NEW ISSUE-BOOK ENTRY ONLY

RATINGS:	**Underlying:**	**Insured:**
Moody's:	Aa3 (Negative Outlook)	Aa3 (Negative Outlook)
S&P:	A	AAA (Negative Outlook)
Fitch:	A+	

(See "MISCELLANEOUS — Ratings" herein.)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds designated as Qualified School Construction Bonds is exempt from State of California personal income tax. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds not designated as Qualified School Construction Bonds (the "Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds designated as Qualified School Construction Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Tax-Exempt Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$25,000,000
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds, Election of 2005, Series D-1
(Qualified School Construction Bonds – Direct Payment to District)
(Federally Taxable)

$2,499,949.20
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds, Election of 2005, Series D-2
(Tax-Exempt)

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

The West Contra Costa Unified School District General Obligation Bonds, Election of 2005, Series D-1, (Qualified School Construction Bonds – Direct Payment to District) (Federally Taxable Bonds) (the "Direct Payment Bonds") and West Contra Costa Unified School District General Obligation Bonds, Election of 2005, Series D-2 (Tax-Exempt Bonds) (the "Tax-Exempt Bonds," and together with the Direct Payment Bonds, the "Bonds"), will be issued by the West Contra Costa Unified School District (the "District"). The Bonds were authorized at an election of the registered voters of the District held on November 8, 2005, at which the requisite 55% vote of the persons voting on the proposition voted to authorize the issuance and sale of $400,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance construction and modernization projects listed in the election ballot.

The Bonds are general obligations of the District payable from the proceeds of *ad valorem* taxes. The Board of Supervisors of Contra Costa County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates) for the payment of interest, accreted value, principal, and premium, if any, on the Bonds, when due. The District also expects to irrevocably elect to receive a direct cash subsidy payment from the United States Department of Treasury (the "Treasury") relating to the interest payable by the District on the Direct Payment Bonds as of each Bond Payment Date (defined herein). The levy of *ad valorem* property taxes will take into account amounts received from the Treasury; but shall be levied in amounts at least sufficient to make all payments of interest, accreted value, principal, and premium, if any, on the Bonds, when due, whether or not such subsidy payments are received from the Treasury and deposited into the Debt Service Fund (defined herein).

The Direct Payment Bonds are designated "Qualified School Construction Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). With respect to the Direct Payment Bonds, the District expects to receive, on or about each Bond Payment Date for the Bonds, a cash subsidy payment from the Treasury equal to the lesser of (a) the interest payable on such Direct Payment Bonds on such Bond Payment Date or (b) the amount of interest that would have been payable on such Bond Payment Date on such Direct Payment Bonds if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Internal Revenue Code of 1986, as amended. Prior to each such Bond Payment Date for the Direct Payment Bonds, the District will submit or cause to be submitted to the Treasury a cash subsidy reimbursement request in accordance with applicable Federal regulations. Upon receipt of such subsidy, the District is obligated to deposit or cause to be deposited any such cash subsidy payments into the Debt Service Fund maintained by the County for the Bonds, and to cause such amounts to be allocated to the Direct Payment Bonds.

The Direct Payment Bonds will initially be issued in book-entry form only, in denominations of $5,000 principal amount, or integral multiples thereof, and registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive certificates representing their interest in the Direct Payment Bonds. The principal of, and interest on the Direct Payment Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., (the "Paying Agent,") to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Direct Payment Bonds. Interest on the Direct Payment Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2011.

The Tax-Exempt Bonds will be issued as capital appreciation bonds. The Tax-Exempt Bonds are dated their date of delivery and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing on August 1, 2010, and are payable only at maturity. The Tax-Exempt Bonds are issuable in denominations of $5,000 Maturity Value or any integral multiple thereof. The Tax-Exempt Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interest in the Tax-Exempt Bonds.

The Direct Payment Bonds are subject to redemption prior to their stated maturity as described herein. The Tax-Exempt Bonds are *not* subject to redemption prior to maturity.

The scheduled payment of principal of (or, in the case of the Tax-Exempt Bonds, the accreted value) and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)

ASSURED GUARANTY MUNICIPAL

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to approval of their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by GCR, LLP, Emeryville, California, as Disclosure Counsel to the District. Certain legal matters will be passed on for the Underwriter by its counsel, Nossaman LLP, Irvine, California. KNN Public Finance, Oakland California served as Financial Advisor to the District in connection with the issuance of the Bonds. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC on or about June 24, 2010.

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

PiperJaffray®

Dated: June 10, 2010

MATURITY SCHEDULE

$25,000,000
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds, Election of 2005, Series D-1
(Qualified School Construction Bonds – Direct Payment to District)
(Federally Taxable)

$25,000,000 6.555% Term Bonds Due August 1, 2024 Priced to Yield: 6.555%; CUSIP:[1] 952347WQ1

$2,499,949.20
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds, Election of 2005, Series D-2
(Tax-Exempt)

$2,499,949.20 Capital Appreciation Bonds

Maturity Date (August 1)	Denominational Amount	Approximate Accretion Rate	Reoffering Yield	Maturity Value	CUSIP[1] (952347)
2035	$ 319,572.00	10.282%	6.80%	$ 3,960,000	WR9
2036	2,180,377.20	10.281	6.81	29,860,000	WS7

[1] CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein is provided for convenience of reference only. The District and the Underwriter take no responsibility for the accuracy of such data.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation, or sale. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The financial and other information relating to the District presented or incorporated by reference in this Official Statement has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

Such information is believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the District or the Underwriter. All other information set forth herein has been obtained from DTC and other sources (other than the District) which are believed to be reliable. However, it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the District or the Underwriter. The information and expressions of opinion 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 being submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the District.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "projection" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

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

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "THE BONDS-Bond Insurance" and "Appendix F – "Specimen Municipal Bond Insurance Policy."

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Madeline Kronenberg, President
Antonio Medrano, Clerk
Audrey Miles, Member
Charles T. Ramsey, Member
Tony Thurmond, Member

ADMINISTRATION

Dr. Bruce Harter, Superintendent
Wendell C. Greer, Associate Superintendent, K-Adult Education
Sheri Gamba, Associate Superintendent, Business Services
Bill Fay, Associate Superintendent, Operations
Nia Rashidchi, Assistant Superintendent, Education Services
Steve Collins, Special Education Local Plan Director

PROFESSIONAL SERVICES

Bond Counsel

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

Disclosure Counsel

GCR, LLP
Emeryville, California

Financial Advisor

KNN Public Finance, a Division of Zions First National Bank
Oakland, California

Paying Agent

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Table of Contents

$25,000,000
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds, Election of 2005, Series D-1
(Qualified School Construction Bonds – Direct Payment to District)
(Federally Taxable)

$2,499,949.20
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds, Election of 2005, Series D-2
(Tax-Exempt)

INTRODUCTION

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

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of West Contra Costa Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2005, Series D-1, (Qualified School Construction Bonds - Direct Payment to District), (the “Direct Payment Bonds”) and West Contra Costa Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2005, Series D-2 (Tax-Exempt) (the “Tax-Exempt Bonds” and together with the Direct Payment Bonds, the “Bonds”). The initial aggregate principal amount of the Direct Payment Bonds is $25,000,000 and the initial aggregate principal amount of the Tax-Exempt Bonds is $2,499,949.20.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See “MISCELLANEOUS — Continuing Disclosure” and “APPENDIX D — FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Copies of documents referred to herein and information concerning the Bonds are available from the District through the Associate Superintendent for Business Services, West Contra Costa Unified School District, 1108 Bissell Avenue, Richmond, California 94801-3135, Telephone: (510) 231-1170. The District may impose a charge for copying, mailing and handling.

The District

The District is located in Contra Costa County (the “County”), State of California (the “State”), approximately 15 miles northeast of San Francisco, California. The District encompasses approximately 110 square miles and provides educational services to the residents of the cities of El Cerrito, Hercules, Pinole, Richmond and San Pablo, the unincorporated communities of El Sobrante and Kensington and certain other unincorporated areas within the County. The District’s average daily attendance for fiscal year 2008-09 was 29,333 and its fiscal year 2009-10 is projected to be 28,970. Taxable property in the District has a 2009-10 assessed valuation of approximately $23.75 billion. Additional information on the District is provided in Appendices A and C hereto. See “APPENDIX A - INFORMATION CONCERNING THE DISTRICT” and “APPENDIX C – DISTRICT’S 2008-09 AUDITED FINANCIAL STATEMENTS.”

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to resolutions adopted by the Board of Education of the District and the Board of Supervisors of the County. The District received authorization to issue $400,000,000 of bonds (the “Authorization”) at an election held on November 8, 2005, by an affirmative vote of 55% or more of the votes cast, pursuant to Section 1(b)(3) of Article XIIIA of the State of California Constitution (the “State Constitution”) and applicable laws. See “THE BONDS — Authority for Issuance” herein.

Security and Sources of Payment for the Bonds

The Bonds are general obligation bonds approved by voters within the District and are payable from *ad valorem* property taxes levied by the County upon all property subject to taxation within the District. The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates) for the payment of the interest, accreted value, principal, and premium, if any, on the Bonds, when due. See "THE BONDS — Security and Source of Payment for the Bonds" and "AD VALOREM PROPERTY TAXATION" herein. The District will irrevocably elect to receive a direct cash subsidy payment from the United States Department of Treasury (the "Treasury") relating to the interest payable by the District on the Direct Payment Bonds as of each Bond Payment Date (defined herein). The levy of *ad valorem* property taxes will take into account amounts received from the Treasury; but shall be levied in amounts at least sufficient to make all payments of interest, accreted value, principal, and premium, if any, on the Bonds, when due, whether or not such subsidy payments are received from the Treasury and deposited into the Debt Service Fund (defined herein).

The Direct Payment Bonds are designated "Qualified School Construction Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). With respect to the Direct Payment Bonds, the District expects to receive, on or about each Bond Payment Date for the Bonds, a cash subsidy payment from the Treasury equal to the lesser of (a) the interest payable on such Direct Payment Bonds on such Bond Payment Date or (b) the amount of interest that would have been payable on such Bond Payment Date on such Direct Payment Bonds if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of Internal Revenue Code of 1986, as amended (the Code). Prior to each such Bond Payment Date for the Direct Payment Bonds, the District will submit or cause to be submitted to the Treasury a cash subsidy reimbursement request in accordance with applicable Federal regulations. Upon receipt of such subsidy, the District is obligated to deposit or cause to be deposited any such cash subsidy payments into the debt service fund (the "Debt Service Fund") maintained by the County for the Bonds and to cause such amounts to be allocated to the Direct Payment Bonds. See "THE BONDS – Designation of Certain Bonds as Qualified School Construction Bonds" herein.

Bond Insurance

The scheduled payment of principal of (or, in the case of the Tax-Exempt Bonds, the accreted value) and interest on the Bonds (as shown on the inside cover) when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) (the "Insurer" or "AGM"). See "THE BONDS – Bond Insurance" and APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Purpose of the Bonds

The proceeds from the Direct Payment Bonds will be used for projects approved by the voters but limited to construction, reconstruction, rehabilitation, or replacement of school facilities and the acquisition of land for public school facilities. The proceeds from the Tax-Exempt Bonds will be used to finance specific construction and modernization projects approved by the voters and to pay costs of issuance associated with the Bonds.

Description of the Bonds

The Direct Payment Bonds are designated "Qualified School Construction Bonds" under the Recovery Act and as defined in Section 54F of the Code. Individual purchases of interests in the Direct Payment Bonds will be available in denominations of $5,000 principal amount or any integral multiple thereto. Interest on the Direct Payment Bonds accrues from their initial date of delivery (the "Date of Delivery"), and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing February 1, 2011. Principal of the Direct Payment Bonds is payable August 1 in the amounts and years as set forth on the inside cover page hereof.

The Tax-Exempt Bonds will be issued as capital appreciation bonds. The Tax-Exempt Bonds are payable only at maturity and will not bear interest on a current basis. The maturity value of each Tax-Exempt Bond is equal to its Accreted Value (defined herein) upon the maturity thereof ("Maturity Value"), comprising its initial principal amount (the "Denominational Amount") and the interest accreting thereon between the Date of Delivery and its respective maturity date. Individual purchases of interests in the Tax-Exempt Bonds will be available to purchasers of the Tax-Exempt Bonds in the denominations of $5,000 Maturity Value, or any integral multiple thereof.

The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. See "THE BONDS-General Provisions" and "APPENDIX E – BOOK-ENTRY ONLY SYSTEM." In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution (described herein).

The Direct Payment Bonds are subject to mandatory sinking fund redemption, extraordinary optional redemption and extraordinary mandatory redemption as described herein. The Tax-Exempt Bonds are not subject to redemption prior to maturity. See "THE BONDS – Redemption of the Bonds."

