67 and 68. In June 2012, GASB approved Statements Nos. 67 and 68 (the “Statements”) with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government’s balance sheet (currently, such unfunded liabilities are typically included as notes to the government’s financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for government employers, including the District, took effect in the fiscal year beginning July 1, 2014.

As of the fiscal year ended June 30, 2015 the District reported a liability in the amount of \$197,673,960 for its proportionate share of the net pension liability for the benefits provided through its pension plan. For the fiscal year ended June 30, 2015, the District recognized pension expense of \$25,104,446. As of June 30, 2015, the District reported deferred outflows and deferred inflows of resources related to pensions in the amount of \$16,714,614 and \$53,746,857, respectively. For more information, see Note 9 of the District’s audited financial statements for fiscal year 2014-15 included as Appendix B hereto.

Early Retirement Incentive Program. The District has adopted an early retirement incentive program (the “ERIP”). The amount of the incentive is 60% of the eligible employee’s final base salary, to be contributed by the District into the employee’s 403(b) account in annual amounts equal to 12% per year over a period of five years. The annual requirements to amortize the ERIP liability outstanding as of June 30, 2015, are as follows:

**Twin Rivers Unified School District
Early Retirement Incentive Program Payments**

<u>Year Ending June 30</u>	<u>ERIP Payments</u>
2016	\$2,095,166
2017	1,121,256
2018	1,121,256
2019	1,121,256
2020	<u>1,121,256</u>
Total Payments	\$6,580,190

Source: Twin Rivers Unified School District

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. The pronouncement requires public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. The implementation date for this pronouncement is staggered in three phases based upon the entity’s annual revenues, similar to the implementation for GASB Statement No. 34 and 35. GASB Statement No. 45 (“GASB 45”) became effective for the District in fiscal year 2007-08.

The District provides post-retirement healthcare benefits to employees who retire from the District after attaining age 55 with at least 10 years of service for classified employees and 15 years of service for certificated employees. Upon its creation, the District accepted and assumed all of the liabilities of the Former Districts, including each Former District’s post-retirement healthcare benefits. The District contributes the same amount of the District cap for single employees for premiums incurred by retirees.

The contribution requirements of plan members and the District are established and may be amended by the Board. The required contribution is based on projected pay-as-you-go financing requirements, with an amount to fund the actuarial accrued liability as determined annually by the Board. For fiscal year 2014-15, the District contributed \$1,403,446 to the plan.

The District's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the fiscal year 2014-15, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 6,254,704
Interest on net OPEB obligation	1,090,749
Adjustment to annual required contribution	<u>(1,488,062)</u>
Annual OPEB cost (expense)	5,857,391
Contributions made	<u>(1,403,446)</u>
Increase in net OPEB obligation	4,453,945
Net OPEB obligation-beginning of year	<u>24,238,874</u>
Net OPEB obligation-end of year	\$28,692,819

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation since fiscal year 2012-13 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 4,991,459	34.70%	\$20,848,584
June 30, 2014	4,946,481	31.46	24,238,874
June 30, 2015	5,857,391	23.96	28,692,819

The District has established a trust account for pre-funding its OPEB obligations. As of the July 1, 2014 actuarial valuation date, the trust assets had an actuarial value of \$431,719. The actuarial accrued liability for benefits was \$55.9 million and the unfunded actuarial liability (UAAL) for benefits was \$55.5 million. The covered payroll (annual payroll of active employees covered by the Plan) was \$164.4 million, and the ratio of the UAAL to the covered payroll was 33.7%. Furthermore, the projected unit cost actuarial cost method was used. The actuarial assumptions included a 4.5% return on assets, 4.5% discount rate assumption and healthcare inflation assumption of 4-8%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was 30 years.

Insurance

The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and workers' compensation as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. The District contributes to a joint powers authority for workers' compensation, property insurance and liability insurance with excess insurance carried by various excess carriers up to \$25 million for liability and \$500 million for property as of June 30, 2015. In addition, based upon prior claims experience, the District believes that the recorded liabilities for self-insured claims are adequate.

District Enrollment

Set forth below is the District's enrollment for the last five fiscal years, as well as projected enrollment for the current and next fiscal years.

Twin Rivers Unified School District Student Enrollment Fiscal Years 2011-12 through 2017-18

<u>Fiscal Year</u>	<u>K-12 Enrollment</u>
2011-12	26,898
2012-13	26,574
2013-14	26,395
2014-15	26,112
2015-16	26,088
2016-17 ¹	26,113
2017-18 ¹	26,113

¹ Projected.

Source: Twin Rivers Unified School District

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 or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an *ad valorem* tax required to be levied by the County in an amount sufficient for the payment thereof as described under "THE BONDS—Security and Sources of Payment" herein.

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, 2015, and prior fiscal years are on file with the District and available for public inspection at the Office of the Deputy Superintendent, Administrative Services of the District, 5115 Dudley Boulevard, Bay A, McClellan, California 95652, telephone: (916) 566-1600. The audited financial statements for the year ended June 30, 2015, are included in Appendix B hereto.

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Comparative Financial Statements

The following table reflects the District's audited General Fund revenues, expenditures and fund balances for fiscal years 2011-12 through 2014-15:

Audited General Fund Revenues, Expenditures and Fund Balances Fiscal Years 2011-12 through 2014-15 Twin Rivers Unified School District

	<u>Audited 2011-12</u>	<u>Audited 2012-13</u>	<u>Audited 2013-14</u>	<u>Audited 2014-15</u>
Revenues:				
Revenue limit sources/LCFF ¹ :				
State apportionments	\$126,842,395	\$126,249,376	\$171,049,479	\$187,642,197
Local sources	<u>23,692,209</u>	<u>22,398,738</u>	<u>25,917,565</u>	<u>27,529,308</u>
Total Revenue limit/LCFF:	<u>150,534,604</u>	<u>148,648,114</u>	<u>196,967,044</u>	<u>215,171,505</u>
Federal sources	26,723,366	27,704,667	22,935,453	22,556,645
Other state sources	50,447,591	50,198,834	18,089,890	20,688,383
Other local sources	<u>14,252,044</u>	<u>17,498,018</u>	<u>15,997,209</u>	<u>15,386,177</u>
Total revenues	<u>241,957,605</u>	<u>244,049,633</u>	<u>253,989,596</u>	<u>273,772,710</u>
Expenditures:				
Certificated salaries	107,362,414	107,617,458	113,628,662	122,238,513
Classified salaries	39,170,001	39,184,045	41,387,937	44,128,251
Employee benefits	42,035,815	41,395,415	41,616,371	50,044,074
Books and supplies	11,360,117	13,173,995	12,899,008	16,046,321
Services and operating expenditures	32,463,795	31,724,752	31,572,050	34,191,083
Capital outlay	2,226,202	707,763	2,171,385	3,850,878
Other outgo	717,692	632,026	734,239	2,515,684
Allocation of Indirect Costs	-	-	(1,245,990)	(1,474,743)
Debt service	<u>731,498</u>	<u>708,951</u>	<u>903,383</u>	<u>1,772,260</u>
Total Expenditures	<u>236,067,534</u>	<u>235,144,405</u>	<u>243,667,045</u>	<u>273,312,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,890,071</u>	<u>8,905,228</u>	<u>10,322,551</u>	<u>460,439</u>
Other financing sources (uses):				
Interfund transfers in	1,099,872	960,541	530,883	-
Interfund transfers out	(55,579)	(53,256)	(52,544,883) ²	(9,532,634)
Proceeds from capitalized lease obligations	<u>439,225</u>	<u>-</u>	<u>1,069,785</u>	<u>4,755,262</u>
Total other financing sources (uses)	<u>1,483,518</u>	<u>907,285</u>	<u>(50,944,215)</u>	<u>(4,777,372)</u>
Net change in fund balances	<u>7,373,589</u>	<u>9,812,513</u>	<u>(40,621,664)</u>	<u>(4,316,933)</u>
Fund balances, July 1	<u>66,978,445</u>	<u>74,352,034</u>	<u>84,164,547</u>	<u>43,542,883</u>
Ending fund balances, June 30	<u>\$74,352,034</u>	<u>\$84,164,547</u>	<u>\$43,542,883</u>	<u>\$39,225,950</u>

¹ Local Control Funding Formula replaced revenue limit sources in fiscal year 2013-14. See "State Funding of Education—Local Control Funding Formula" herein.

² Of such amount, approximately \$29.5 million was transferred to the Deferred Maintenance Fund for school facility projects, approximately \$22.5 million was transferred to the Special Reserve Fund to use towards debt service on 2007 Certificates and approximately \$500,000 was transferred to the Special Reserve Capital Outlay Fund to support the movement of the District's maintenance departments to a single location.

Source: Twin Rivers 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 A.B. 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 the subsequent fiscal year. A qualified certification is assigned to

any school district that may not meet its financial obligations for the current fiscal year or the subsequent two fiscal years.