Interest on the Tax-Exempt Bonds accretes on the basis of a 360-day year of 12, 30-day months from their initial Date of Delivery at the accretion rates set forth in the table of accreted values, compounded semiannually on February 1 and August 1 of each year, commencing on August 1, 2010, payable only at maturity. The Maturity Value of the Tax-Exempt Bonds is payable on August 1 in the amounts and years set forth on the inside cover page hereof. Payments of the Maturity Value on the Tax-Exempt Bonds will be made by the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the beneficial owners of the Bonds. The Bank of New York Mellon Trust Company, N.A. has been appointed to act as Paying Agent for the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Direct Payment Bonds, which are designated as Qualified School Construction Bonds, is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Direct Payment Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.

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

Offering and Delivery of the Bonds

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York, on or about June 24, 2010.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel to the District with respect to the Bonds. GCR, LLP, Emeryville, California is acting as Disclosure Counsel to the District with respect to the Bonds. Certain legal matters will be passed on for the Underwriter by its counsel, Nossaman LLP, Irvine, California. KNN Public Finance, a Division of Zions First National Bank, Oakland, California, is acting as Financial Advisor to the District with respect to the Bonds. The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as the District's paying agent, registrar, authentication agent and transfer agent with respect to the Bonds. KNN Public Finance, Stradling Yocca Carlson & Rauth and GCR, LLP will receive compensation from the District contingent upon the sale and delivery of the Bonds.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the Constitution and laws of the State, including the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), commencing with Section 53506, pursuant to resolutions adopted by the Board of Education of the District on April 28, 2010 and by the Board of Supervisors of the County on May 11, 2010 (collectively, the "Resolution").

The District received authorization (the "2005 Authorization") at an election held on November 8, 2005, by more than 55% of the votes cast by eligible voters within the District, to issue bonds of the District pursuant to a ballot measure summarized as follows:

> "To continue repairing all school facilities, improve classroom safety and technology, and relieve overcrowding shall the West Contra Costa Unified School District issue $400 million in bonds at legal interest rates, with annual audits and a citizens' oversight committee to monitor that funds are spent accordingly, and upon receipt of a waiver of the District's statutory debt limit from the State Board of Education, if required?"

On May 17, 2006, the District issued $70,000,000 of its General Obligation Bonds, Election of 2005, Series A (the "Series A Bonds") pursuant to the 2005 Authorization. On July 15, 2008, the District issued $120,000,000 of its General Obligation Bonds, Election of 2005, Series B (the "Series B Bonds") pursuant to the 2005 Authorization. On September 3, 2009 the District issued $52,084,759.30 of its 2009 General Obligation Bonds, Election of 2005, Series C-1 (the "Series C-1 Bonds") and $52,825,000 of its 2009 General Obligation Bonds, Election of 2005, Series C-2 (the "Series C-2 Bonds") pursuant to the 2005 Authorization. The Direct Payment Bonds and the Tax-Exempt Bonds are the fifth and sixth series of bonds to be issued pursuant to the 2005 Authorization. After issuance of the Direct Payment Bonds and the Tax-Exempt Bonds the District will have $77,590,291.50 remaining under the 2005 Authorization. For discussion of previously issued general obligation bonds of the District, see "APPENDIX A — INFORMATION CONCERNING THE DISTRICT– District Debt Structure."

Designation of Certain Bonds as Qualified School Construction Bonds

The Direct Payment Bonds are designated as "Qualified School Construction Bonds" for purposes of the Recovery Act. The California Department of Education ("the Department of Education") has authorized the District to issue Qualified School Construction Bonds in an amount not to exceed $25,000,000 (the "Allocation"). The principal amount of the Direct Payment Bonds will not be in excess of the Allocation.

By letter dated December 11, 2009, the District requested an extension from the Department of Education to issue the Direct Payment Bonds in calendar year 2010. On December 18, 2009, the Department of Education approved the District's request for an extension through March 31, 2010. Pursuant to S.B. 205 enacted on March 25, 2010, which ratified and approved the Department of Education's allocation process, the District has been granted an additional extension of 120 days from the date of such enactment to issue bonds under the Allocation.

On March 18, 2010, the President signed into law the Hiring Incentives to Restore Employment Act (the "HIRE Act"), which law made changes to certain provisions in the Code permitting the issuance of qualified school construction bonds in the form of taxable interest bearing bonds with respect to which the issuer thereof may receive a cash subsidy payment from the United States Treasury on or about each Bond Payment Date for such bonds. The District has elected to issue the Direct Payment Bonds as direct payment qualified school construction bonds pursuant to Section 6431 of the Code, as amended by the HIRE Act.

With respect to the Direct Payment Bonds, the District expects to receive, on or about each Bond Payment Date for the Bonds, a cash subsidy payment from the United States Treasury equal to the lesser of (a) the interest payable on such Direct Payment Bonds on such Bond Payment Date or (b) the amount of interest that would have been payable on such Bond Payment Date under such Direct Payment Bonds if such interest were determined under the applicable credit rate determined under Section 54A(b)(3) of the Code. Prior to each such Bond Payment Date for the Direct Payment Bonds, the District will submit or cause to be submitted to the United States Department of the Treasury a subsidy reimbursement request in accordance with applicable Federal regulations. Upon receipt of such subsidy, the District shall deposit or cause to be deposited any such cash subsidy payments into the debt service fund for the Bonds maintained by the County. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the United States Treasury under the HIRE Act.

Security and Source of Payment for the Bonds

The Bonds are general obligations of the District payable from *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, for the payment of the principal and Maturity Value of and interest on the Bonds, upon all property subject to taxation within the District (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 and Maturity Value of and interest on the Bonds when due. Such taxes, when collected, will be placed by the County in the Debt Service Fund, which is segregated and maintained by the County and which is irrevocably pledged for the payment of the Bonds and interest thereon when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and will maintain the Debt Service Fund pledged to the repayment of the Bonds, the Bonds are not a debt of the County. See "AD VALOREM PROPERTY TAXATION" for information on the District's tax base.

The District is obligated to deposit any cash subsidy payments it receives in respect of the Direct Payment bonds into the Debt Service Fund of the District (the "Debt Service Fund") maintained with the County and to allocate such amount to the Direct Payment Bonds. The levy of *ad valorem* property taxes will take into account amounts received from the Treasury Department as a direct cash subsidy in connection with the Direct Payment Bonds on deposit in the Debt Service Fund. The Direct Payment Bonds are general obligations of the direct and are secured by and payable from *ad valorem* property taxes that are levied in amounts at least sufficient to make all payments of principal of and interest on the Direct Payment Bonds whether or not such subsidy payments are received pursuant to the Recovery Act Direct Payment deposited into the Debt Service Fund.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal and Maturity Value 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, Maturity Value and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The amount of the annual *ad valorem* taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Bond Insurance

The Insurer has supplied the following information for inclusion in this Official Statement. Neither the District nor the Underwriter make any representation as to the accuracy or completeness of this information, including information incorporated herein by reference by the Insurer, or as to the absence of material adverse changes in this information subsequent to the date hereof. Reference is made to APPENDIX F for a specimen of the Municipal Bond Insurance Policy to be issued by the Insurer.

Bond Insurance Policy. Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of (or, in the case of the Direct Payment Bonds, the accreted value) and interest on the Bonds when due as set forth in the form of the Policy included as Appendix F to this Official Statement.

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

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.). AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

On July 1, 2009, AGL acquired the financial guaranty operations of Holdings from Dexia SA ("Dexia"). In connection with such acquisition, Holdings' financial products operations were separated from its financial guaranty operations and retained by Dexia. For more information regarding the acquisition by AGL of the financial guaranty operations of Holdings, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on July 8, 2009.

Effective November 9, 2009, Financial Security Assurance Inc. changed its name to Assured Guaranty Municipal Corp.

AGM's financial strength is rated "AAA" (negative outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). On February 24, 2010, Fitch, Inc. ("Fitch"), at the request of AGL, withdrew its "AA" (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Recent Developments

Ratings. On May 17, 2010, S&P published a Research Update in which it affirmed its "AAA" counterparty credit and financial strength ratings on AGM. At the same time, S&P continued its negative outlook on AGM. Reference is made to the Research Update, a copy of which is available at **www.standardandpoors.com**, for the complete text of S&P's comments.

In a press release dated February 24, 2010, Fitch announced that, at the request of AGL, it had withdrawn the "AA" (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Reference is made to the press release, a copy of which is available at www.fitchratings.com, for the complete text of Fitch's comments.

On December 18, 2009, Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments.

There can be no assurance as to any further ratings action that Moody's or S&P may take with respect to AGM. For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed by AGL with the SEC on March 1, 2010, and AGL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, which was filed by AGL with the SEC on May 10, 2010. Effective July 31, 2009, Holdings is no longer subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the "Exchange Act").

Capitalization of AGM. At March 31, 2010, AGM's consolidated policyholders' surplus and contingency reserves were approximately $2,220,015,145 and its total net unearned premium reserve was approximately $2,228,912,193 in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference. Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) The Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (which was filed by AGL with the SEC on March 1, 2010); and

(ii) The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 (which was filed by AGL with the SEC on May 10, 2010).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.): 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

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

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

General Provisions

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive certificates representing their interest in the Bonds.

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 any Bond (hereinafter referred to as "Bond Owner") as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by check mailed to such Bond Owner on the Bond Payment Date at his address as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. The Bond Owner of an aggregate principal amount of $1,000,000 or more may request in writing to the Paying Agent that such Bond Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Direct Payment Bonds and the Maturity Value of the Tax Exempt Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The interest, principal, Maturity Value and premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof.

Interest on the Direct Payment Bonds accrues from the Date of Delivery, and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2011. Interest on the Direct Payment Bonds shall be computed on the basis of a 360-day year of twelve, 30-day months. Each Direct Payment Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month 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, 2011, in which event it shall bear interest from its date of delivery. The Direct Payment Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Direct Payment Bonds mature on August 1, in the years and amounts set forth on the inside cover page hereof.

The Tax-Exempt Bonds will be issued as capital appreciation bonds. The Tax-Exempt Bonds are dated the Date of Delivery. The Tax-Exempt Bonds are issuable in denominations of $5,000 Maturity Value or any integral multiple thereof, except that one Tax-Exempt Bond may have an odd Maturity Value. No Tax-Exempt Bond will have principal maturing on more than one date.

The Tax-Exempt Bonds are payable only at maturity (or earlier redemption thereof), and will not pay interest on a current basis. The Tax-Exempt Bonds accrete in value from the Date of Delivery at the Accretion Rates per annum set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2010. The Maturity Value of a Tax-Exempt Bond is its Accreted Value at its maturity date. Interest with respect to each Tax-Exempt Bond is represented by the amount each Tax-Exempt Bond accretes in value from its Denominational Amount on the Date of Delivery to the date for which Accreted Value is calculated. The Accreted Value (the "Accreted Value") of a Tax-Exempt Bond means, as of the date of calculation, the principal amount thereof plus Accreted Interest thereon to such date of calculation, compounded semiannually on February 1 and August 1, commencing August 1, 2010 at the stated Accretion Rate thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360 day year of twelve 30-day months. See APPENDIX G – BOND ACCRETED VALUE TABLE.

Maturity Value of the Tax-Exempt Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The Maturity Value and premiums, if any, on the Tax-Exempt Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Tax-Exempt Bonds when duly presented for payment at maturity, and to cancel all Tax-Exempt Bonds upon payment thereof.

Redemption of the Bonds

Mandatory Sinking Fund Redemption. The Direct Payment Term Bonds maturing on August 1, 2024, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2022, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Direct Payment Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

Redemption Date (August 1)	Principal Amount
2022	$ 3,180,000
2023	10,890,000
2024	10,930,000
TOTAL	$ 25,000,000

(1) Final Maturity.

Extraordinary Optional Redemption. The Direct Payment Bonds are subject to redemption prior to their maturity at the option of the District, as a whole or in part, on any date designated by the District, upon the occurrence of an Extraordinary Event (as defined below) at the "Make-Whole Redemption Price" defined as the amount equal to the greater of the following:

(i) the initial offering price of the Direct Payment Bonds set forth on the inside front cover page of this Official Statement (but not less than 100% of the principal amount of the Direct Payment Bonds to be redeemed); or

(ii) the sum of the present value of the remaining scheduled payments of principal and interest with respect to the Direct Payment Bonds to be redeemed to the maturity date of such Direct Payment Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Direct Payment Bonds are to be redeemed, discounted to the date on which the Direct Payment Bonds are to be redeemed on a semiannual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate, plus 100 basis points, plus in each case accrued interest on the Direct Payment Bonds to be redeemed to the redemption date.