The District has never had an adopted budget disapproved by the county superintendent of schools. The District received a positive certification applicable to First and Second Interim Reports for fiscal year 2014-15 and a positive certification applicable to its First and Second Interim Reports for fiscal year 2015-16 within the meaning of Section 42133 of the Education Code of the State of California.

General Fund Budget

The following table compares the District’s Board-approved final operating budget to the audited results for fiscal year 2014-15.

**Twin Rivers Unified School District
General Fund
Comparison of Final Budget to Audited Actuals
Fiscal Year 2014-15**

	<u>Final Adopted Budget 2014-15</u>	<u>Audited Actuals 2014-15</u>
Revenues:		
LCFF sources:		
State apportionment	\$189,099,718	\$187,642,197
Local sources	<u>25,751,569</u>	<u>27,529,308</u>
Total LCFF:	<u>214,851,287</u>	<u>215,171,505</u>
Federal sources	30,648,728	22,556,645
Other state sources	15,224,133	20,658,383
Other local sources	<u>15,181,083</u>	<u>15,383,177</u>
Total revenues	<u>275,905,231</u>	<u>273,772,710</u>
Expenditures:		
Certificated Salaries	126,454,136	122,238,513
Classified Salaries	44,181,827	44,128,251
Employee Benefits	46,284,773	50,044,074
Books and Supplies	31,356,056	16,046,321
Services and Operating Expenditures	44,024,075	34,191,033
Capital Outlay	3,932,205	3,850,878
Other Outgo	2,491,865	2,515,684
Allocation of Indirect Costs	(1,500,285)	(1,474,743)
Debt service	<u>1,751,522</u>	<u>1,772,260</u>
Total expenditures	<u>298,976,174</u>	<u>273,312,271</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,070,943)</u>	<u>460,439</u>
Other financing sources (uses):		
Proceeds from capitalized lease obligations	4,755,262	4,755,262
Interfund transfers out	<u>(9,430,263)</u>	<u>(9,532,634)</u>
Total other financing sources (uses)	<u>(4,675,001)</u>	<u>(4,777,372)</u>
Net change in fund balance	(27,745,944)	(4,316,933)
Fund balance, July 1, 2014	<u>43,542,883</u>	<u>43,542,883</u>
Fund balance, June 30, 2015	<u>\$ 15,796,939</u>	<u>\$ 39,225,950</u>

Source: Twin Rivers Unified School District

The following table compares the District's Board-approved final operating budget for fiscal years 2014-15 and 2015-16 to the audited and unaudited actual financial results, respectively, of the District for such years, as well as setting forth the District's Board-approved operating budget for the current fiscal year.

**Twin Rivers Unified School District
General Fund
Final Adopted Budget for Fiscal Years 2014-15 and 2015-16, Original Adopted Budget 2016-17, Audited Actuals for Fiscal Year 2014-15 and Unaudited Actuals for Fiscal Year 2015-16**

	Final Adopted Budget <u>2014-15</u>	Audited Actuals <u>2014-15</u>	Final Adopted Budget <u>2015-16</u>	Unaudited Actuals <u>2015-16</u>	Original Adopted Budget <u>2016-17</u>
Revenues:					
LCFF Sources	\$214,851,287	\$215,171,505	\$242,934,171	\$241,890,223	\$254,589,126
Federal Revenue	30,648,728	22,556,645	29,981,865	21,521,677	23,063,077
Other State Revenue	15,224,133	20,658,383	36,643,046	34,839,030	17,010,570
Other Local Revenue	<u>15,181,083</u>	<u>15,386,177</u>	<u>17,715,289</u>	<u>18,046,014</u>	<u>12,741,441</u>
Total revenues	<u>275,905,231</u>	<u>273,772,710</u>	<u>327,274,371</u>	<u>316,296,943</u>	<u>307,404,214</u>
Expenditures:					
Certificated Salaries	126,454,136	122,238,513	133,663,243	126,308,129	135,234,400
Classified Salaries	44,181,827	44,128,251	44,178,186	43,114,337	45,314,074
Employee Benefits	46,284,773	50,044,074	56,199,267	53,952,632	52,650,192
Books and Supplies	31,356,056	16,046,321	34,098,989	11,269,832	18,453,455
Services and Other Operating Expenditures	44,024,075	34,191,033	49,623,651	38,702,449	41,747,471
Capital Outlay	3,932,205	3,850,878	8,126,117	5,549,922	1,934,197
Other Outgo	2,491,865	2,515,684	1,769,813	1,764,237	1,829,606
Allocation of Indirect Costs	(1,500,285)	(1,474,743)	(1,338,815)	(1,340,406)	(1,455,015)
Debt Service	<u>1,751,522</u>	<u>1,772,260</u>	<u>1,656,376</u>	<u>1,656,376</u>	<u>1,656,648</u>
Total expenditures	<u>298,976,174</u>	<u>273,312,271</u>	<u>327,976,827</u>	<u>280,977,508</u>	<u>297,365,028</u>
Excess (deficiency) of revenues over expenditures	(23,070,943)	460,439	(702,456)	35,319,435	10,039,186
Other financing sources (uses):					
Proceeds from Capital Leases	4,755,262	4,755,262	--	--	--
Interfund Transfers In	--	--	1,850,000	1,850,000	--
Interfund Transfers Out	<u>(9,430,263)</u>	<u>(9,532,634)</u>	<u>(32,083,553)</u>	<u>(32,091,618)</u>	<u>(15,891,583)</u>
Total other financing sources/(uses)	<u>(4,675,001)</u>	<u>(4,777,372)</u>	<u>(30,233,553)</u>	<u>(30,241,618)</u>	<u>(15,891,583)</u>
Net increase (decrease) in fund balance	(27,745,944)	(4,316,933)	(30,936,009)	5,077,817	(5,852,397)
Beginning Fund Balance, July 1	<u>43,542,883</u>	<u>43,542,883</u>	<u>38,204,039</u>	<u>38,204,040</u>	<u>43,281,857</u>
Ending Fund Balance, June 30	<u>\$ 15,796,939</u>	<u>\$ 39,225,950</u>	<u>\$ 7,268,030</u>	<u>\$43,281,857</u>	<u>\$ 37,429,460</u>

Source: Twin Rivers Unified School District

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2015 is show below:

	Restated Balance, June 30, 2014	Additions	Deductions	Balance June 30, 2015	Amounts Due Within One Year
General Obligation Bonds ¹	\$262,023,778	\$ --	\$(8,237,736)	\$253,786,042	\$ 8,520,161
Accreted Interest	10,781,148	3,156,168	--	13,937,316	--
Unamortized Premiums	3,518,786	--	(181,348)	3,337,438	181,348
Certificates of Participation ²	118,825,000	--	--	118,825,000	--
QZAB	11,000,000	--	--	11,000,000	--
Capitalized lease obligations	3,676,576	4,755,262	(1,878,883)	6,552,955	1,618,742
Compensated absences	1,243,295	520,552	--	1,763,847	--
PARS Early Retirement Incentive	1,947,822	5,606,280	(973,912)	6,580,190	2,095,166
Net Pension Liability	248,617,829	17,441,514	(68,385,383)	197,673,960	--
Postemployment benefits	<u>24,238,874</u>	<u>5,857,391</u>	<u>(1,403,446)</u>	<u>28,692,819</u>	<u>--</u>
Total	<u>\$685,873,108</u>	<u>\$37,337,167</u>	<u>\$(81,060,708)</u>	<u>\$642,149,567</u>	<u>\$ 12,415,417</u>

¹ The District intends to use a portion of the proceeds of its 2016 General Obligation Refunding Bonds (Grant), Series A, which the District expects to issue at the same time as the Bonds, to refund a portion of the currently outstanding Grant Joint Union High School District (County of Sacramento and County of Placer, California) 2005 General Obligation Refunding Bonds, all or a portion of the Grant Joint Union High School District (County of Sacramento and County of Placer, California) General Obligation Bonds, Election of 2006, Series 2006, a portion of the Grant Joint Union High School District (County of Sacramento and County of Placer, California) General Obligation Bonds, Election of 2006, Series 2008 and a portion of the Twin Rivers Unified School District (County of Sacramento and County of Placer, California) General Obligation Bonds, Election of 2006, Series 2014A. The District intends to use a portion of the proceeds of the Bonds, to refund all or a portion of the currently outstanding North Sacramento School District (Sacramento County, California) 2005 General Obligation Refunding Bonds, all or a portion of the North Sacramento School District (Sacramento County, California) General Obligation Bonds, Election of 2006, Series 2006, a portion of the North Sacramento School District (Sacramento County, California) General Obligation Bonds, Election of 2006, Series 2007, a portion of the North Sacramento School District (Sacramento County, California) General Obligation Bonds, Election of 2006, Series 2008 and a portion of the Rio Linda Union School District (Sacramento County, California) Election of 2006 General Obligation Bonds, Series 2007. See "REFUNDING PLAN" in the front part of the Official Statement.

² The District intends to use a portion of the proceeds of its General Obligation Bonds, Election of 2006, Series 2016A Bonds to prepay and retire a portion of the Grant Joint Union High School District Certificates of Participation (2007 Facility Bridge Funding Program) (the "2007 Certificates"). The District intends to prepay and retire a portion of the 2007 Certificates with available funds on hand, in the amount of \$15,000,000 on December 1, 2016. The District intends to prepay and retire the outstanding Grant Joint Union High School District Certificates of Participation (2003 School Facility Bridge Funding Program) with available funds on hand, in the amount of \$8,090,000 on December 1, 2016. Source: Twin Rivers Unified School District

General Obligation Bonds. Prior to the unification that resulted in the formation of the District, several of the Former Districts issued general obligation bonds under several authorizations from the voters of the respective Former District, under Article XIII A of the State Constitution, including under Proposition 39. By force of law, the District is now obligated for the repayment of the scheduled general obligation bonds, although the *ad valorem* tax levies that support the following issues vary, according to the Former District whose voters approved them.

Grant District. On August 22, 2002, the Grant District issued its General Obligation Bonds, Election of 2002, Series 2002 (the "2002 Grant District Bonds") in the amount of \$22,592,608. The 2002 Grant District Bonds were authorized pursuant to the special election of the registered voters held on March 5, 2002, at which the voters of the Grant District approved the issuance of up to \$74 million of general obligation bonds (the "Grant 2002 Bond Authorization"). A portion of the 2002 Grant District Bonds were refunded with proceeds of the 2005 Grant District Bonds (described below). As of October 1, 2016, the 2002 Grant District Bonds maturing on August 1, 2027, with a final maturity value on such date of \$2,240,000, remain outstanding.

On April 7, 2005, the Grant District issued its 2005 General Obligation Refunding Bonds (the "2005 Grant District Bonds") in the amount of \$18,793,107 to advance refund a portion of the 2002 Grant

District Bonds. The 2005 Grant District Bonds issued as current interest bonds are currently outstanding in the aggregate principal amount of \$4,110,000 and are scheduled to mature on August 1, 2017 through August 1, 2018. The District intends to use a portion of the proceeds of its 2016 General Obligation Refunding Bonds (Grant), Series A, which the District expects to issue at the same time as the Bonds, to redeem such current interest 2005 Grant District Bonds. The 2005 Grant District Bonds issued as capital appreciation bonds are scheduled to mature on August 1, 2019 through August 1, 2021, with final maturity values ranging from \$2,310,000 to \$2,460,000 for each maturity.

On September 28, 2006, the Grant District issued its General Obligation Bonds, Election of 2006, Series 2006 (the “2006 Grant District Bonds”) in the amount of \$55,000,000. The 2006 Grant District Bonds were authorized pursuant to the special election of the registered voters held on June 6, 2006, at which the voters of the Grant District approved the issuance of up to \$230 million of general obligation bonds (the “Grant 2006 Bond Authorization”). A portion of the 2006 Grant District Bonds were refunded with a portion of the proceeds of the 2014A Refunding Bonds (see “—The District” below). The District intends to use a portion of the proceeds of its 2016 General Obligation Refunding Bonds (Grant), Series A, which the District expects to issue at the same time as the Bonds, to refund the 2006 Grant District Bonds maturing in 2031 at which time none of the 2006 Grant District Bonds will remain outstanding.

On June 11, 2008, the Grant District issued its General Obligation Bonds, Election of 2002, Series 2008 (the “2008A Grant District Bonds”) in the amount of \$51,404,756, which were purchased with the proceeds of bonds issued by a joint powers authority originally issued in the amount of \$59,874,157. The 2008A Grant District Bonds were authorized pursuant to the Grant 2002 Bond Authorization as the second and final issue of general obligation bonds thereunder. The 2008A Grant District Bonds are scheduled to mature through August 1, 2042. After the issuance of the 2008A Grant District Bonds, no authorization of unissued bonds remains under the Grant 2002 Bond Authorization. As of October 1, 2016, approximately \$38,327,847 aggregate principal amount of the 2008A Grant District Bonds were outstanding.

On June 26, 2008, the Grant District issued General Obligation Bonds, Election of 2006, Series 2008 (the “2008B Grant District Bonds”) in the amount of \$33,998,991. The 2008B Grant District Bonds were authorized pursuant to the Grant 2006 Bonds Authorization, as the second issue of general obligation bonds thereunder. The 2008B Grant District Bonds were issued as a combination of current interest term bonds maturing on August 1, 2010 through August 1, 2025 and as capital appreciation bonds maturing on August 1, 2026 through August 1, 2032, with a final maturity on February 1, 2033. The District defeased to maturity a portion of the 2008B Grant District Bonds maturing on August 1, 2030 and August 1, 2032 by issuing its 2014A Refunding Bonds (see “—The District” below). As of October 1, 2016, \$18,605,000 aggregate principal amount of the current interest 2008B Grant District Bonds were outstanding and \$48,735,000 of the 2008B Grant District Bonds issued as capital appreciation bonds with maturity values ranging from \$3,900,000 on August 1, 2026 to \$11,895,000 on August 1, 2032 with a final maturity value of \$9,555,000 on February 1, 2033, are outstanding. The District intends to use a portion of the proceeds of its 2016 General Obligation Refunding Bonds (Grant), Series A, which the District expects to issue at the same time as the Bonds, to refund a portion of the current interest 2008B Grant District Bonds and to defease a portion of the capital appreciation 2008B Grant District Bonds.

All of the Grant District Bonds described above are payable from the *ad valorem* taxes to be levied annually upon all property subject to taxation by the District within the area comprising the former Grant District, which area is coterminous with the area of the District.

Rio Linda District. On July 15, 1992, the Rio Linda District issued its 1992 General Obligation Bonds, Series A (the “1992 Rio Linda District Bonds”) in the amount of \$16,790,000. The 1992 Rio Linda District Bonds were approved by the voters at a special election held on April 14, 1992, at which

the voters of the Rio Linda District approved the issuance of up to \$16,790,000 of general obligation bonds (the “Rio Linda 1992 Bond Authorization”). After the issuance of the 1992 Rio Linda District Bonds, no authorization of unissued bonds remains thereunder. The 1992 Rio Linda District Bonds were refunded through the issuance of general obligation refunding bonds in 1997, which were refunded on May 28, 2008, when the Rio Linda District issued \$12,065,000 of General Obligation Refunding Bonds (the “Rio Linda District 2008 Bonds”), which are scheduled to mature on August 1 of each year through August 1, 2017. As of October 1, 2016, \$1,675,000 aggregate principal amount of the Rio Linda District 2008 Bonds remain outstanding.

On April 29, 2003, the Rio Linda District issued its General Obligation Bonds, Series A (the “2003 Rio Linda District Bonds”), in the amount of \$14,640,000 as current interest serial bonds and \$759,791 as capital appreciation bonds. The 2003 Rio Linda District Bonds were approved by the voters at an election held in November 2002, at which the voters of the Rio Linda District approved the issuance of up to \$15,400,000 of general obligation bonds (the “Rio Linda 2002 Bond Authorization”). After the issuance of the 2003 Rio Linda District Bonds, no authorization of unissued bonds remains under the Rio Linda 2002 Bond Authorization. In June 2012, \$10,385,000 of the 2003 Rio Linda District Bonds were refunded by the District as part of its 2012A Bonds (see “—The District” below). As of October 1, 2016, the capital appreciation bonds maturing in 2017 with a maturity value of \$700,000 remains outstanding.

On March 22, 2007, the Rio Linda District issued its Election of 2006 General Obligation Bonds, Series 2007 (the “2007 Rio Linda District Bonds”) in the amount of \$38,000,000. The 2007 Rio Linda District Bonds were approved by the voters at an election held on November 7, 2006, at which the voters of the Rio Linda District approved the issuance of up to \$38,000,000 of general obligation bonds (the “Rio Linda 2006 Bond Authorization”). After the issuance of the 2007 Rio Linda District Bonds, no authorization of unissued bonds remains under the Rio Linda 2006 Bond Authorization. The 2007 Rio Linda District Bonds are scheduled to mature on August 1 of each year through August 1, 2031. As of October 1, 2016, \$34,850,000 aggregate principal amount of the 2007 Rio Linda District Bonds remain outstanding. The District expects to use a portion of the proceeds of the Bonds to refund a portion of the currently outstanding 2007 Rio Linda Bonds. See “REFUNDING PLAN” in the front part of the Official Statement.

All of the outstanding Rio Linda District bonds described above are payable from the *ad valorem* taxes being levied annually upon all property within the Rio Linda, North Sacramento and Del Paso Districts (the “Former Elementary Districts”) subject to taxation by the District.

North Sacramento District. On August 1, 2001, the North Sacramento District issued its General Obligation Bonds, Election of 1997, Series 2001 (the “2001 North Sacramento District Bonds”), in the aggregate principal amount of \$5,000,000. The 2001 North Sacramento District Bonds were approved by the voters at an election held on November 4, 1997 (the “North Sacramento 1997 Bond Authorization”), at which the voters of the North Sacramento District approved the issuance of up to \$20,000,000 of general obligation bonds. The 2001 North Sacramento District Bonds represented the third series of general obligation bonds under the North Sacramento 1997 Bond Authorization. The prior two series of general obligation bonds under the North Sacramento 1997 Bond Authorization were refunded with proceeds of the 2005 North Sacramento District Bonds (defined below). In June 2012, \$3,845,000 of the 2001 North Sacramento District Bonds were refunded by the District as part of its 2012A Bonds (see “—The District” below). As of October 1, 2016, none of the 2001 North Sacramento Bonds remain outstanding.