For the purpose of determining the Make-Whole Redemption Price, "Treasury Rate" means, with respect to any redemption date for a particular Direct Payment Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) (the "Statistical Release") that has become publicly available at least two Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if the Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Direct Payment Bonds to be redeemed; provided, however that if the period from the redemption date to the maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

The term "Extraordinary Event" means (a) a final determination by the Internal Revenue Service ("IRS") (after the District has exhausted all administrative appeal remedies) determining that an Accountable Event of Loss of Qualified School Construction Bond Status has occurred and specifying the Date of Loss of Qualified School Construction Bond Status; (b) a non-appealable holding by a court of competent jurisdiction holding that an Accountable Event of Loss of Qualified School Construction Bond Status has occurred and specifying the Date of Loss of Qualified School Construction Bond Status; (c) the occurrence of a material adverse change under Section 64F or 6431 of the Code; (d) the publication by the IRS or the United States Treasury of any guidance with respect to such sections; or (e) any other determination by the IRS or the United States Treasury, which determination is not the result of a failure of the District to satisfy certain requirements of the Resolution and the tax certificate of the District relating to the Direct Payment Bonds (the "Series D-1 Tax Certificate"), if as a result of an event as described in (c), (d), or (e) of this sentence, the direct subsidy payments expected to be received with respect to the Direct Payment Bonds are eliminated or reduced, as reasonably determined by the Superintendent of the District or his designee, which determination shall be conclusive.

The term "Accountable Event of Loss of Qualified School Construction Bond Status" means (i) any act or any failure to act on the part of the District constituting a breach of a covenant or agreement thereof contained in the Resolution and Series D-1 Tax Certificate which causes such Direct Payment Bonds to lose their status, or fail to qualify, as Qualified School Construction Bonds within the meaning of Section 54F of the Code, or (ii) the making by the District of any representation contained in the Resolution and the Series D-1 Tax Certificate, as applicable, which was untrue when made and the untruth of which representation at such time causes the Direct Payment Bonds to lose their status, or fail to qualify, as Qualified School Construction Bonds within the meaning of Section 54F of the Code.

The term "Date of Loss of Qualified School Construction Bond Status" is the date specified in a Determination of Loss of Qualified School Construction Bond Status as the date from and after which the Direct Payment Bonds lost their status, or failed to qualify, as Qualified School Construction Bonds as defined in Section 54F of the Code as a result of an Accountable Event of Loss of Qualified School Construction Bond Status, which date could be as early as the date of initial issuance and delivery of the Direct Payment Bonds.

The term "Determination of Loss of Qualified School Construction Bond Status" means (i) a final determination by the IRS (after the District has exhausted or waived all administrative appeal remedies) determining that an Accountable Event of Loss of Qualified School Construction Bond Status has occurred and specifying the Date of Loss of Qualified School Construction Bond Status and the amount of Direct Payment Bonds that are subject to the Accountable Event of Loss of Qualified School Construction Bond Status, or (ii) a non-appealable holding by a court of competent jurisdiction holding that an Accountable Event of Loss of Qualified School Construction Bond Status has occurred and specifying the Date of Loss of Qualified School Construction Bond Status.

Extraordinary Mandatory Redemption. As required under applicable federal tax law, the Direct Payment Bonds shall be subject to extraordinary mandatory redemption, in whole or in part, on June 24, 2013, in authorized denominations, at a redemption price equal to the principal amount of the Direct Payment Bonds to be redeemed, in an amount equal to the unexpended proceeds of the Direct Payment Bonds held by the District, but only to the extent that the District fails to expend all of the proceeds of the Direct Payment Bonds for certain qualified purposes as required by Section 54F of the Code within three years of issuance thereof and no extension of the period for expenditure has been granted by the IRS. The District expects to spend the proceeds of the Direct Payment Bonds within three years of their date of delivery. See "INTRODUCTION - Purpose for Issuance of the Bonds" herein.

The Tax-Exempt Bonds are not subject to redemption prior to maturity.

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

Notice of Redemption. Notice of any optional redemption of Bonds will be mailed first class, postage-prepaid, not less than 30 nor more than 60 days prior to the redemption date (i) to the respective Registered Owners thereof at the addresses appearing on the bond registration books, (ii) to the Securities Depository described below, and (iii) to one or more of the Information Services described below. Notice of redemption to the Securities Depository and the Information Services will be given by certified mail or overnight delivery service. Each notice of redemption will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the principal amount thereof and applicable premium, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

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

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-1000 or (212) 855-7320.

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

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

When notice of redemption has been given, substantially as described above, and when the amount necessary for the payment of principal and Maturity Value of and premium, if any, is set aside for the purpose in the Debt Service Fund, the Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof, and upon presentation and surrender of said Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at said redemption price out of the Debt Service Fund, and no interest will accrue on such Bonds called for redemption after the redemption date specified in such notice, and the owners of said Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the premium thereon only to the Debt Service Fund.

Transfer and Exchange

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

None of the District, the County or the Paying Agent will be required to exchange or transfer any Bond during the period from the 15th day of the month preceding each Bond Payment Date to such Bond Payment Date or from the 15th day next preceding a date for which such Bond has been selected for redemption in whole or in part.

Defeasance

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

(a) Cash: by irrevocably depositing with the Paying Agent or a bank or trust company in escrow an amount of cash which together with amounts then on deposit in the Debt Service Fund is fully sufficient to pay all Bonds outstanding and designated for defeasance, including all principal and interest and premium, if any; or

(b) Government Obligations: by irrevocably depositing with the Paying Agent or a bank or trust company in escrow United States Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance, including all principal and interest and premium, if any at or before their maturity dates; then, notwithstanding that any such maturities of Bonds shall not have been surrendered for payment, all obligations of the District and the County with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the County and Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the owners of such designated Bonds not so surrendered and paid, all sums due with respect thereto.

"United States Obligations" shall mean direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including, in the case of direct and general obligations of the United States of America, evidence of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed "AAA" by Standard & Poor's or "Aaa" by Moody's Investors Service.

APPLICATION AND INVESTMENT OF BOND PROCEEDS

On November 8, 2005, voters of the District approved Measure J, a ballot initiative authorizing the District to issue up to $400 million in general obligation bonds and to use such proceeds for purposes specified in the original ballot language. Prior to the issuance of the Bonds, the District has issued three series of bonds under such authorization totaling approximately $295 million in par amount. As required under State law, the District has deposited proceeds of such issuances into its Building Fund and made payments from such Building Fund for projects authorized under Measure J. The District currently has a significant number of Measure J projects underway and under contract. In the past four fiscal years 2005-06, 2006-07, 2007-08, and 2008-09, the District has spent $50 million, $42 million, $128 million, and $46 million, respectively, from its Building Fund on bond projects. The District has budgeted to expend more than $100 million from its Building Fund in fiscal year 2009-10. Although proceeds from prior Measure J bond issuances remain in the Building Fund, upon the issuance of the Bonds the District intends to fund ongoing Measure J bond projects from the portion of the Building Fund relating to the Direct Payment Bonds to ensure the timely expenditure of such proceeds.

The proceeds from the sale of the Bonds (net of premium, if any) will be deposited in the County treasury to the credit of the (i) Building Fund relating to the Direct Payment Bonds and (ii) Building Fund relating to the Tax-Exempt Bonds (collectively, the "Building Fund"). Any premium or accrued interest received by the County from the sale of the Bonds will be deposited in the Debt Service Fund of the District in the County treasury. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved and, with respect to the Direct Payment Bonds, also subject to the limitations of Section 54F of the Code. Moneys in the Debt Service Fund may only be applied to make payments of interest, principal, Maturity Value and premium, if any, on bonds of the District.

All funds held in the Debt Service Fund will be invested by the Treasurer at the direction of the District. All funds held in the Building Fund by the Treasurer under the Resolution and Paying Agent Agreement will be invested pursuant to applicable law and the investment policy of the County, unless otherwise directed in writing by the District. At the written direction of the District, all or any portion of the Building Fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State of California, and all or any portion of the Building Fund of the District may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds, provided that the Treasurer will be a signatory to any such investment agreement. See “COUNTY INVESTMENT POLICIES AND PRACTICES” herein.

ESTIMATED SOURCES AND USES OF FUNDS

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

Estimated Sources and Uses of Funds
West Contra County Unified School District
General Obligation Bonds, Election of 2005, Series D-1
General Obligation Bonds, Election of 2005, Series D-2

Sources of Funds	Series D-1 Bonds	Series D-2 Bonds	Total
Par Amount	$25,000,000.00	$2,499,949.20	$27,499,949.20
Premium	--	3,438,328.80	3,438,328.80
	$25,000,000.00	$5,938,278.00	$30,938,278.00
Uses of Funds			
Deposit to Building Fund	$25,000,000.00	$2,499,949.20	$27,499,949.20
Deposit to Debt Service Fund	--	2,618,638.51	2,618,638.51
Costs of Issuance [(1)]	--	599,690.70	599,690.70
Underwriter’s Discount	--	219,999.59	219,999.59
	$25,000,000.00	$5,938,278.00	$30,938,278.00

(1) Includes bond counsel fees, disclosure counsel fees, financial advisor fees, bond insurance premium, rating agency fees, paying agent fees, printing fees and other miscellaneous expenses.

ANNUAL DEBT SERVICE

In addition to the Bonds issued under the 2005 Authorization, the District has previously issued $40,000,000 of bonds authorized at an election held on June 2, 1998 (the "1998 Authorization"), $150,000,000 of bonds authorized at an election held on November 7, 2000 (the "2000 Authorization"), and $300,000,000 of bonds authorized at an election held on March 5, 2002 (the "2002 Authorization"). Refunding bonds issued in 2001 replaced all of the bonds issued pursuant to the 1998 election. See "APPENDIX A – INFORMATION CONCERNING THE DISTRICT – District Debt Structure." The following tables show the annual debt service payments for the Direct Payment Bonds, the Tax-Exempt Bonds and the annual debt service payments for each series of outstanding general obligation bonds of the District.

Direct Payment Bonds. The following table shows the annual debt service schedule with respect to the Direct Payment Bonds.

Direct Payment Bonds

Year Ending August 1	Annual Principal Payment	Annual Interest Payment[1]	Total Debt Service Direct Payment Bonds
2011	--	$ 1,807,177.08	$ 1,807,177.08
2012	--	1,638,750.00	1,638,750.00
2013	--	1,638,750.00	1,638,750.00
2014	--	1,638,750.00	1,638,750.00
2015	--	1,638,750.00	1,638,750.00
2016	--	1,638,750.00	1,638,750.00
2017	--	1,638,750.00	1,638,750.00
2018	--	1,638,750.00	1,638,750.00
2019	--	1,638,750.00	1,638,750.00
2020	--	1,638,750.00	1,638,750.00
2021	--	1,638,750.00	1,638,750.00
2022	$ 3,180,000	1,638,750.00	4,818,750.00
2023	10,890,000	1,430,301.00	12,320,301.00
2024	10,930,000	716,461.50	11,646,461.50
Total	$25,000,000	$21,980,189.58	$46,980,189.58

(1) Interest Payments on the Direct Payment Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2011.

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Tax-Exempt Bonds. The following table shows the annual debt service schedule with respect to the Tax-Exempt Bonds:

Tax-Exempt Bonds

Year Ending (August 1)	**Annual Principal Payment[1]**	**Annual Accreted Interest Payment[1]**	**Total Debt Service Tax-Exempt Bonds**
2035	$ 319,572.00	$ 3,640,428.00	$ 3,960,000.00
2036	2,180,377.20	27,679,622.80	29,860,000.00
TOTAL	$2,499,949.20	$31,320,050.80	$33,820,000.00

(1) The Tax-Exempt Bonds are payable only at maturity on August 1 of the years indicated on the inside cover hereof, and interest on such Tax-Exempt Bonds is compounded semiannually on February 1 and August 1, commencing on August 1, 2010

The table on the following page shows the combined debt service schedule for each authorization with respect to the total outstanding general obligation bond debt of the District.