On May 1, 2003, the North Sacramento District issued its General Obligation Bonds, Series 2003 (the “2003 North Sacramento District Bonds”), in the aggregate principal amount of \$5,000,000 pursuant to the North Sacramento 1997 Bond Authorization. The 2003 North Sacramento District Bonds

represented the fourth and final series of general obligation bonds under the North Sacramento 1997 Bond Authorization. After the issuance of the 2003 North Sacramento District Bonds, no authorization of unissued bonds remains under the North Sacramento 1997 Bond Authorization. In June 2012, \$4,025,000 of 2003 North Sacramento District Bonds were refunded by the District as part of its 2012A Bonds (see “—The District” below). As of October 1, 2016, none of the 2003 North Sacramento District Bonds remain outstanding.

On July 19, 2005, the North Sacramento District issued its 2005 General Obligation Refunding Bonds (the “2005 North Sacramento District Bonds”), in the aggregate principal amount of \$10,090,000 for the purpose of refunding a portion of the North Sacramento District’s outstanding General Obligation Bonds, Series 1998 and Series 2000 and to pay the costs of issuance of the bonds. The final maturity date of the 2005 North Sacramento District Bonds is August 1, 2029. As of October 1, 2016, \$6,440,000 aggregate principal amount of the 2005 North Sacramento District Bonds remain outstanding. The District expects to use a portion of the proceeds of the Bonds to refund a portion of the currently outstanding 2005 North Sacramento District Bonds. See “REFUNDING PLAN” in the front part of the Official Statement.

On August 9, 2006, the North Sacramento District issued its General Obligation Bonds, Election of 2006, Series 2006 (the “2006 North Sacramento District Bonds”), in the aggregate principal amount of \$5,960,000. The 2006 North Sacramento District Bonds were approved by the voters at an election held on June 6, 2006 (the “North Sacramento 2006 Bond Authorization”), at which the voters of the North Sacramento District approved the issuance of up to \$17,500,000 of general obligation bonds. The 2006 North Sacramento District Bonds represented the first series of general obligation bonds under the North Sacramento 2006 Bond Authorization. The 2006 North Sacramento District Bonds mature on August 1 with a final maturity date of August 1, 2031. As of October 1, 2016, \$4,120,000 aggregate principal amount of the 2006 North Sacramento District Bonds remain outstanding. The District expects to use a portion of the proceeds of the Bonds to refund all or a portion of the currently outstanding 2006 North Sacramento District Bonds. See “REFUNDING PLAN” in the front part of the Official Statement.

On September 20, 2007, the North Sacramento District issued its General Obligation Bonds, Election of 2006, Series 2007 (the “2007 North Sacramento District Bonds”) in the aggregate principal amount of \$5,999,599, all as capital appreciation bonds. The 2007 North Sacramento District Bonds represented the second series of general obligation bonds under the North Sacramento 2006 Bond Authorization. The 2007 North Sacramento District Bonds mature on August 1 with a final maturity of August 1, 2032, with maturity values ranging from \$405,000 to \$860,000 currently outstanding, as of October 1, 2016. The District expects to use a portion of the proceeds of the Bonds to refund a portion of the currently outstanding 2007 North Sacramento District Bonds. See “REFUNDING PLAN” in the front part of the Official Statement.

On April 10, 2008, the North Sacramento District issued its General Obligation Bonds, Election of 2006, Series 2008 (the “2008 North Sacramento District Bonds”) in the aggregate principal amount of \$5,540,000. The 2008 North Sacramento District Bonds represented the third and final series of general obligation bonds under the North Sacramento 2006 Bond Authorization. After the issuance of the 2008 North Sacramento District Bonds, no authorization of unissued bonds remains under the North Sacramento 2006 Bond Authorization. The 2008 North Sacramento District Bonds mature on August 1 with a final maturity date of August 1, 2032. As of October 1, 2016, \$5,290,000 aggregate principal amount of the 2008 North Sacramento District Bonds remain outstanding. The District expects to use a portion of the proceeds of the Bonds to refund a portion of the currently outstanding 2008 North Sacramento District Bonds. See “REFUNDING PLAN” in the front part of the Official Statement.

All of the outstanding North Sacramento District bonds described above are payable from the *ad valorem* taxes being levied annually upon all property within the Former Elementary Districts subject to taxation by the District.

The District. On June 27, 2012, the District issued its Refunding General Obligation Bonds, 2012 Series A (the “2012A Bonds”) in the aggregate principal amount of \$19,395,000 with the interest rate of 3.4% for the purpose of refunding a portion of the 2002 Rio Linda District Bonds, 2001 North Sacramento District Bonds and the 2003 North Sacramento District Bonds. The final maturity date of the 2012A Bonds is August 1, 2032. The 2012A Bonds are payable from the *ad valorem* taxes being levied annually upon all property within the Former Elementary Districts subject to taxation by the District. As of October 1, 2016, \$18,475,000 aggregate principal of the 2012A Bonds remain outstanding.

The District issued its 2014 General Obligation Refunding Bonds (Grant), Series A in the aggregate principal amount of \$39,400,000 (the “2014A Refunding Bonds”) on January 8, 2014, in order to refund the 2006 Grant District Bonds maturing in the years 2015 through 2029 and to defease to maturity a portion of the 2008B Grant District Bonds maturing on August 1, 2030 and August 1, 2032. The 2014A Refunding Bonds are scheduled to mature through August 1, 2030. As of October 1, 2016, \$36,480,000 aggregate principal amount of the 2014A Refunding Bonds remain outstanding.

On February 5, 2014, the District issued its General Obligation Bonds, Election of 2006, Series 2014A (the “Series 2014A Bonds”) pursuant to the Grant 2006 Bonds Authorization, in order to repay the District’s 2009 General Obligation Bond Anticipation Notes (see “—General Obligation Bonds Anticipation Notes” below) in the aggregate principal amount of \$39,000,000. The Series 2014A Bonds were the third issue of bonds under the Grant 2006 Bonds Authorization and were issued as a combination of current interest serial bonds maturing August 1, 2015 through August 1, 2018, current interest term bonds maturing on August 1, 2040 and as capital appreciation bonds maturing on August 1, 2033 through August 1, 2038, with a final maturity on February 1, 2039, with final maturity values ranging from \$2,385,000 to \$14,940,000 for each maturity. As of October 1, 2016, \$19,245,000 aggregate principal amount of the current interest Series 2014A Bonds remain outstanding. As of October 1, 2016, the capital appreciation bonds maturing in the years 2033 through 2039 with maturity values ranging from \$2,385,000 to \$14,940,000 remain outstanding. The District intends to use a portion of the proceeds of its 2016 General Obligation Refunding Bonds (Grant), Series A, which the District expects to issue at the same time as the Bonds, to refund a portion of currently outstanding Series 2014A Bonds.

General Obligation Bond Anticipation Notes. On April 7, 2009, the District issued \$29,092,440 of General Obligation Bond Anticipation Notes (the “Notes”), with an interest rate of 5.75%, for the prepayment of certain lease-purchase obligations of the District, proceeds of which were used to finance the acquisition, construction, furnishing, and equipping of certain capital improvements for the District. The Notes were issued in anticipation of general obligation bonds to be issued pursuant to the Grant 2006 Bond Authorization. The Notes were refunded with the net proceeds of the Series 2014A Bonds described above pursuant to the Grant 2006 Bonds Authorization and are no longer outstanding.

Certificates of Participation. Upon unification, the District assumed the obligations of its Former Districts to make lease payments from its general fund on outstanding lease obligations, the proceeds of which were used to construct, acquire and equip certain school facilities for the Former Districts.

On July 10, 2003, the Grant District executed and delivered \$36,000,000 aggregate principal amount of Certificates of Participation (2003 School Facility Bridge Funding Program) (the “2003 Certificates”). The 2003 Certificates are currently outstanding in the aggregate principal amount of

\$8,090,000, and evidence proportionate interests of owners thereof in lease payments to be made by the District pursuant to a Lease Agreement by and between the District and the Grant Joint UHSD Facilities Corporation (the “Corporation”). The leased property securing the 2003 Certificates consists of Rio Linda High School. The 2003 Certificates currently evidence interest in an “Extended Rate Mode,” with interest payable on January 1 and July 1. The initial extended rate period for the 2003 Certificates expired on June 30, 2013, and the 2003 Certificates were remarketed in an Extended Rate Mode with a new extended rate expiration date of June 30, 2018, with the 2003 Certificates bearing interest through such date at 3.45% per annum. The District expects to use available funds on hand in the amount of \$8,090,000 to prepay the currently outstanding 2003 Certificates on December 1, 2016.

On July 12, 2007, the Grant District executed and delivered \$133,000,000 aggregate principal amount of Certificates of Participation (2007 School Facility Bridge Funding Program) (the “2007 Certificates”). The 2007 Certificates are currently outstanding in the aggregate principal amount of \$110,735,000, and evidence proportionate interests of owners thereof in lease payments to be made by the District pursuant to a Lease Agreement by and between the District and the Corporation. The leased property securing the 2007 Certificates consists of Martin Luther King Junior High School, Don Julio Junior High School (now known as Smythe Academy Charter), and Highlands High School. The 2007 Certificates currently evidence interest in an “Extended Rate Mode,” with interest payable on June 1 and December 1. The initial extended rate period for the 2007 Certificates expired on May 31, 2013, and the 2007 Certificates were remarketed in an Extended Rate Mode with a new extended rate expiration date of May 31, 2020, with the 2007 Certificates bearing interest through such date at 3.20% per annum. The District intends to use a portion of the proceeds of its General Obligation Bonds, Election of 2006, Series 2016A, which the District expects to issue at the same time as the Bonds, to prepay a portion of the currently outstanding 2007 Certificates. The District expects to use available funds on hand in the amount of \$15,000,000 to prepay a portion of the currently outstanding 2007 Certificates on December 1, 2016.

Capital Leases. Upon unification, the District assumed the obligations of the Former Districts to make lease payments for buildings, vehicles and equipment under certain capital leases. As of June 30, 2015, the lease payments that the District was obligated to make under existing leases (other than described above under “—Certificates of Participation”) were as follows:

**Twin Rivers Unified School District
Capital Lease Payments**

<u>Year Ending June 30</u>	<u>Lease Payments</u>
2016	\$1,802,380
2017	1,802,380
2018	1,700,018
2019	890,070
2020	364,140
2021-2025	<u>485,520</u>
Total	\$7,044,508
Less amount representing interest	<u>(491,553)</u>
Totals	\$6,552,955

Qualified Zone Academy Bonds. In December 2005, the Del Paso Heights District issued a qualified zone academy bond (“QZAB”) in the amount of \$1,000,000 for the rehabilitation and repairing of certain school facilities. The QZAB bears no interest and matures in December 2020. Currently, the

fiscal agent for the QZAB has \$1,000,000 on hand which is restricted for repayment of the QZAB. The Del Paso Heights District will not be required to make a payment on its QZAB until its maturity.

In November 2003, the Grant District issued a QZAB in the amount of \$5,000,000. The QZAB bears no interest and the principal is due on November 21, 2018. The District will not be required to make a payment on this QZAB until its maturity.

In December 2005, the Grant District issued a QZAB in the amount of \$5,000,000. The QZAB bears no interest and the principal is due in December 2020. The District will not be required to make a payment on this QZAB until its maturity.

Combined Annual Debt Service for General Obligation Bonds. The annual requirements to amortize all of the District's general obligation bonds, assuming no optional redemptions are made, are as follows:

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**Combined General Obligation Bond Debt Service Schedule
Twin Rivers Unified School District**

Former Elementary School Districts

Year Ending August 1	North Sacramento SD				Rio Linda SD			The District		Total
	Election of 1997 2005 Refunding¹	Election of 2006 Series 2006¹	Election of 2006 Series 2007¹	Election of 2006 Series 2008¹	Election of 1992 2008 Refunding	Election of 2002 Series A	Election of 2006 Series 2007¹	2012 Refunding	2016 Refunding²	
2017	\$ 653,896.26	\$ 397,250.00	\$ 405,000.00	\$ 367,212.50	\$ 1,742,000.00	\$ 700,000.00	\$ 2,658,875.00	\$ 1,108,150.00		
2018	659,458.76	378,340.00	440,000.00	387,712.50	-	-	2,687,625.00	1,841,830.00		
2019	653,765.00	379,625.00	465,000.00	396,962.50	-	-	2,787,625.00	1,870,010.00		
2020	657,165.00	375,495.00	490,000.00	400,137.50	-	-	2,888,750.00	1,900,810.00		
2021	654,765.00	386,045.00	480,000.00	427,787.50	-	-	3,023,750.00	1,924,060.00		
2022	651,202.50	375,755.00	490,000.00	438,600.00	-	-	3,173,750.00	1,949,930.00		
2023	656,672.50	375,342.50	490,000.00	453,362.50	-	-	3,362,500.00	1,978,250.00		
2024	651,092.50	379,505.00	485,000.00	466,812.50	-	-	3,687,500.00	2,003,850.00		
2025	654,630.00	377,895.00	490,000.00	498,950.00	-	-	3,716,250.00	2,031,730.00		
2026	657,105.00	375,855.00	490,000.00	543,725.00	-	-	3,612,500.00	2,066,720.00		
2027	658,517.50	378,240.00	485,000.00	570,350.00	-	-	3,532,500.00	2,098,480.00		
2028	653,287.50	379,972.50	485,000.00	609,612.50	-	-	4,050,000.00	627,010.00		
2029	652,187.50	375,892.50	490,000.00	655,725.00	-	-	4,185,000.00	628,310.00		
2030	-	376,372.50	490,000.00	688,162.50	-	-	4,405,000.00	628,930.00		
2031	-	376,020.00	490,000.00	722,450.00	-	-	4,305,000.00	288,870.00		
2032	-	-	860,000.00	768,325.00	-	-	-	294,690.00		
2033	-	-	-	-	-	-	-	-		
2034	-	-	-	-	-	-	-	-		
2035	-	-	-	-	-	-	-	-		
2036	-	-	-	-	-	-	-	-		
2037	-	-	-	-	-	-	-	-		
2038	-	-	-	-	-	-	-	-		
2039	-	-	-	-	-	-	-	-		
2040	-	-	-	-	-	-	-	-		
2041	-	-	-	-	-	-	-	-		
2042	-	-	-	-	-	-	-	-		
Total	\$8,513,745.02	\$5,687,605.00	\$8,025,000.00	\$8,395,887.50	\$ 1,742,000.00	\$ 700,000.00	\$52,076,625.00	\$23,241,630.00		

¹ A portion of the proceeds of the Bonds, will be used to redeem and/or defease all or a portion of such bond issue, as applicable. See "REFUNDING PLAN" in the front part of the Official Statement.

² The Bonds.

**Combined General Obligation Bond Debt Service Schedule
Twin Rivers Unified School District**

Former Grant District

<u>Year Ending August 1</u>	<u>Election of 2002 Series 2002</u>	<u>Election of 2002 2005 Refunding¹</u>	<u>Election of 2002 Series 2008</u>	<u>Election of 2006 Series 2006¹</u>	<u>Election of 2006 Series 2008¹</u>	<u>Series 2014A Refunding Bonds¹</u>	<u>Election of 2006 Series 2014A</u>	<u>Election of 2006 Series 2016²</u>	<u>Refunding Bonds³</u>	<u>Total</u>
2017	\$ -	\$ 2,164,800.00	\$ 2,733,431.26	\$ 491,750.00	\$ 1,792,600.00	\$ 2,837,231.26	\$ 1,811,050.00			
2018	-	2,236,300.00	2,853,431.26	491,750.00	1,992,200.00	2,982,231.26	1,779,800.00			
2019	-	2,310,000.00	2,983,431.27	491,750.00	2,196,200.00	3,124,431.26	875,000.00			
2020	-	2,385,000.00	3,118,431.26	491,750.00	2,421,000.00	3,278,631.26	875,000.00			
2021	-	2,460,000.00	3,028,431.27	491,750.00	2,653,000.00	3,440,381.26	875,000.00			
2022	-	-	5,063,431.26	491,750.00	2,914,250.00	3,604,381.26	875,000.00			
2023	-	-	4,913,431.25	491,750.00	3,187,500.00	3,774,881.26	875,000.00			
2024	-	-	4,753,431.25	491,750.00	3,401,250.00	3,957,081.26	875,000.00			
2025	-	-	4,588,431.25	491,750.00	3,622,500.00	4,143,831.26	875,000.00			
2026	-	-	4,418,431.25	491,750.00	3,900,000.00	4,333,831.26	875,000.00			
2027	2,240,000.00	-	2,253,431.24	491,750.00	4,260,000.00	4,532,631.26	875,000.00			
2028	-	-	4,053,431.26	491,750.00	4,565,000.00	4,742,631.26	875,000.00			
2029	-	-	3,858,431.29	491,750.00	4,705,000.00	4,962,831.26	875,000.00			
2030	-	-	3,658,431.24	5,876,750.00	4,700,000.00	31,275.00	875,000.00			
2031	-	-	3,453,431.26	6,239,234.38	5,155,000.00	-	875,000.00			
2032	-	-	7,808,431.23	-	11,895,000.00	-	875,000.00			
2033	-	-	8,053,431.24	-	9,555,000.00	-	3,260,000.00			
2034	-	-	8,298,431.25	-	-	-	13,195,000.00			
2035	-	-	8,555,000.00	-	-	-	13,850,000.00			
2036	-	-	8,819,300.03	-	-	-	14,485,000.00			
2037	-	-	8,876,600.00	-	-	-	15,135,000.00			
2038	-	-	8,876,949.01	-	-	-	15,815,000.00			
2039	-	-	8,878,205.37	-	-	-	16,525,000.00			
2040	-	-	8,874,454.98	-	-	-	10,158,750.00			
2041	-	-	8,875,868.88	-	-	-	-			
2042	-	-	8,875,000.00	-	-	-	-			
Total	\$2,240,000.00	\$11,556,100.00	\$150,523,140.86	\$18,508,734.38	\$72,915,500.00	\$49,746,281.38	\$118,264,600.00			

¹ A portion of the proceeds of the District's 2016 General Obligation Refunding Bonds (Grant), Series A, expected to be issued at the same time as the Bonds, will be used to redeem and/or defease all or a portion of such bond issue, as applicable. See "—District Debt Structure-General Obligation Bonds" above.