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COMBINED DEBT SERVICE SCHEDULE FOR EACH AUTHORIZATION
West Contra Costa Unified School District
General Obligation Bonds

Period Ending (August 1)	1998 Authorization	2000 Authorization	2002 Authorization	2005 Authorization	Aggregate[1] Debt Service
2010	$2,937,602.50	$13,041,181.11	$ 14,041,007.50	$ 15,249,864.48	$ 45,269,655.59
2011	2,930,758.75	12,047,600.00	14,596,895.00	16,413,918.34	45,989,172.09
2012	2,938,732.50	11,571,900.00	15,184,470.00	16,245,491.26	45,940,593.76
2013	2,936,845.00	12,419,300.00	15,804,720.00	16,790,491.26	47,951,356.26
2014	2,939,467.50	12,776,350.00	16,458,495.00	17,933,691.26	50,108,003.76
2015	2,940,867.50	14,514,750.00	17,147,807.50	19,155,291.26	53,758,716.26
2016	2,939,942.50	15,672,950.00	17,873,047.50	20,496,266.26	56,982,206.26
2017	2,941,287.50	17,228,475.00	19,124,050.00	21,925,953.76	61,219,766.26
2018	2,945,323.75	6,285,812.50	20,133,275.00	23,477,853.76	52,842,265.01
2019	2,941,912.50	6,249,112.50	20,435,287.50	25,146,953.76	54,773,266.26
2020	2,950,107.50	6,215,850.00	21,163,237.50	26,954,013.76	57,283,208.76
2021	2,949,052.50	6,180,500.00	22,188,987.50	28,904,213.76	60,222,753.76
2022	2,953,852.50	6,156,500.00	23,420,575.00	30,940,463.76	63,471,391.26
2023	2,949,832.50	6,130,000.00	24,112,650.00	31,606,389.76	64,798,872.26
2024	1,533,275.00	6,110,750.00	25,212,900.00	32,214,506.50	65,071,431.50
2025	743,575.00	6,093,000.00	26,361,500.00	33,637,257.50	66,835,332.50
2026	-	6,081,250.00	27,566,000.00	35,080,457.50	68,727,707.50
2027	-	6,069,750.00	28,832,750.00	36,585,820.00	71,488,320.00
2028	-	6,058,000.00	30,176,000.00	38,160,582.50	74,394,582.50
2029	-	6,050,500.00	31,589,750.00	39,809,232.50	77,449,482.50
2030	-	6,041,500.00	33,078,000.00	41,529,907.50	80,649,407.50
2031	-	6,035,500.00	34,644,000.00	43,328,670.00	84,008,170.00
2032	-	6,021,750.00	35,697,000.00	45,206,995.00	86,925,745.00
2033	-	-	35,570,500.00	47,173,495.00	82,743,995.00
2034	-	-	37,403,500.00	48,608,980.00	86,012,480.00
2035	-	-	-	28,575,875.00	28,575,875.00
2036				29,860,000.00	29,860,000.00
Total	**$ 43,472,435.00**	**$201,052,281.11**	**$607,816,405.00**	**$811,012,635.44**	**$1,663,353,756.55**

[1] Includes Accreted Interest Payments Payable on at maturity.

AD VALOREM PROPERTY TAXATION

Ad Valorem Property Taxation

The District uses the services of the County for the assessment and collection of taxes for District purposes. School district property taxes are assessed and collected by the County at the same time and on the same rolls as county, special district and city property taxes.

The valuation of secured property and a statutory tax lien is established as of January 1 and is subsequently equalized in August. The resulting secured property tax is payable in two equal installments due November 1 and February 1, and payments become delinquent on December 10 and April 10, respectively. Most unsecured bills are mailed before July 31. These bills must be paid on or before August 31. If the bill is mailed after July 31, the delinquent date is extended to the end of the month following the bill's issuance. Taxes on unsecured property are levied at the preceding fiscal year's secured tax rate and become delinquent on September 1.

State law exempts from taxation $7,000 of the cash value of an owner-occupied dwelling provided that the owner files for such exemption. 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.

Assessed Valuation

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

Future assessed valuation growth under Article XIIIA (allowed for increases in value due to new construction, certain changes of ownership, and an inflation allowance of not more than 2% per year) 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 school districts will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

For assessment and tax 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 property and property (real or personal) the taxes on which are secured by a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. State-assessed property includes utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, unitary property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special countywide 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. All other property is "unsecured," and is assessed on the "unsecured roll."

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Taxpayers seeking a reduction may also appeal assessments. When necessitated by changes in assessed value in the course of a year, taxes are prorated for each portion of the tax year.

Pursuant to State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the SBE with the appropriate county board of equalization or assessment appeals board (the "Appeals Board"). After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the property assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Appeals Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund of overpayment.

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.

Some appeals are based on Section 51 of the Revenue and Taxation Code which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIIIA 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, including a decline in the market value, causing a decline in value. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Counties and SBE have generally determined that such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its base year value, adjusted for inflation, it once again is subject to the maximum annual inflationary factor growth rate allowed under Article XIIIA.

There has been a significant slowdown in the housing market in the County, as in many parts of the State and the nation. Due to the slowdown of sales in the housing market and decline in sales prices in the County, the County Assessor reduced the assessed value of a number of parcels throughout the County for fiscal years 2007-08 and 2008-09, with most of the reductions in assessed value for home sales occurring since calendar year 2005. The County Assessor may further reduce assessed value in future fiscal years. For budget purposes, the County has assumed that the assessed value for the entire County for fiscal year 2009-10 will be approximately $145.6 billion, a decrease of approximately 7.2% from the assessed value for fiscal year 2008-09.

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The historical secured and unsecured assessed valuation for the District is listed below:

FIVE-YEAR SUMMARY OF ASSESSED VALUATION [(1)]
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Fiscal Year	Local Secured	Utility[(2)]	Unsecured	Total[(3)]
2005-06	$20,898,373,912	$35,233,047	$937,524,349	$21,871,131,308
2006-07	23,394,796,810	32,996,057	996,599,562	24,424,392,429
2007-08	25,972,526,364	12,872,037	986,267,215	26,971,665,616
2008-09	25,968,908,280	12,850,519	1,080,701,277	27,062,460,076
2009-10	22,527,198,702	12,079,880	1,206,474,766	23,745,753,348

(1) Does not include unitary property valuation.
(2) Includes property owned by a utility wholly within the District.
(3) Totals before the redevelopment increment deduction.
(4) The approximate $3.32 billion dollar difference in assessed values from fiscal year 2008-09 to 2009-10 is primarily attributable to the economic decline in the State and not due to the decline of the County. The Assessor reduced the assessed value of a number of parcels throughout the County. Taxpayers are also entitled to seek a reduction in assessed valuations by way of the appeals process.

Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll for which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the Treasurer. Collection efforts against a taxpayer who has sought protection from creditors in United States Bankruptcy Court, or against secured property the value of which has been compromised by environmental contamination or natural disaster, may be fruitless to recover unpaid taxes due with respect to such property.

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 1st of the fiscal year, and a lien is recorded against the assesses. The taxing authority has four ways of collecting unsecured personal property taxes: (a) filing a civil action against the taxpayer; (b) filing a bond in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer, (c) filing a bond of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the taxpayer; and (d) seizing and selling personal property, improvements or possessory interests belonging or assessed to the taxpayer.

SECURED TAX CHARGES AND DELINQUENCIES
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Fiscal Year	Secured Tax Charge[(1)]	Amount Delinquent as of June 30	Percent Delinquent June 30
2005-06	$21,475,746.59	$551,527.97	2.57%
2006-07	26,418,406.60	1,210,210.04	4.58
2007-08	31,299,773.17	1,550,643.72	4.95
2008-09	26,534,360.10	1,663,455.48	6.27

(1) Reflects tax charges for District's general obligation bonds debt service only.

Note: Under the Teeter Plan described below, as long as the Teeter Plan remains in effect, taxes levied by the County will be credited to the District for repayment of the Bonds as if received in their entirety and will not be reduced by any taxpayer delinquencies.

Source: California Municipal Statistics, Inc.

Teeter Plan and Tax Losses Reserve Fund. The County has adopted 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 and has created a tax losses reserve fund. Under the Teeter Plan, each participating local agency, including school districts, levying property taxes in the County receives 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 is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1) the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The board of supervisors of a county may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in its county in which delinquencies exceed 3% in any tax year. Although delinquencies in the District exceeded 3% in fiscal years 2006-07, 2007-08 and 2008-09, the County has not ordered discontinuance of the Teeter Plan and the Teeter Plan is in effect as of the date of this Official Statement.

Tax Rates

For taxing purposes, the State Board of Equalization has divided the area served by the District into tax rate areas ("TRA"). The largest TRA in the District is TRA 0-8001. TRA 0-8001 has a total 2009-10 assessed valuation of $5,559,485,140, approximately 23.4% of the District's total 2009-10 assessed value. The components of the 2009-10 property tax rate levied in TRA 0-8001 are set forth below.

LARGEST COMPONENT PARTS OF — TRA 0-8001
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(Percentage of Assessed Valuation)

	2004-05 Tax Rates	2005-06 Tax Rates	2007-08 Tax Rates	2008-09 Tax Rates	2009-10 Tax Rates
General – Countywide	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
City of Richmond	.1400	.1400	.1400	.1400	.1400
Bay Area Rapid Transit District	-	.0048	.0076	.0090	.0057
East Bay Regional Park District	.0057	.0057	.0080	.0100	.0108
West Contra Costa Unified School District	.1153	.1041	.1035	.1230	.1828
Contra Costa Community College District	.0042	.0047	.0108	.0066	.0126
Total	1.2652%	1.2593%	1.2699%	1.2886%	1.3519%

Source: California Municipal Statistics, Inc.

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Largest Taxpayers in the District

The 20 largest taxpayers in the District, as shown on the 2009-10 secured tax roll, and the amounts of their assessed valuation for all taxing jurisdictions within the District, are shown below. Assessed valuation for the 20 largest taxpayers amounted to $4,314,385,752 or approximately 19.15% of the District's total 2009-10 secured tax roll.

LARGEST 2009-10 LOCAL SECURED TAXPAYERS
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Property Owner	Primary Land Use	2009-10 Assessed Valuation	% of Total(1)
1.Chevron USA Inc.	Industrial	$3,086,587,302	13.70%
2.Bio-Rad Laboratories Inc.	Industrial	136,086,947	0.60
3.Richmond Parkway Associates	Apartments	125,115,468	0.56
4.Lennar Emerald Marina Bay LLC/ Lennar Marina Bay LLC/ Lennar Marina Cove LLC	Residential Development	116,941,381	0.52
5.Berlex Laboratories Inc.	Industrial	112,147,325	0.50
6.DDRM Hilltop Plaza LP	Shopping Center	90,635,277	0.40
7.MCD-RCCA-El Cerrito LLC	Shopping Center	84,829,156	0.38
8.Richmond Associates LLC	Shopping Center	64,295,067	0.29
9.Richmond Pinole Pt. Industrial	Industrial	52,823,250	0.23
10.Richmond Essex LP	Apartments	51,960,707	0.23
11.Cherokee Simeon Venture 1 LLC	Office Building	47,774,009	0.21
12.Signature at Abella LLC/ Signature at Anchor Cove	Residential Development	46,886,667	0.21
13.Dicon Fiberoptics Inc.	Industrial	41,391,174	0.18
14.California Fats & Oils Inc.	Industrial	40,273,950	0.18
15.Stephens & Stephens LLC	Industrial	39,887,507	0.18
16.Pacific Atlantic Terminals LLC	Industrial	39,153,253	0.17
17.Pt.Richmond R&D Associates I&II LLC	Industrial	36,155,063	0.16
18.Ford Point LLC	Industrial	35,278,230	0.16
19.BP West Coast Products	Industrial	33,867,328	0.15
20.Kaiser Foundation Health Plan	Medical Building	32,296,691	0.14
		$ 4,314,385,752	19.15%

(1) 2009-10 Local Secured Assessed Valuation: $22,527,198,702.
Source: California Municipal Statistics, Inc.

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Chevron USA, Inc. ("Chevron"), the largest taxpayer in the District, currently represents 13.70% of the total local secured assessed valuation. Below are historical local secured assessed valuations of Chevron as of January 1 of each year.

HISTORY OF SECURED ASSESSED VALUATION
CHEVRON USA, INC.
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Year	Assessed Valuation
2000-01	$1,656,340,376
2001-02	2,215,633,236
2002-03	1,974,950,102
2003-04	1,914,978,281
2004-05	2,469,045,601
2005-06	2,678,641,859
2006-07	2,680,893,790
2007-08	3,433,927,316
2008-09	3,472,863,434
2009-10	3,086,587,302

Source: California Municipal Statistics, Inc.

Chevron appealed its property tax assessments for 2004, 2005 and 2006. On September 3, 2009, the County Appeals Board issued preliminary findings on Chevron's 2004, 2005 and 2006 appeals, granting. On November 19, 2009 the County Appeals Board adopted its findings and issued its decision, granting Chevron a $346 million reduction in its assessed valuation for its 2004 assessed valuation, approximately $452 million for its 2005 assessed valuation and approximately $465 million for its 2006 assessed valuation. The County may appeal this decision, but no date has been set for the appeal. Chevron has also appealed its 2007 and 2008 and 2009 assessed valuations. The County Appeals Board has not yet issued preliminary findings on either the 2007 appeal or the 2008 appeal or the 2009 appeal. The District cannot predict what the final outcome of any of the Chevron appeals will be. The County Appeals Board's reduction may result in an increase in the annual tax rate on all taxable property within the District. Because the District is subject to a revenue limit that is comprised of the local property tax collected and state funding, reductions in local tax collections can be offset by state funding as described more fully in Allocation of State Funding to Districts below. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION – Allocation of State Funding to District."

COUNTY INVESTMENT POLICIES AND PRACTICES

This section provides a general description of the County's investment policy, current portfolio holdings, and valuation procedures. The information has been provided by the Treasurer, the District makes no representation as to the accuracy or completeness of such information. Further information may be obtained from the Office of the Treasurer, 625 Court Street, Room 100, Martinez, California 94553.

In accordance with State Law, the District maintains substantially all of its cash in the Contra Costa County Treasury Investment Pool (the "County Pool"). The County pools the District's funds with those of the County and other districts in the County for investment purposes. Pooled funds in the County Pool are carried at cost, which approximates market value.