² A portion of the proceeds of the District's General Obligation Bonds, Election of 2006, Series 2016, expected to be issued at the same time as the Bonds, will be used to prepay and retire a portion of the 2007 Certificates. See "—District Debt Structure-Certificates of Participation" above.

³ The District's 2016 General Obligation Refunding Bonds (Grant), Series A, expected to be issued at the same time as the Bonds. See footnote 1 above.

State Funding of Education

Revenue Limit Funding. Prior to fiscal year 2013-14, school districts operated under general purpose revenue limits established by the State Department of Education (“SBE”). In general, revenue limits are calculated for each school district by multiplying the average daily attendance for such district by a base revenue limit per unit of ADA. Revenue limit calculations were generally adjusted annually in accordance with a number of factors designed to provide cost of living adjustments (“COLAs”) and to equalize revenues among school districts of the same type. Funding of a school district’s revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Beginning in fiscal year 2013-14, school districts are funded based on uniform rates determined on the basis of grade spans. See “—Local Control Funding Formula” herein.

The following table shows the District’s average daily attendance, base revenue limit per ADA and funded revenue limit per ADA for fiscal years 2008-09 through 2012-13.

**Average Daily Attendance, Revenue Limit and Funded Revenue Limit Per ADA
Fiscal Years 2008-09 through 2012-13
Twin Rivers Unified School District**

<u>Fiscal Year</u>	<u>Average Daily Attendance</u> ¹	<u>Base Revenue Limit Per ADA</u> ²	<u>Funded Revenue Limit Per ADA</u> ²
2008-09	24,278	\$6,950	\$6,405
2009-10	23,870	7,211	5,635
2010-11	23,845	7,187	5,896
2011-12	23,211	7,330	5,820
2012-13	23,141	7,542	5,862

Note: All amounts are rounded to the nearest whole number.

¹ Data based on State legislation which reconfigured ADA to represent actual attendance without regard to excused absences. Reflects ADA as of the second principal reporting period (P-2 ADA), ending on April 15 of each school year. Includes charter school and county instructed students, but excludes adult education and regional occupational program students.

² Deficit revenue limit funding, if provided for in State budget legislation, previously reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for a given fiscal year, and resulted 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 most recently reinstated beginning in fiscal year 2008-09, and has been discontinued following the implementation of the LCFF (as defined herein).

Source: Twin Rivers Unified School District

The following table shows the District’s average daily attendance, LCFF per ADA and funded LCFF per ADA for fiscal years 2013-14 through 2016-17.

**Average Daily Attendance, LCFF Per ADA and Funded LCFF Per ADA
Fiscal Years 2013-14 through 2016-17
Twin Rivers Unified School District**

<u>Fiscal Year</u>	<u>Average Daily Attendance¹</u>	<u>LCFF Per ADA²</u>	<u>Funded LCFF Per ADA</u>
2013-14	25,060	\$10,834	\$8,097
2014-15	24,831	10,851	8,893
2015-16	24,754	10,925	9,963
2016-17 ³	24,764	10,880	10,461

Note: All amounts are rounded to the nearest whole number.

¹ Except for fiscal year 2016-17, 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. An attendance month is each four week period of instruction beginning with the first day of school for any school district.

² The local control funding formula (referred to herein as LCFF) was enacted in fiscal year 2013–14, and replaced the previous kindergarten through grade 12 (K–12) finance system which had been in existence for nearly 40 years. This is the targeted LCFF per ADA (not the actual funded amount); full target implementation is estimated for fiscal year 2020-21. See “—Local Control Funding Formula” below.

³ Projected.

Source: Twin Rivers Unified School District

Basic Aid Funding. A majority of the funding that California schools receive has historically been determined by the state revenue limit formula. See “—Revenue Limit Funding” above and “—Local Control Funding Formula” herein. Each district receives a portion of the local property taxes collected within the district boundaries. This amount has been compared to the total revenue limit for the district; the balance was received in the form of State aid. Therefore, the sum of the property taxes and State aid was equal to the district’s revenue limit. Districts which receive the minimum amount of State aid have been known as “basic aid” districts.

Basic aid school districts continue to receive only special categorical funding, which is deemed to satisfy the “basic aid” requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. All other districts were considered “revenue limit” districts. The District was a revenue limit school district.

Local Control Funding Formula. State Assembly Bill 97 (Chapter 47, Statutes of 2013) (“A.B. 97”), enacted as part of the fiscal year 2013-14 State budget, established a new system for funding school districts, charter schools and county offices of education. This new system replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. The new system can also affect whether a district qualifies as a basic aid or revenue limit district.

The primary component of A.B. 97 is the implementation of the Local Control Funding Formula (“LCFF”). Since fiscal year 2013-14, the bulk of funding for school districts has been provided on the basis of target base funding grants per unit of ADA (each, a “Base Grant”) assigned to each of four grade spans. Each Base Grant is subject to certain adjustments, as further described herein. According to a report published by the State Legislative Analyst’s Office, the State general fund cost of fully implementing the LCFF in fiscal year 2013-14 would have been approximately \$18 billion more than

what was spent on education in the prior fiscal year (assuming current levels of property tax revenue, ADA and enrollment). Given this cost, the LCFF is being implemented over a span of eight fiscal years, during which time school districts will receive annual funding increases based on the gap between their respective prior-year funding level and the target LCFF allocation following full implementation. In each year, each school district is expected to see the same proportion of their funding gap closed, with dollar amounts varying depending on the size of district's funding gap. The State cost to fund the LCFF in each fiscal year will fluctuate depending on a number of factors, including the provision of cost of living adjustments ("COLAs"), fluctuations in ADA and student demographics, and growth in property tax revenues.

The specific Base Grants, per unit of ADA, for each grade span are as follows: (a) \$6,845 for grades K-3; (b) \$6,947 for grades 4-6; (c) \$7,154 for grades 7-8; and (d) \$8,289 for grades 9-12. The differences among Base Grants are linked to differentials in the fiscal year 2012-13 statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and support college and career readiness programs in high schools. As adjusted, the Base Grants per unit of ADA for grades K-3 and 9-12 are \$7,557 and \$8,505, respectively. Following full implementation of the new funding system, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. Supplemental funds derived from the adjustment to the Base Grant for grades 9-12 must be spent to advance college and career readiness goals outlined in the respective district's LCAP (as defined herein).

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI. Foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately. A.B. 97 authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of the applicable adjusted Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. In addition, school districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable adjusted Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table shows a breakdown of the District’s ADA by grade span, total ADA, total enrollment, and the percentage of EL/LI student enrollment, for fiscal year 2013-14 through 2016-17.

**ADA and Enrollment by Grade Span
Fiscal Years 2013-14 through 2016-17
Twin Rivers Unified School District**

<u>Average Daily Attendance¹</u>							
Fiscal Year	<u>K-3</u>	<u>4-6</u>	<u>7-8</u>	<u>9-12</u>	<u>Total ADA</u>	<u>Total Enrollment²</u>	<u>% of EL/LI Enrollment²</u>
2013-14	8,941	5,925	3,965	6,229	25,060	26,395	87.00%
2014-15	8,796	6,036	3,948	6,051	24,831	26,112	87.59
2015-16	8,616	6,253	3,873	6,012	24,754	26,088	87.14
2016-17 ³	8,601	6,255	3,856	6,147	24,764	26,113	86.22

¹ Except for fiscal year 2016-17, 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. An attendance month is each four week period of instruction beginning with the first day of school for any school district.

² Fiscal years 2013-14 through 2015-16 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System (“CALPADS”) in each school year and used to calculate a school district’s unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude preschool and adult transitional students. For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI students is based on a rolling average of such district’s EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

³ Projected.

Source: Twin Rivers Unified School District

For certain school districts that would have received greater funding levels under the prior revenue limit system, A.B. 97 provides for a permanent economic recovery target (“ERT”) add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, A.B. 97 assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the eight-year implementing period of the LCFF. The District does not qualify for the ERT add-on.

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

Accountability. As part of the implementation of the LCFF, the State Board of Education (the “SBE”) promulgated regulations regarding the expenditure of supplemental and concentration funding. These regulations include a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans (“LCAPs”) disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by A.B. 97. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years and updated annually thereafter.

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

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district’s strengths and weaknesses in the eight State priorities, or the assignment of an academic expert to assist the district to identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by A.B. 97 and charged with assisting school districts to achieve the goals set forth in their LCAPs.

A.B. 97 also authorizes the State Superintendent of Public Instruction (the “State Superintendent”), with the approval of the SBE, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized (a) to modify a district’s LCAP, (b) impose budget revisions designed to improve student outcomes, and (c) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized under A.B. 97 to rescind an action required by a local collective bargaining agreement.

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

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 A.B.x1 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 A.B.x1 27, a companion bill to A.B.x1 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. A.B.x1 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.

A.B.x1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“A.B. 1484”), which, together with A.B.x1 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 A.B.x1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a “Successor Agency”). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller’s cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund (“Trust Fund”), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any “enforceable obligations” of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least \$250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the 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. 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 (A.B. 1290, Chapter 942, Statutes of 1993) (“A.B. 1290”), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of

A.B. 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

A.B.X1 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 A.B.X1 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. A.B. 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 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.

The District previously received pass-through tax increment revenue (“Redevelopment Revenue”). Redevelopment Revenues received by the District in fiscal years 2011-12 through 2015-16 were \$704,501, \$343,364, \$1,542,789, \$389,155, \$467,898, respectively. The District projects \$200,000 in Redevelopment Revenue in fiscal year 2016-17.

Developer Fees

The District collects developer fees to finance essential school facilities within the District. The District receives Developer Fees per square foot pursuant to Government Code Section 65995. Current Developer Fees are \$3.48 per square foot for domestic housing and \$0.56 per square foot for commercial or industrial development. The aggregate developer fees collected by the District in fiscal years 2011-12 through 2015-16 were \$55,099, \$789,506, \$452,247, \$467,150, \$737,349, respectively. The District projects \$400,000 in developer fees in fiscal year 2016-17. Fees primarily increased in fiscal year 2012-13 due to growth in the new Township 9 development in the City of Sacramento and a general uptick in new residential and commercial construction experienced throughout the District in such fiscal year. Fees primarily increased in 2015-16 due to an increase in commercial construction.

State Budget Measures

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 guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an *ad valorem* tax required to be levied by the County in an amount sufficient for the payment thereof.

2016-17 State Budget. On June 27, 2016, the Governor signed into the law the State budget for fiscal year 2016-17 (the “2016-17 State Budget”).

The 2016-17 State Budget projects, for fiscal year 2015-16, total general fund revenues and transfers of \$117 billion and total expenditures of \$115.6 billion. The State is projected to end the fiscal year 2015-16 with total available reserves of \$7.3 billion, including \$3.9 billion in the traditional general fund reserve and \$3.4 billion in the BSA. For fiscal year 2016-17, the 2016-17 State Budget projects a growth in State general fund revenues driven primarily by total general fund revenues of \$120.3 billion and authorizes expenditures of \$122.5 billion. The State is projected to end the fiscal year 2016-17 with total available reserves of \$8.5 billion, including \$1.8 billion in the traditional general fund reserve and \$6.7 billion in the BSA.

As a result of both increased State general fund revenues and local property taxes, the 2016-17 State Budget reflects Proposition 98 minimum funding guarantee increases in fiscal years 2014-15 and 2015-2016 relative to the 2015-16 State Budget levels, creating an increase in the Proposition 98 minimum funding guarantee for fiscal year 2016-17 to \$71.6 billion which, combined with more than \$257 million in settle-up payments for prior years, results in increased K-14 district spending of \$5.4 billion. Total per-pupil expenditures for K-12 districts from all sources are projected to be \$14,184 in fiscal year 2015-16 and \$14,550 in fiscal year 2016-17. For K-12 districts, funding levels under the 2016-17 State Budget will increase by nearly \$3,600 per student in fiscal year 2016-17 over fiscal year 2011-12 levels. The 2016-2017 State Budget also proposes a \$1.6 billion early education block grant for local educational agencies that combines Proposition 98 funding from the State Preschool Program, transitional kindergarten, and the Preschool Quality Rating and Improvement System Grant.

As required by Proposition 2, the 2016-17 State Budget applies \$1.3 billion towards the repayment of existing State liabilities, including loans from special funds, State and University of California pension and retiree health benefits and settle-up payments to K-14 school districts resulting from an underfunding of the Proposition 98 minimum funding guarantee in a prior fiscal year. Other significant features including measures designed to counteract the effects of poverty, fund various infrastructure improvements, and increase funding for low income housing and homelessness programs.

Other significant features of the 2016-17 State Budget with respect to K-12 district funding include the following:

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

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

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

(d) *College Readiness Block Grant*—The 2016-17 State Budget includes a one-time increase of \$200 million to the Proposition 98 General Fund for grants to school districts

and charter schools that serve high school students. The State will direct grant recipients to such funds be used to support access to higher education and transition to higher education.

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

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

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

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

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

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

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

(l) *Proposition 47*—Proposition 47 (2014) requires a portion of any State savings which have resulted from the State's reduced penalties for certain non-serious and non-violent

property and drug offenses, to be allocated to K-12 truancy and dropout prevention, victim services, and mental health and drug treatment. The 2016-17 State Budget includes an increase of \$18 million on a one-time basis to the Proposition 98 portion of the State General Fund allocated to a grant program for truancy and dropout prevention.

(m) *County Offices of Education LCFF*—An increase of \$1.7 million in Proposition 98 general funding to support a cost-of-living adjustment and ADA changes for county offices of education.

(n) *Base Allocations*—An increase of \$114.3 million to base allocations to support 2% growth in student enrollment for community colleges. The 2016-17 State Budget also provides \$75 million to increase base allocations in recognition of increased operating expenses including in the areas of facilities, employee and retirement benefits and professional development.

(o) *Local Property Tax Adjustments*—Funding levels reflect decreases of \$198.4 million in Proposition 98 funding in fiscal year 2016-17 for community college districts, as a result of higher offsetting property tax receipts. The 2016-17 State Budget’s funding levels also reflect an increase of \$31.7 million in Proposition 98 funding, allocable to fiscal year 2015-16, to address an anticipated shortfall in redevelopment agency property taxes for community college apportionments.

(p) *Career Technical Education (CTE)*—\$200 million in Proposition 98 funding to expand access to workforce-aligned CTE through existing regional adult education consortia composed of school districts, community college districts and other stakeholders. The 2016-17 State Budget also provides \$48 million to support the Career Pathways Trust Program, which provides grant awards to community college districts to develop, enhance and expand career technical education programs that build upon existing regional capacity to meet labor demands.

(q) *Student Success*—\$30 million in one-time funding for grants that support basic skills instruction aimed at improving students’ transition to college-level courses. The 2016-17 State Budget also provides \$15 million in one-time Proposition 98 grant funding to support coordinated student outreach by local educational agencies and community college districts aimed at increasing college preparation, access, and success.

(r) *Zero-Textbook-Cost-Degrees*—An increase of \$5 million in Proposition 98 funding to support the creation of degree, certificate and credentialing programs that use only freely accessible, openly licensed educational resources.

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

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.

APPENDIX B

DISTRICT'S 2014-15 AUDITED FINANCIAL STATEMENTS

APPENDIX C

ECONOMY OF THE DISTRICT

The following material is descriptive of Sacramento County (the “County”) and the City of Sacramento (the “City”). This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, Bond Counsel, the Underwriters or the Financial Advisor.

General

The County was incorporated in 1850 as one of the original 27 counties of the State of California (“State”). The City is the County’s largest city. The City is the seat of government for the State and also serves as the County seat. The County encompasses approximately 1,015 square miles and is a long-established center of commerce for the surrounding area. Trade and services, federal, state and local government, and food processing are important economic sectors. Visitors and tourists are attracted to the State Capitol, historical sights and natural resources.

Population

The population of the City of Sacramento (the “City”) and Sacramento County (the “County”) is set forth in the following table.

**Population
City of Sacramento and Sacramento County**

<u>Calendar Year</u> ¹	<u>City of Sacramento</u>	<u>Sacramento County</u>
2009	463,633	1,406,168
2010	466,740	1,417,259
2011	469,967	1,429,653
2012	472,264	1,440,456
2013	474,710	1,452,666
2014	477,613	1,465,654
2015	482,110	1,481,803
2016	485,683	1,495,297

¹ As of January 1.

Source: California State Department of Finance

Employment

The civilian labor force in the City and County increased in 2015, reaching an average of 228,200 and 689,000 workers, respectively, for the year. The total employed labor force increased to 608,400 and 189,000, respectively. The unemployment rate in 2015 for the City and County each decreased by 1.3% as compared to 2014.