The Treasurer has authority to implement and oversee the investment of such funds in the County Pool in accordance with Government Code Section 53600 *et seq.* The Treasurer accepts funds only from agencies located within the County. As of March 31, 2010, the cost value of the County Pool was $1,983,361,932 and the market value was $1,985,771,356.

As of March 31, 2010, the County Pool had 66.83% of its assets managed by the Treasurer's office, 29.85% of its assets managed by outside contractors, and 3.33% in cash. Of those assets managed by the Treasurer's office 15.83% of the County Pool's assets are invested in U.S. Treasury and U.S. Agency Securities; and

49.86% in other money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit, corporate notes, bankers acceptances and time deposits. Of those assets managed by outside contractors 21.17% of its assets are invested with the Local Agency Investment Fund, which is managed by the State Treasurer's Office. The following table summarizes the composition of the County Pool as of March 31, 2010.

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CONTRA COSTA COUNTY TREASURY INVESTMENT POOL
PORTFOLIO COMPOSITION
(As of March 31, 2010)

As of March 31, 2010, the County Pool had a weighted average maturity of 129 days with more than 87% of the portfolio, or over $1.73 billion, maturing in less than one year. The following table summarizes the portfolio liquidity of the County Pool as of March 31, 2010.

Type of Investment	Par Value	Cost Value	Market Value	Percent of Total Cost
U.S. Treasuries	$ 22,827,000	$ 22,398,010	$ 22,983,828	1.31%
Federal Agriculture Mortgage Corporation	6,751,000	7,032,399	7,095,186	0.35
Federal Home Loan Banks	124,629,000	126,141,768	126,853,917	6.36
Federal National Mortgage Assn.	81,060,000	80,933,956	81,302,738	4.08
Federal Farm Credit Banks	23,593,000	23,939,541	23,998,324	1.21
Federal Home Loan Mortgage Corporation	74,241,000	74,959,669	74,777,554	3.78
Municipal Bonds	1,000,000	1,000,000	1,000,000	0.05
Bankers Acceptance	32,712,930	32,677,208	32,691,602	1.65
Repurchase Agreement	230,000,000	230,000,000	230,000,000	11.60
Commercial Paper	506,449,000	506,218,853	506,326,736	25.52
Negotiable Certificates of Deposit	178,550,000	178,550,000	178,602,513	9.00
Corporate Notes	40,747,000	41,535,084	41,158,688	2.09
Time Deposit	3,077	3,077	3,077	--
Local Agency Investment Fund	419,948,982	419,948,982	420,445,820	21.17
California Asset Management Program	29,296	29,296	29,360	--
Miscellaneous	277,003	277,003	242,978	0.01
Wells Fargo Asset Management	44,985,089	44,985,089	45,193,743	2.27
Columbia Management Group	38,129,917	38,129,917	38,463,209	1.92
CalTrust	88,627,826	88,627,826	88,627,826	4.47
Cash	65,974,256	65,974,256	65,974,256	3.33
TOTAL(1)	$1,980,535,375	$1,983,361,932	$1,985,771,356	100.00%

(1) Totals may not add-up due to rounding.

The Treasurer's investment portfolio is in compliance with the Government Code Section 53600 *et seq.* and with the Treasurer's current investment policy. The County Pool investment portfolio has no securities lending, reverse repurchase agreements or derivatives. As of March 31, 2010, historical activities combined with future cash flow projections indicate that the County is able to meet its cash flow needs for the next six months. However, the State's deferral policies and budget deficit could have a significant impact on the County's cash flow during the next six months.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues there shall first be set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts in the State receive a significant portion of their funding from State appropriations. As a result, decreases as well as increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the State Constitution ("Article XIIIA"). Article XIIIA, as amended, limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and on bonded indebtedness approved by a two-thirds vote on or after July 1, 1978, for the acquisition or improvement of real property. Proposition 39, approved by State voters on November 7, 2000, provides an alternative method of seeking voter approval for bonded indebtedness (see "Proposition 39" below). Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn.

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

Legislation Implementing Article XIIIA

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Local agencies and school districts share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

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

Article XIIIB of the State Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979 thereby adding Article XIIIB to the State Constitution ("Article XIIIB"). In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Under Article XIIIB, the State and each local governmental entity has an annual "appropriations limit" and is not permitted to spend certain moneys that are called "appropriations subject to limitation" (consisting of tax revenues, State subventions and certain other funds) in an amount higher than the appropriations limit. Article XIIIB does not affect the appropriations of moneys that are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain fiscal year 1978-79 expenditures, and is to be adjusted annually to reflect changes in costs of living and changes in population, and adjusted where applicable for transfer of financial responsibility of providing services to or from another unit of government. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. However, in the event that a school district's revenues exceed its spending limit, the district may, in any fiscal year, increase its appropriations limit to equal its spending by borrowing appropriations limit from the State, provided the State has sufficient excess appropriations limit in such year.

Article XIIIC and Article XIIID of the State Constitution

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

Article XIIID deals with assessments and property related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. Developer fees imposed by the District are neither pledged nor available to pay the Bonds.

Proposition 62

On November 4, 1986, State voters adopted Proposition 62, a statutory initiative which amended the Government Code by the addition of Sections 53720-53730. Proposition 62 requires that (i) any local tax for general governmental purposes (a "general tax") must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a "special tax") must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency's property tax allocation. Provisions applying Proposition 62 retroactively from its effective date to 1985 are unlikely to be of any continuing importance; certain other restrictions were already contained in the State Constitution.

Most of the provisions of Proposition 62 were affirmed by the 1995 State Supreme Court decision in Santa Clara County Local Transportation Authority v. Guardino ("Santa Clara"), which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. Following the State Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the State Supreme Court released its decision in one of these cases, Howard Jarvis Taxpayers Association v. City of La Habra, *et al.* ("La Habra"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Although by its terms Proposition 62 applies to school districts, the District has not experienced any substantive adverse financial impact as a result of the passage of this initiative or the Santa Clara or La Habra decisions and believes that any impact experienced by the District will not adversely affect the ability of the District to make payments with respect to the Bonds.

Proposition 98

On November 8, 1988, State voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14 districts").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (a) in general, a fixed percent of the State's General Fund (the "State General Fund") revenues ("Test 1"), (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost of living (measured as in Article XIIIB by reference to State per capita personal income) and enrollment ("Test 2"), or (c) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one half of one percent is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of fiscal year 1988-89, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 34.559% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 schools' minimum funding formula for a one year period. The amount of suspension is eventually repaid according to a specified State constitutional formula, thereby restoring Proposition 98 funding to the level that would have been required in the absence of such suspension. The fiscal year 2004-05 State Budget Act suspended the Proposition 98 minimum guarantee for fiscal year 2004-05; however, the suspended amount was fully paid in fiscal year 2005-06. The Proposition 98 minimum guarantee was fully funded for fiscal years 2005-06 through fiscal year 2007-08. The Revised 2009-10 State Budget Act (as defined herein) reduces the Proposition 98 minimum guarantee for fiscal year 2009-10. In order to reduce the Proposition 98 minimum guarantee for fiscal year 2009-10 and in consideration of a funding formula under Proposition 98, which calculates a level of funding for the current fiscal year in part based upon funding allocated during the prior fiscal year, the Revised 2009-10 State Budget Act retroactively reverts approximately $1.6 billion in fiscal year 2008-09 unallocated funds for categorical programs to the State General Fund. In addition, the Revised 2009-10 State Budget Act delays for one year the $450 million Proposition 98 settle-up payment from prior year obligations for the Quality Education and Investment Act ("QEIA"). The Proposition 98 revenue limit funding is reduced in fiscal year 2009-10 to backfill the reduction in categorical funding to continue the QEIA program. See "STATE BUDGET — Revised State Budget for Fiscal Year 2009-10" herein for a complete description of the Revised 2009-10 State Budget Act and its impact on Proposition 98. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the revenue limit to K-14 schools under Article XIIIB of the State Constitution.

Proposition 39

Proposition 39, which was approved by State voters in November 2000, provides an alternative method for passage of school facilities bond measures which lowers the constitutional voting requirement from two-thirds to 55% of voters and allows property taxes to exceed the 1% limit in order to repay such bonds. The lower 55% vote requirement would apply only for bond issues to be used for construction, rehabilitation, equipping of school facilities or the acquisition of real property for school facilities. The Legislature enacted additional legislation that placed certain limitations on this lowered threshold, requiring that (i) two-thirds of the governing board of a school district approve placing a bond issue on the ballot, (ii) the bond proposal be included on the ballot of a statewide or primary election, a regularly scheduled local election, or a statewide special election (rather than a school board election held at any time during the year), (iii) the tax rate levied as a result of any single election not exceed $25 for a community college district, $60 for a unified school district, or $30 for an elementary school or high school district per $100,000 of taxable property value, and (iv) the governing board of the school district appoint a citizen's oversight committee to inform the public concerning the spending of the bond proceeds. In addition, the school board of the applicable district is required to perform an annual, independent financial and performance audit until all bond funds have been spent to ensure that the funds have been used only for the projects listed in the measure.

The District's 2005 Authorization was authorized pursuant to Proposition 39.

Notwithstanding the legislative limitation that the tax rate levied as a result of any single election may not exceed $60 per $100,000 of taxable property value within the District, the County has the power and is obligated under State law, to levy a tax in any amount to pay the principal of, redemption premium, if any, and interest on the District's general obligation bonds, including the Bonds.

Proposition 1A

Proposition 1A ("Proposition 1A"), proposed by the State Legislature in connection with the 2004-05 State Budget and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the vehicle license fee rate from 0.65% of a vehicle's market value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Future Initiatives

From time to time other amendments to the State constitution, propositions and initiative measures could be adopted that further affect District revenues or the District's ability to expend revenues.

GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

State Funding of Education

General. The State Constitution requires that from all State revenues there shall first be set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. Proposition 98 guarantees K-14 schools a minimum share of the State's General Fund revenues. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Proposition 98." State school districts receive a significant portion of their funding from State appropriations. State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. As a result, decreases in State revenues can affect appropriations made by the Legislature to school districts. In periods when State funding for public education is reduced or the State experiences budget problems, the District's financial position may be affected, even in the absence of significant education policy changes. The District has been unable to conduct a full and complete analysis of the Revised 2009-10 State Budget Act and its impact on the District's budget, however, the District expects the Revised 2009-10 State Budget Act to have a slight negative impact on unrestricted revenues as compared to the original adopted budget. See "STATE BUDGET — Revised State Budget for Fiscal Year 2009-10" for a description of the Revised 2009-10 State Budget Act. The District cannot predict how State income or State education funding will vary over the entire term to maturity of the Bonds. See "STATE BUDGET" herein.

As is true for all school districts in the State, District operating income consists of four components: (1) Revenue Limit Sources (consisting of a mix of State and local property tax revenues), (2) Federal Sources, (3) Other State Sources and (4) Other Local Sources. The Revenue Limit Sources includes both a State portion funded from the State's General Fund and a locally-generated portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the State Constitution. In addition, school districts may be eligible for other funding, including State and Federal program funding, as well as revenue derived from local sources besides property taxes. See "Allocation of State Funding to Districts" and "Other Sources of Education Funding" below.

Allocation of State Funding to Districts

Under Education Code Section 42238 *et seq.* each school district is determined to have a target funding level: a revenue limit ("Revenue Limit") per student multiplied by the school district's student enrollment measured in units of average daily attendance ("ADA"), a measure based upon the actual attendance of students without provision for excused absences. Enrollment can fluctuate due to factors such as school district population, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will lower a school district's Revenue Limit (and may result in loss of operating revenues), without necessarily permitting the district to make adjustments in fixed operating costs.

The Revenue Limit is calculated from the school district's prior-year funding level, as adjusted for a number of factors such as inflation, special or increased instructional needs and costs, and especially low enrollment. Generally, the amount of State funding allocated to each school district is the amount needed to reach that district's Revenue Limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State equalization aid or colloquially as "backfill". To the extent local tax revenues increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State's contribution.

A school district's property tax revenues is comprised of the district's share of the local 1% property tax, received pursuant to Sections 75 *et seq.* and Sections 95 *et seq.* of the State Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. The more local property taxes a school district receives, the less State equalization aid it is entitled to; ultimately, a school district whose local property tax revenues exceed its Revenue Limit is entitled to receive no equalization aid, and receives only its special categorical aid and the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such school districts are known colloquially as "basic aid districts." School districts that receive some equalization aid may be referred to as "revenue limit districts".

The District is not a "basic aid district."

See "APPENDIX A – INFORMATION CONCERNING THE DISTRICT — Average Daily Attendance and Revenue Limit" for historical and projected ADA and Revenue Limit per ADA of the District.

Other Sources of Education Funding

In addition to the Revenue Limit, school districts in the State may receive other revenue from the State and from federal and local sources including grants and funding for specific programs.