Labor Force, Employment, and Unemployment ¹ City of Sacramento, Sacramento County, California, and United States

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate²</u>
2011				
City of Sacramento	226,900	197,900	28,900	12.8%
Sacramento County	680,000	597,700	82,300	12.1
California	18,415,100	16,258,100	2,157,000	11.7
United States	153,617,000	139,869,000	13,747,000	8.9
2012				
City of Sacramento	227,300	202,100	25,200	11.1%
Sacramento County	682,300	610,600	71,700	10.5
California	18,551,400	16,627,800	1,923,600	10.4
United States	154,975,000	142,469,000	12,506,000	8.1
2013				
City of Sacramento	226,700	205,500	21,200	9.4%
Sacramento County	681,900	621,400	60,500	8.9
California	18,670,100	17,001,000	1,669,000	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2014				
City of Sacramento	226,400	209,000	17,400	7.7%
Sacramento County	683,000	633,300	49,800	7.3
California	18,827,900	17,418,000	1,409,900	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Sacramento	228,200	213,700	14,500	6.4%
Sacramento County	689,000	647,600	41,400	6.0
California	18,981,800	17,798,600	1,183,200	6.2
United States	157,130,000	148,834,000	8,296,000	5.3

¹Data reflects employment status of individuals by place of residence.

²Unemployment rate is based on unrounded data.

Source: California State Employment Development Department and U.S. Department of Labor

Largest Employers in the City

The table below represents the largest employers in the City of Sacramento as set forth in the City of Sacramento Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

City of Sacramento Largest Employers As of June 30, 2015

<u>Company</u>	<u>Type of Business</u>	<u>Employees</u>
State of California	Government	74,329
Sacramento County	Government	10,598
University of California, Davis Health System	Healthcare	9,706
U.S. Government	Government	9,668
Sutter Health Sacramento Sierra Region	Managed Healthcare	8,817
San Juan Unified School District	Education	7,523
Kaiser Permanente	Managed Healthcare	6,464
Dignity Health	Healthcare	6,286
Intel Corporation	Technology	6,200
Elk Grove Unified School District	Education	5,758
City of Sacramento	Government	4,262

Source: City of Sacramento Comprehensive Annual Financial Report for fiscal year ended June 30, 2015

Employment By Industry

The following table summarizes the average annual industry employment in the County for calendar years 2011 through 2015.

County of Sacramento Industry Employment Annual Averages 2011 through 2015

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Farm	2,500	2,600	2,600	2,600	2,600
Goods Producing	43,100	44,900	48,100	49,900	51,800
Service Providing:	520,300	529,000	537,000	547,300	561,300
Transportation, Warehousing & Utilities	82,700	86,400	87,200	87,500	90,400
Information	12,600	11,800	11,000	10,200	10,100
Financial Services	30,600	31,300	31,500	31,200	32,800
Professional & Business Services	78,300	83,900	86,100	88,100	87,800
Education & Health Services	87,000	88,400	91,200	93,300	98,500
Leisure & Hospitality	49,500	51,300	53,700	56,000	58,200
Other Services	19,700	19,600	19,600	20,300	20,700
Government	<u>159,900</u>	<u>156,400</u>	<u>156,700</u>	<u>160,700</u>	<u>162,700</u>
Total All Industries ¹	565,800	576,600	587,800	599,800	615,600

¹ Items may not add due to independent rounding.

Source: Labor Market Information Division of the California State Employment Development Department

Commercial Activity

A summary of historic taxable sales within the County during the past five years in which such data are available is shown in the following table.

County of Sacramento Taxable Transactions Calendar Years 2010 through 2014 (dollars in thousands)

<u>Year</u>	<u>Retail/Food Permits</u>	<u>Retail/Food Stores Taxable Transactions</u>	<u>Total Outlets Permits</u>	<u>Total Outlets Taxable Transactions</u>
2010	23,158	\$11,615,687	32,789	\$16,904,528
2011	22,198	12,502,808	31,682	18,003,765
2012	22,211	13,366,459	31,507	19,089,848
2013	22,629	14,171,006	31,709	20,097,095
2014	23,147	14,649,693	32,143	21,061,901

Source: Taxable Sales in California, California State Board of Equalization

A summary of historic taxable sales within the City during the past five years in which such data are available is shown in the following table.

**City of Sacramento
Taxable Transactions
Calendar Years 2010 through 2014
(dollars in thousands)**

<u>Year</u>	<u>Retail/Food Permits</u>	<u>Retail/Food Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Outlets Taxable Transactions</u>
2010	7,976	\$3,456,380	11,491	\$4,947,448
2011	7,655	3,702,978	11,105	5,291,975
2012	7,862	3,801,126	11,301	5,471,319
2013	8,117	3,951,948	11,511	5,704,121
2014	8,445	4,036,184	11,809	5,863,222

Source: Taxable Sales in California, California State Board of Equalization

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[TO COME]

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Twin Rivers Unified School District (the “Issuer”) in connection with the issuance of its \$ _____ 2016 General Obligation Bonds (North Sacramento and Rio Linda), Series B (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board on September 27, 2016 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Bonds and in order to assist the Participating Underwriters 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 Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Dissemination Agent*” shall mean [_____], or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“*EMMA System*” shall mean the MSRB’s Electronic Municipal Market Access System, or such other electronic system designated by the MSRB.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

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

“*Participating Underwriters*” shall mean Stifel, Nicolaus & Company, Incorporated, and Morgan Stanley & Co. LLC, as the underwriters of the Bonds and therefore required to comply with the Rule in connection with the offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (currently ending June 30), commencing with the report for fiscal year ending June 30, 2016 (which such initial report is due not later than March 31, 2017), provide to the MSRB through the EMMA System, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate; provided however, that the Issuer’s Interim Financial Reports shall be filed with the MSRB as each such report is completed by the Issuer. The Annual Report may be submitted as a single document or as

separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer 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 not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) If the Issuer is unable to provide to the MSRB through the EMMA System an Annual Report by the date required in paragraph (a) above, the Issuer shall send a notice in a timely manner to the MSRB through the EMMA System in substantially the form attached as Exhibit A.

(c) With respect to the Annual Report, the Dissemination Agent, if other than the Issuer, shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles, as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If the Issuer'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;

(b) Operating data, including the following information with respect to the Issuer's preceding fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above);

(i) Outstanding indebtedness and lease obligations;

(ii) General fund budget and actual results;

(iii) Attendance and revenue limit information, or equivalent information, as may be reasonably available;

(iv) Assessed valuations for preceding and current fiscal year, as may be available;

(v) Interim Financial Reports of the Issuer; and

(vi) If Placer County and Sacramento County no longer include the tax levy for payment of the Bonds in their respective Teeter Plan, the property tax levies, collections and delinquencies for the District for the most recently completed fiscal year.

(c) 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 Issuer or related public entities, which have been submitted to the EMMA System or the Securities and Exchange

Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, through the Dissemination Agent, notice of the occurrence of any of the following events with respect to the Bonds not later than 10 business days after the occurrence of an event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes; or
- (ix) bankruptcy, insolvency, receivership or similar event of the obligated person;

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

(b) The Issuer shall give, or cause to be given, through the Dissemination Agent, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than 10 business days after the occurrence of the event:

- (i) unless described in paragraph 3(a)(v), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

- (ii) modifications to rights of the owners of the Bonds;
- (iii) Bond calls;
- (iv) release, substitution or sale of property securing repayment of the Bonds;
- (v) non-payment related defaults;
- (vi) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
- (vii) appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Issuer shall determine if such event would be material under applicable federal securities laws. The Dissemination Agent shall have no responsibility for such determination and shall be entitled to conclusively rely upon the Issuer's determination.

(d) If the Issuer learns of an occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Issuer shall within 10 business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(a)(vii) or (b)(iii) need not be given under this Section 5(d) any earlier than the notice, if any, of the underlying event is given to Owners of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer'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 Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

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

- (a) the amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule

at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver does not materially impair the interests of the holders, as determined either by parties unaffiliated with the Issuer or another obligation person (such as bond counsel) or by written approval of the bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer 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 Issuer 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 Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer 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 Issuer 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 Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer 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 Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters' and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one in the same instrument.

Date: November __, 2016

TWIN RIVERS UNIFIED SCHOOL DISTRICT

By _____
Bill McGuire, Deputy Superintendent,
Administrative Services

DUTIES OF DISSEMINATION AGENT
ACCEPTED:

[DISSEMINATION AGENT]

By _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Twin Rivers Unified School District

Name of Bond Issue: 2016 General Obligation Refunding Bonds (North Sacramento & Rio Linda), Series B

Date of Issuance: November __, 2016

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above named Bonds as required by Section _____ of a Resolution adopted September 27, 2016. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

TWIN RIVERS UNIFIED SCHOOL DISTRICT

By: [To be signed only if filed] _____
Authorized Officer

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds; (b) 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, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

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 in the aggregate principal amount of such issue, 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 Bonds 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 Bonds Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of

the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not 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.

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 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, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from District or 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, Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or 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 District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

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

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange 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 office of the Paying Agent. 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, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination 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, the County 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 sixteenth business day next preceding any Bond Payment Date, the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable Bond Payment Date, the close of business on the applicable stated maturity 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.

APPENDIX G

MAP OF THE DISTRICT AND FORMER ELEMENTARY DISTRICTS