Federal Revenues. The federal government provides funding for several programs, including special education programs, programs under the Educational Consolidation and Improvement Act (Title 1), No Child Left Behind funding, and specialized programs such as Drug Free Schools.

Other State Revenues. In addition school districts receive Other State Revenues. These Other State Revenues are primarily restricted revenues that fund items such as special education programs, instructional materials, and mentor teachers.

Included among Other State Revenues are moneys the school district receives from the State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes, such as real property acquisition, facility construction, or the financing of research. State Lottery net revenues (gross revenues less prizes and administration expenses) are allocated by computing an amount per ADA or full time equivalent ("FTE"). This figure is derived by dividing the total net revenues figures by the total ADA for grades K-12 and by the total FTE for the community colleges, University of California system and the California State University and College system. Each entity receives an amount equal to its total ADA or FTE, as applicable, multiplied by the per ADA or FTE figure. See "APPENDIX A – INFORMATION CONCERNING THE DISTRICT — Lottery Income" for lottery income amounts received by the District.

Other Local Revenues. In addition to property taxes, a school district may receive additional local revenues from items such as the leasing of property owned by the school district and other local fees and donations.

School District Budgets

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

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

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

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

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

On July 28, 2009, the California Secretary of State chaptered Chapter 2 into the Statutes of the 2009-10 Fourth Extraordinary Session (known as "ABX4 2"). ABX4 2 amends AB 1200 for the 2009-10 fiscal year. Under ABX4 2, a county superintendent of schools and the superintendent of public instruction is prohibited from assigning a qualified or negative certification to a local education agency based substantially on a projected loss of federal funds provided through the Recovery Act in the 2011–12 fiscal year. To ensure consistent statewide implementation and to provide guidance to reviewing agencies regarding the application, ABX4 2 authorizes the superintendent of public instruction to convene a standards and criteria committee, established pursuant to Section 33127 of the Education Code, to modify the budget and financial review criteria to incorporate such change for the 2009–10 fiscal year.

The District's Second Interim Report, dated January 31, 2010, has been certified "qualified" by the County Superintendent. The qualified certification resulted in increased oversight of the District by the County Office of Education, including the requirement that the District submit by June 1, 2010 a Third Interim Financial Report for the Fiscal Year 2009-10 (the "Third Interim Report"), reflecting data as of April 30, 2010. The District expects to submit the Third Interim Report on May 12, 2010. The Board of Education will be required to review the Third Interim Report's financial statements to ensure that cash and fund balances will be positive for year end. The impact of mid-year cuts to the fiscal year 2009-10 budget are expected to be included in the Third Interim Report; however, because the Third Interim Report will reflect information as of April 30, 2010, it may not take into account further loss of revenues expected to result from the growing State deficit. The District expects the Third Interim Report, to show that the District expects to meet its financial obligations this year and the District's General Fund will have a positive ending fund and cash balance for fiscal year 2009-10. See "APPENDIX A — INFORMATION CONCERNING THE DISTRICT - Comparative Financial Statements" for the projected year-end figures including the projected year-end General Fund balance expected to be reported in the Third Interim Report.

County Investment Pool

In accordance with Education Code Section 41001, each school district in the State maintains substantially all of its operating funds in the county treasury of the county in which it is located. Each county treasurer serves as ex officio treasurer for those school districts under jurisdiction of the county superintendent of schools of the county. Each county treasurer has the authority to implement and oversee the investment of school district funds held in the county treasury. Generally, the county treasurer pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis.

Each county is required to invest funds, including those pooled funds described above, in accordance with Government Code Section 53601 *et seq.* In addition, each county is required to establish its own investment policies, which may provide further limitations beyond those required by the Government Code.

See "COUNTY INVESTMENT POLICIES AND PRACTICES" for a discussion of the County Pool, valuation procedures, and investment policies.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the State School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

The financial statements of the District for fiscal year ended June 30, 2009, appearing in APPENDIX C of this Official Statement, have been audited by Perry-Smith LLP, independent accountants (the "Auditors"), as set forth in their report thereon. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the Auditors in connection with the inclusion of such statements in this Official Statement. The Auditors have not made any representation in connection with inclusion of the audit herein that there has been no material change in the financial condition of the District since the audit was concluded.

STATE BUDGET

The State Budget Process

The State's fiscal year begins on July 1 and ends on June 30. According to the State Constitution, the Governor of the State (the "Governor") is required to propose a budget for the next fiscal year (the "Governor's Budget") to the State Legislature no later than January 10 of each year, a final budget must be adopted by a two-thirds vote of each house of the State Legislature by no later than June 15 and the Governor must sign the adopted budget by no later than June 30. The budget becomes law upon the signature of the Governor. In recent years, the State's final budget has not been timely adopted.

Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the State Legislature takes up the proposal. Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the State Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each house of the State Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the State Legislature. Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each house of the State Legislature and be signed by the Governor. Bills containing K-14 education appropriations require only a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution. Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt. However, delays in the adoption of a final State budget in any fiscal year may affect payments of State funds during such budget impasse.

The 2009 Budget Act. On February 19, 2009, the Legislature passed a series of bills (the "2009 Budget Act") designed as a comprehensive solution to the State's budget deficit, which had been projected to grow to approximately \$41.6 billion between fiscal years 2008-09 and 2009-10. On March 13, 2009, the LAO released a report analyzing the provisions of the 2009 Budget Act (the "2009 Budget Act Report"). The following information has been adapted from the 2009 Budget Act Report.

According to the LAO, the 2009 Budget Act is a valid budget for fiscal year 2009-10, adopted nearly five months ahead of the State constitutional budgetary deadline. The 2009 Budget Act, however, contains provisions that are designed to achieve solutions in both fiscal years 2008-09 and 2009-10.

For fiscal year 2008-09, the 2009 Budget Act assumes year-end revenues of approximately $91.7 billion and expenditures of approximately $94.1 billion. The 2009 Budget Act also eliminates the $1.7 billion reserve projected by the budget for fiscal year 2008-09 (the "2008-09 Budget"), projecting that the State will end fiscal year 2008-09 with a $3.4 billion deficit. For fiscal year 2009-10, the 2009 Budget Act projects total revenues of $97.7 billion and authorizes expenditures of $92.2 billion, allowing the State to build up a $2.1 billion reserve. The LAO generally concurs with the 2009 Budget Act's forecast for year-end 2008-09 revenues. For 2009-10, however, the LAO projects year-end revenues that are approximately $8 billion less than those assumed by the 2009 Budget Act, reflecting recent negative developments in the State's economic condition. Consequently, the LAO projects that the State will end the 2009-10 fiscal year with a $6 billion deficit. The LAO notes the need for additional budgetary solutions in fiscal year 2009-10 beyond those contained in the 2009 Budget Act.

To address the projected $41.6 billion deficit, the 2009 Budget Act includes $15.7 billion in expenditure reductions, $12.5 billion in revenue increases, and $5.4 billion in borrowings. Approximately $6 billion of these solutions were subject to voter approval at a May 19, 2009 state election and were not approved. The 2009 Budget Act also projects the receipt of approximately $8.5 billion in stimulus funds from the federal government as part of the Recovery Act. Of the solutions included in the 2009 Budget Act, approximately $2.8 billion of expenditure reductions and tax increases can be "triggered off"—meaning they will not go into effect—if the State receives at least $10 billion in combined federal funding pursuant to the Recovery Act during fiscal years 2008-09 and 2009-10.

The 2009 Budget Act includes the following major expenditure reductions:

- *No COLAs.* $1.2 billion in combined spending-related savings for fiscal years 2008-09 and 2009-10 by suspending COLAs for various programs, including Supplemental Security Income ("SSI"), State Supplementary Payment ("SSP"), CalWORKs and Medi-Cal, as well as trial courts and the University of California and California State University systems.

- *Deferred Spending*. The 2009 Budget Act also defers approximately $500 million in costs for expenses the State will face in future years, including approximately $200 million in tribal revenues to the General Fund that would otherwise have been used to pay off prior transportation loans. The 2009 Budget Act also defers approximately $91 million in mandate reimbursements to local governments.

- *Health.* $184 million in savings in fiscal year 2009-10 by eliminating certain optional Medi-Cal benefits and reducing reimbursements rates to public hospitals by 10%. This provision may be triggered off by the receipt of sufficient federal stimulus funds. The 2009 Budget Act also assumes $160 million in savings from reductions to reimbursement rates for developmental health service providers.

- *Social Services.* $74 million in savings in fiscal year 2009-10 for In-Home Supportive Service ("IHSS") expenditures from the reduction of IHSS provider wages, as well as $4 million in savings by eliminating state assistance with Medi-Cal co-payments for new IHSS participants. The 2009 Budget Act also achieves $147 million in savings by reducing CalWORKs grants by 4% and $268 million in savings by reducing SSI/SSP grants by 2.3%. All of these Social Services reductions can be triggered off by the receipt of sufficient federal stimulus funds.

- *Transportation.* $460 million in combined savings in fiscal years 2008-09 and 2009-10 for transportation services expenditures by reducing state funding of the State Transit Assistance program in fiscal year 2008-09 and eliminating such funding in fiscal year 2009-10.

- *Employee Compensation.* $1.2 billion in combined savings for fiscal years 2008-09 and 2009-10, realized primarily from the continued implementation of monthly one and two-day furloughs for state employees.

- *Higher Education Savings*. $232 million in unallocated reductions for higher education funding, as well as an additional $100 million unallocated reduction for fiscal year 2009-10 that may be triggered off by the receipt of sufficient federal stimulus funds.

- *Other Reductions.* The 2009 Budget Act also includes (i) a $171.4 million reduction in judiciary expenditures in fiscal year 2009-10 that may be triggered off by the receipt of sufficient federal stimulus funds, and (ii) $580 million in unspecified correctional services reductions.

The 2009 Budget Act reduces total Proposition 98 funding in fiscal year 2008-09 to $50.7 billion, including $35 billion in General Fund support, which is approximately $7.3 billion below the level set by the 2008-09 Budget. The bulk of this reduction—approximately $2.4 billion—represents cuts to K-14 programs. Major components of this reduction include (i) $287 million through elimination of the COLA included as part of the 2008-09 budget, (ii) $944 million of K-12 and county office of education revenue limit payments and (iii) $944 million from K-12 categorical programs.

The 2009 Budget Act retires existing Proposition 98 settle-up obligations ($1.1 billion) and uses special funds to directly support the Home-to-School Transportation program ($619 million). The 2009 Budget Act also defers $3.2 billion in K-14 payments to June 2009, of which $320 million is from community college district apportionments. Specifically, monthly apportionment payments for February, March and April of 2008 are deferred to July 2009. These deferrals are in addition to an existing $200 million community college district apportionment that was deferred to October of 2009. Both deferrals are permanent, and will be applied in future fiscal years.

For fiscal year 2009-10, the 2009 Budget Act provides for $54.9 billion in Proposition 98 funding, including $39.5 billion in General Fund support, representing an increase of $4.2 billion from the level set for 2008-09. However, $4.6 billion of this funding will be used to backfill programs for one-time solutions enacted as part of the 2008-09 Budget. To accommodate this backfill, as well as fund $253 million in new growth and baseline adjustments—including $185 million for a 3% growth at community college districts—the 2009 Budget Act maintains the programmatic cuts set for 2008-09 and makes additional cuts of $702 million to K-12 and child care programs. Specifically, these additional cuts reflect reductions of (i) $268 million to K-12 and county office of education revenue limit payments, (ii) $268 million to K-12 categorical programs, (iii) $53 million to reimbursement rates and family fees for child care providers and (iv) $114 million through elimination of the High Priority Schools Grant Program.

As mentioned above, the 2009 Budget Act assumes an additional $12.5 billion in revenues, including $1.5 billion in fiscal year 2008-09 and $11 billion in fiscal year 2009-10, through the enactment of the following major revenue and borrowing solutions:

- *Sales Tax.* $5.8 billion from a temporary one-cent increase in the state sales tax, including $1.2 billion of additional revenue for fiscal year 2008-09 and $4.6 billion of such revenues for fiscal year 2009-10. The increased tax becomes effective April 1, 2009 and is set to lapse on July 1, 2011.

- *Vehicle License Fees.* $2 billion from a temporary increase in vehicle license fees, including $346 million in additional revenues for fiscal year 2008-09 and $1.7 billion of such revenues in fiscal year 2009-10. This increase is set to lapse on July 1, 2011.

- *Personal Income Tax*. $1.8 billion from a temporary increase of 0.125% in each personal income tax rate. The 2009 Budget Act also provides for $1.8 billion from an additional personal income tax increase of 0.125% that may be triggered off if sufficient federal stimulus funds are received. This tax increase is set to lapse after tax year 2010.

- *Reduction of Dependent Tax Credit.* $1.4 billion from a temporary reduction in the value of dependent credit for income tax purposes. This reduction is set to lapse after tax year 2010.

Additional information regarding the 2009 Budget Act is available from the LAO's website: www.lao.ca.gov.

Amendments to 2009 Budget Act. On July 28, 2009, the Governor signed into law a series of amendments to the 2009 Budget Act (the "2009 Budget Amendments"). The following information has been adapted from both the Department of Finance and LAO reports on the 2009 Budget Amendments.

The 2009 Budget Amendments are designed to address the State's budget deficit, which grew to approximately $60 billion since the adoption of the 2009 Budget Act. As a result of the deteriorating state and national economies, the 2009 Budget Amendments lower projected General Fund revenues for fiscal year 2009-10 by $3 billion. Further, the 2009 Budget Amendments project $89.5 billion of General Fund revenues and authorize $84.6 billion of expenditures. The State is now expected to end the 2009-10 fiscal year with a $500 million reserve.

The 2009 Budget Amendments include measures for both fiscal year 2008-09 and 2009-10, and are in addition to those implemented as part of the 2009 Budget Act. Specifically, the 2009 Budget Amendments include $18 billion in expenditure reductions, $3.5 billion in revenue increases, and $2.2 billion in borrowings. The LAO notes that year-to-year comparisons of revenues and expenditures are difficult due to the variety of one-time solutions.

The 2009 Budget Amendments include the following major features. In formulating many of the expenditure reductions, the Department of Finance notes that General Fund costs would be significantly higher but for the receipt of federal stimulus funding:

- *K-14 Education*. For fiscal years 2008-09 and 2009-10, total reductions of $6.1 billion in Proposition 98 funding, as further discussed herein. These reductions have been partially offset by the receipt of federal stimulus funds—including $2.8 billion pursuant to the Recovery Act—for fiscal years 2008-09 and 2009-10. The State expects to maintain the minimum spending levels required for the continued receipt of the Recovery Act stimulus funds.

- *Higher Education*. For fiscal years 2008-09 and 2009-10, reductions of $1 billion for each of the University of California ("UC") and California State University ("CSU") systems. When combined with the reductions approved as part of the 2009 Budget Act, and factoring in the receipt of federal stimulus funds and new fee revenues, the UC and CSU systems have experienced an 8% cut in base funding.

- *Student Fees.* The 2009 Budget Amendments authorize an increase of enrollment fees at California Community Colleges by $6 per unit, which is expected to generate $80 million in additional revenue. Student fees are also increased in the UC and CSU systems by 9.3% and 32%, respectively. These increases are expected to generate $166 million and $366 million, respectively, in additional revenues.

- *Cal Grant.* The 2009 Budget Amendments fully fund Cal Grant programs for fiscal year 2009-10, and reduce General Fund expenditures by $32 million by borrowing a like amount from the Student Loan Operating Fund.

- *Proposition 1A Suspension.* The 2009 Budget Amendments authorize the borrowing of $1.9 billion from city, county and special district property taxes pursuant to Proposition 1A. These funds will be shifted to county-level supplemental revenue augmentation funds and used to fund judicial, correctional, Medi-Cal and education expenses otherwise borne by the General Fund. These funds must be repaid with interest by June 30, 2013. To alleviate the impact on local governments, the enabling legislation authorizes the creation of joint powers authorities to issue bonds against the state's repayment obligation.

- *Redevelopment Shift*. The 2009 Budget Amendments require $1.7 billion to be shifted from redevelopment agency revenues in fiscal year 2009-10, and $350 million in fiscal year 2010-11.

These revenues will be used to fund courts, prisons, the Medi-Cal system, as well as offset reduced General Fund Proposition 98 funding.

- *Corrections/Rehabilitation.* $788 million in fiscal year 2009-10 reductions to the California Department of Corrections and Rehabilitation resulting from a combination of operational savings, program reductions, and policy reforms. When added to the reductions approved by the 2009 Budget Act, total reductions are approximately $1.2 billion. The 2009 Budget Amendments also assume $50 million in savings from limiting reimbursement rates paid to private contractors providing health care to inmates outside of prison.

- *Medi-Cal.* The 2009 Budget Amendments assume $1 billion in General Fund savings from the receipt of federal funds that were either past due or authorized through federal waivers. The 2009 Budget Amendments also assume unspecified reductions to the Medi-Cal program amounting to approximately $323 million. The LAO notes that the manner in which these savings would be achieved has not been determined.

- *Supplemental Security Income/State Supplementary Payment (SSI/SSP).* $108 million in reductions to SSI/SSP program for fiscal year 2009-10 by reducing grants for individuals by $5 per month and grants for couples to $72 per month.

- *CalWORKs.* $510 million in reductions to the CalWORKs program for fiscal year 2009-10, primarily from a reduction in county block grant allocations for welfare-to-work and child care services.

- *In Home Supportive Services (IHSS).* $264 million in reductions for IHSS expenditures for fiscal year 2009-10 consisting primarily of (i) reforms designed to reduce or prevent fraud, (ii) elimination of the State's share-of-cost contribution, and (iii) eliminating or reducing domestic and related services for all but the most severely disabled recipients.

- *Regional Center and Developmental Center Programs.* $284 million in reductions for developmental services in fiscal year 2009-10. The bulk of the expected savings consist of a $234 million cost containment target set for the statewide developmental services system. The Department of Finance notes that proposals are being developed by the Legislature to achieve this savings.

- *COLAs.* The 2009 Budget Amendments eliminate automatic COLAs for the CalWORKs and SSI/SSP programs, beginning in fiscal year 2010-11. COLAs for long-term care providers, including skilled nursing facilities, are frozen, resulting in a reduction of $76 million in General Fund expenditures.

- *Transportation.* The 2009 Budget Act includes several fund shifts and borrowings related to transportation funding, including (i) the use of $562 million in spillover gasoline sales tax revenues from 2009-10 to reimburse the General Fund for regional center transportation and debt service funding, (ii) redirection of $225 million in Public Transportation Account funds for regional center transportation and debt service funding, (iii) an interfund loan of $135 million from the State Highway Account to the General Fund, which loan must be repaid with interest in three years, and (iv) transfer of $70 million in unrestricted motor vehicle account revenues to the General Fund.

- *Resources and Environmental Protection*. The 2009 Budget Amendments include $14 million in reductions to General Fund support for state park operations, as well as $62 million in loans from resource-related special funds to the General Fund.

- *State Operations*. The 2009 Budget Amendments include a series of expenditure reductions related to State operations, including (i) the deferral of $900 million in state employee paychecks to the next fiscal year by moving the June 30, 2010 payday to July 1, 2010, (ii) the imposition of a third monthly furlough day for certain state employees, which the 2009 Budget Amendments assume will yield $425 million in savings, (iii) $100 million in reductions to information technology budgets, (iv) $50 million in assumed savings from the consolidation, reorganization or elimination of various state boards and committees; and (v) $150 million in assumed savings from changes in PERS rates and fees.

- *Other Reductions*. Other reductions include (i) $168.6 million in fiscal year 2009-10 for state trial courts, (ii) $178.6 million in fiscal year 2009-10 for the Healthy Families Program.

- *Revenue Increases.* The 2009 Budget Amendments include the following measures designed to increase State revenues: (i) an increase of 10% in the state wage withholding, effective as of October 1, 2009, which is expected to increase revenues by $1.7 billion in fiscal year 2009-10, (ii) alteration to the amount of estimated taxes that individuals and corporations must submit to the state each quarter that is expected to increase revenues by $610 million in fiscal year 2009-10, and (iii) the sale of a portion of the State Compensation Insurance Fund which is expected to yield increased revenues of $1 billion in fiscal year 2009-10.

- *Gubernatorial Vetoes*. Prior to signing the 2009 Budget Amendments, the Governor used his veto power to further reduce expenditures. These vetoes included (i) $6 million in financial aid administration for the Cal Grant program, (ii) $80 million in county funding for child welfare services, (iii) virtually all funding for the Williamson Act Open Space program, (iv) $55 million of departmental funding for certain scheduled pay increases, (v) $50 million for developmental services funding, and (vi) $300 million in healthcare spending. Representatives of groups affected by these reductions have publicly expressed their intent to judicially challenge the Governor's veto power over these expenditures.

The 2009 Budget Amendments reduce Proposition 98 funding to $49.1 billion in fiscal year 2008-09, a change of $1.6 billion from the levels set by the 2009 Budget Act. This reduction is achieved primarily by reverting unallocated categorical programs funding that had not been distributed at the end of the 2008-09 fiscal year to the General Fund. The 2009 Budget Amendments also create a future funding obligation, or "maintenance factor," of $11.2 billion as a result of the reductions in Proposition 98 funding for fiscal year 2008-09. Payments with respect to this funding obligation will be required in future fiscal years until repaid in full.

For fiscal year 2009-10, the 2009 Budget Amendments reduce Proposition 98 funding to $50.4 billion, a change of $4.5 billion from the funding levels set by the 2009 Budget Act. This figure reflects a total reduction in Proposition 98 funding of $5.3 billion, which is offset by $850 million in redevelopment revenues shifted from certain state agencies, as discussed above. The bulk of this reduction consists primarily of (i) $2.1 billion in reductions to school district and county office of education revenue limit payments, (ii) $80 million in reductions to basic aid school district categorical programs, (iii) $580 million in reductions to ongoing California Community College funding, and (iv) a deferral of $1.7 billion in school district revenue limit payments and $115 million community college apportionments from the 2009-10 fiscal year to August of the 2010-11 fiscal year. As a cash management measure, the 2009 Budget Amendments also defer approximately $2 billion in K-12 apportionments from the first few months of the 2009-10 fiscal year to December 2009 and January 2010.

Additional information is available from the LAO's website at www.lao.ca.gov and the Department of Finance's website at www.dof.ca.gov.

Fiscal Outlook Report. On November 18, 2009, the LAO released a report entitled "The 2010-11 Budget: California's Fiscal Outlook" (the "Fiscal Outlook Report"), which updates expenditure and revenue projections for fiscal year 2009-10. The following information has been adapted from the Fiscal Outlook Report.

The Fiscal Outlook Report concludes that although the 2009 Budget Amendments had projected the State would end fiscal year 2009-10 with a $500 million General Fund reserve, the LAO now projects, if no actions are taken, the state faces a 2009-10 year-end General Fund deficit of $6.3 billion based on the failure of certain assumptions in the 2009 Budget Act and 2009 Budget Amendments to materialize. The Fiscal Outlook Report attributes this projected budget deficit to increases in spending obligations and lower than expected revenues. The Fiscal Outlook Report projects that General Fund spending obligations will be $4.9 billion higher than budgeted as of the 2009 Budget Amendments. This projected increase is, in part, attributable to an estimated $1.4 billion higher-than-budgeted spending in the California Department of Corrections and Rehabilitation, a projected $1 billion increase in Proposition 98 minimum funding guarantee in 2009-10 above the amount budgeted in the 2009 Budget Amendments, an estimated $900 million of higher-than-budgeted spending for the Medi-Cal Program and an estimated over $800 million of higher General Fund spending related to a court decision which limits the State's ability to use "spill-over" gasoline tax and Public Transportation Account funds to reduce General Fund spending. The Fiscal Outlook Report projects that General Fund revenues and transfers will be $83.6 billion in 2008-09 ($496 million less than budgeted) and $88.1 billion in 2009-10 ($1.5 billion less than budgeted). The Fiscal Outlook Report's revenue estimate includes no funds from the proposed sale of the State Compensation Insurance Fund, which the 2009 Budget Amendments assumed would produce $1 billion in General Fund revenues in 2009-10.

Additional information regarding the Fiscal Outlook Report may be obtained from the LAO at www.lao.ca.gov.

Governor's Proposed 2010-2011 State Budget. On January 8, 2010, the Governor released his proposed budget for fiscal year 2010-11 (the "Proposed 2010-11 Budget"). On January 12, 2010, the Legislative Analyst's Office released its overview of the Proposed 2010-11 Budget (the "LAO Report"). The following information is adapted from the LAO Report.

The Proposed 2010-11 Budget estimates that, absent corrective measures, the State will end fiscal year 2009-10 with a $6.6 billion deficit. Also, General Fund expenditures in fiscal year 2010-11 are projected to exceed revenues by approximately $12.3 billion. The projected budget gap results from an inability of the state to achieve previous budget solutions in several areas, the effects of certain adverse court rulings, and the expiration of various one-time and temporary budget solutions approved as part of the 2009-10 State budget.

To address the projected budget gap, the Proposed 2010-11 Budget includes approximately $19.9 billion worth of measures affecting both fiscal year 2009-10 and 2010-11. Specifically, the Proposed 2010-11 Budget includes $7.6 billion of expenditure reductions, $7.9 billion worth of measures requiring either federal government funding or flexibility to change programs funded wholly or in part by the federal government, and $4.5 of additional solutions, comprised primarily of fund shifts.

With the implementation of these measures, the Proposed 2010-11 Budget assumes year-end revenues of $88.1 billion for fiscal year 2009-10, an increase of 6.4% from the prior year. The State is projected to end the 2009-10 fiscal year with a $5.4 billion deficit, thus eliminating the $500 million surplus enacted as part of the 2009 Budget Amendments. For fiscal year 2010-11, the Proposed 2010-11 Budget assumes total expenditures of $82.9 billion (reflecting a decrease of 3.7% from the prior year) and total revenues of $89.3 billion (reflecting an increase of 1.4% from the prior year). The State is also projected to end fiscal year 2010-11 with a $1 billion surplus.

Total Proposition 98 expenditures are reduced by $893 million in fiscal year 2009-10. The bulk of these reductions come from mid-year adjustments to Proposition 98 funding. Specifically, the Proposed 2010-11 Budget recognizes $340 million in purported savings from increased K-3 class sizes and $228 million in various baseline adjustments resulting primarily from reduced student attendance.

For fiscal year 2010-11, the Proposed 2010-11 Budget implements $1.5 billion in reductions to K-12 revenue limit funding. This reduction would be achieved by (1) requiring school districts to spend less on central administration, (2) consolidating county office of education functions, and (3) removing restrictions on the contracting out of non-instructional services. The remaining cuts include recognizing a 0.38% decline in costs of living adjustments ($230 million), reducing eligibility and reimbursement rates for CalWORKs Stage 3 child care ($200 million), and recognizing additional savings from increased K-3 class sizes ($210 million). The Proposed 2010-11 Budget also provides $126 million to fund a 2.2% enrollment growth at California community colleges, and $77 million to fund three K-12 mandates.

The Proposed 2010-11 Budget would implement new flexibility for school districts to respond to the various proposed cuts, including (1) eliminating seniority rules that apply to layoffs, assignments/reassignments, transfers and hires, (2) eliminating rules regarding priority for receiving substitute teacher assignments, and (3) extending the layoff notification window to 60 days after the state budget has been enacted.

With the implementation of these measures, the Proposed 2010-11 Budget provides for $49.8 billion in Proposition 98 funding for fiscal year 2009-10, including $34.6 billion from the State general fund. For fiscal year 2010-11, Proposition 98 funding is set at $49.9 billion, including $36.1 from the State general fund, reflecting an increase of 0.2% from the prior year. The LAO notes that, while Proposition 98 funding remains virtually flat across fiscal years 2009-10 and 2010-11, the State general fund share will increase by approximately 4.1%, while the share covered by local property tax revenues will decline by approximately 8.7%. While this is attributable in part to the slumping real estate market, the bulk of the decline in State general fund support results from the one-time $850 million contribution from redevelopment agencies approved as part of the 2009 Budget Amendments.

Generally, the LAO is supportive of the Proposed 2010-11 Budget's funding of Proposition 98, particularly the Governor's efforts to keep Proposition 98 spending flat across the current and coming fiscal year, and the flexibility options for school districts. However, the LAO notes that the minimum funding guarantee for fiscal year 2010-11 could rise if the Legislature does not adopt the proposed modifications to transportation funding discussed herein, or if the State does not receive all the anticipated federal stimulus funds built into the Proposed 2010-11 Budget. Moreover, the LAO notes that approximately $600 million of the proposed reductions to education funding are predicated on the receipt by the State of a federal waiver of maintenance-of-effort requirements under the Recovery Act.

In addition to the provisions regarding education funding discussed above, the Proposed 2010-11 Budget includes the following major features:

- *Transportation Funding.* Elimination of most Proposition 42 transportation funding by repealing the State sales tax on gasoline. The State would make up the lost revenues by increasing the per gallon excise tax on gasoline (the "Gas Tax"). For fiscal year 2010-11, this proposal is projected to reduce fuel sales tax revenues by $2.8 billion. The Proposed 2010-11 Budget would partially offset this loss with a 10.8 cents per gallon increase of the Gas Tax, which is projected to generate $1.9 billion in revenues, resulting in a net reduction of transportation revenues of approximately $1 billion. The Proposed 2010-11 Budget does not provide any additional public transit or rail funding, either in fiscal year 2010-11 or going forward. In addition, by reducing State sales tax revenues, the Proposed 2010-11 Budget expects to achieve additional savings by lowering the Proposition 98 minimum funding guarantee.

- *State Employees.* $1.6 million of anticipated general fund savings by ending the current employee furlough program and instituting (1) a five percent reduction of state employee salaries across the board, (2) a five percent increase in employee pension contributions, and (3) a five percent unallocated reduction of departmental personnel costs.

- *Medi-Cal.* $750 million of various measures designed to reduce Medi-Cal costs through unspecified limits on services, utilization controls, and increased cost sharing with benefits recipients through copayment requirements or premiums. The Proposed 2010-11 Budget also anticipates $294 million in savings in fiscal years 2009-10 and 2010-11 by eliminating full-scope Medi-Cal services for certain immigrants, eliminating adult day health care benefits, delaying payments to institutional providers, and rescinding family planning rate increases.

- *Corrections/Rehabilitation.* $811 million of assumed savings from the reduction of inmate medical costs. The LAO notes that the Proposed 2010-11 Budget fails to specify the measures of achieving this savings. The Proposed 2010-11 Budget also assumes savings of $25 million in fiscal year 2009-10 and $292 million in 2010-11 by requiring that certain non-serious, non-violent and non-sex-offense felonies result in one-year county jail sentences in lieu of state prison sentences.

- *Department of Developmental Services*. $200 million in assumed savings in fiscal year 2010-11 through various cost-control measures for the Department of Developmental Services ("DDS").

- *Delay of Local Government Mandate Payments.* $137 million in anticipated reductions by suspending mandates not related to elections, law enforcement and property taxes. The Proposed 2010-11 Budget also anticipates saving $95 million by deferring scheduled mandates for costs incurred prior to fiscal year 2004-05.

- *Social Services.* $178 million in reductions to SSI/SSP programs by reducing grants to individuals by $15 per month (or 1.8%). The Proposed 2010-11 Budget also includes a 15.7% reduction in CalWORKs grants, with assumed general fund savings of $117 million.

- *Proposition 10 Ballot Proposal.* The Proposed 2010-11 Budget would place, on the June 2010 election ballot, a measure to allow use of Proposition 10 early childhood development funds for State general fund-supported DDS and Department of Social Services programs that serve children. It is anticipated that these measures would generate $550 million in general fund savings. The LAO notes that this proposal is similar to the Proposition 1D ballot proposal that was unsuccessfully put to the voters as part of the 2009 Budget Act.

- *Proposition 63 Ballot Proposal.* The Proposed 2010-11 Budget would also place on the June 2010 election ballot a measure shifting $452 million of Proposition 63 mental health funds to pay State general fund costs for specified Department of Mental Health programs in fiscal years 2010-11 and 2011-12. The LAO notes that this proposal is similar to the Proposition 1E ballot proposal that was unsuccessfully put to the voters as part of the 2009 Budget Act.

- *Other Measures.* The Proposed 2010-11 Budget also includes the following measures: (1) elimination of the Cash Assistance Program for Immigrants and the California Food Assistance Program ($200 million); (2) use of automated speed enforcement systems to reduce state costs for trial courts ($297 million); (3) a 4.8% surcharge on residential and commercial property insurance ($200 million) to cover fire protections costs; (4) approval by the Legislature of a lease to mine oil and gas off the Santa Barbara coast ($197 million) to cover costs associated with the State park system.

In addition to the various expenditures reductions and revenue measures described above, the Proposed 2010-11 Budget relies heavily on the receipt of federal government funding, or operating flexibility for state-federal programs, collectively totaling $7.9 billion. As discussed above, the LAO notes that other portions of the Proposed 2010-11 Budget, including some cuts to education funding, may also require federal approval.

The Proposed 2010-11 Budget identifies $6.9 billion of federal funds to relieve fiscal year 2010-11 general fund costs, many of which, if received, would be of a one-time nature. These funds include the following:

- *Medi-Cal/Medicare*. Assumed savings of $1.8 billion by having the federal government increase the State's Federal Medical Assistance Percentage ("FMAP") funding ratio. The Proposed 2010-11 Budget also would request the federal government to extend through June 30, 2011 the increased FMAP provided as part of the Recovery Act, resulting in an assumed savings of $1.2 billion. Pursuant to the Recovery Act, this increased FMAP is set to expire during calendar year 2010. Finally, the Proposed 2010-11 Budget assumes $1 billion in Medi-Cal relief from various federal moneys the Governor's administration believes are owed to the State, including funds related to health costs for individuals actually eligible for Medicare and changes to the level of state funding for prescription drug costs.

- *Other Federal Funds.* The Proposed 2010-11 Budget assumes State general fund savings in connection with other miscellaneous programs, including: (1) $1 billion of anticipated federal reimbursement for special education services; (2) $538 million from an extension of the Recovery Act funding for the CalWORKs program; and (3) $880 million of federal funding to fully offset costs of incarcerating undocumented immigrants, which the LAO notes is substantially in excess the federal funding the State has received in past years for such costs (approximately $111 million per year).

The Proposed 2010-11 Budget includes other expenditure and revenue measures that may be triggered in the event some of the above-described federal funds are not received. Possible expenditure reductions ($3.8 billion) include elimination of the CalWORKs, IHSS and Health Families programs, and well as an additional five percent state employee salary reduction. Possible one-time revenue increases ($2.3 billion) include the extension of business tax changes relating to operating losses, extension of the temporary reduction in the dependent personal income tax credit approved as part of the 2009 Budget Act, and the delayed implementation of various other personal and corporate tax breaks.

While generally supportive of the Proposed 2010-11 Budget's revenue forecasts, the LAO perceives some flaws. Beyond questioning some of the assumed savings claimed by the Proposed 2010-11 Budget, the LAO notes that many of the proposed measures, such as a unilateral increase in state employee pension contributions, raise questions regarding their legality. Other proposed cuts to health, social services and transportation funding may face lawsuits. Finally, the LAO cautions that it is highly unlikely that the State will receive all the federal funds or flexibility sought by the Proposed 2010-11 Budget, and advocates more modest assumptions in the receipt of such federal assistance.

May Revision to the Proposed 2010-2011 State Budget. On May 14, 2010, the Governor released the May Revision to the Proposed 2010-2011State Budget (the "2010-11 May Revision"). The following information is adapted from the 2010-11 May Revision.

The May Revision to the Proposed 2010-11 Budget addresses a General Fund budget gap of $19.1 billion, comprised of a $7.7 billion shortfall for the 2009-10 fiscal year, $10.2 billion shortfall for the 2010-11 fiscal year and $1.2 billion funding for a General Fund reserve for the 2010-11 fiscal year. The May Revision includes General Fund expenditures for 2010-11 which are approximately $0.5 billion above those in the Proposed 2010-11 Budget. The May Revision also assumes General Fund revenues that are $2.1 billion greater than those projected in the Proposed 2010-11 Budget as well as spending reductions and alternative funding solutions to address the projected budget gap. While the 2010 May Revision purports to fully fund K-12 education and Community Colleges and fully fund the CalGRANT program; it also proposes deep reductions and program eliminations, including child care programs, the CalWORKS program and reductions in funding for local mental health. Federal funds account for $3.4 billion in reduction from the Proposed 2010-11 Budget while spending decreases account for $12.4 billion in reductions.

With regard to K-12 funding, significant Non-General Fund workload adjustments to the Governor's Budget include a decrease of $31.3 million Federal Funds to the Department of Education (the "Department") to reflect the revised estimate of meals to be served through the Child Nutrition Program. Significant Non-General Fund adjustments set forth in the 2010-11 May Revision include an increase of $1.1 million Federal Funds to the Department for additional implementation costs associated with the California Longitudinal Pupil Achievement Data System (CalPADS); and an increase of $3.9 million Federal Funds and 2.8 personnel-years to the Department for the California Teacher Information Data System (CalTIDES). The 2010-11 May Revision includes $5 million to be applied to the CalPADS and CalTIDES systems for a total proposed 2010-11 Budget funding amount of $9.8 million and a decrease of $5.2 million in reimbursements from the Department of Social Services to the Department for Adult Education and Regional Occupational Centers and Programs to train CalWORKs recipients and to eliminate the CalWORKs program effective with the second quarter of the 2010-11 fiscal year. The 2010-11 May Revision includes $2.5 million of funding for this purpose.

For fiscal year 2010-11, the Proposition 98 funding level is $48.4 billion, of which $35 billion is sourced from the General Fund and reflects elimination of State funding for child care only and does not reduce funding for K-14 education. As a result, the Proposition 98 guarantee is rebenched downward by $1.4 billion. Additionally, the 2010-11 May Revision proposes a fund shift of $386 million from ongoing Proposition 98 funding to one-time reappropriations. Aside from rebenching the Proposition 98 guarantee to reflect the elimination of child care, K-14 funding in the 2010-11 May Revision remains largely unchanged from the Proposed 2010-11 Budget level. For 2009-10, the Proposition 98 funding level is $49.9 billion, of which $35.8 billion is General Fund. This Proposition 98 funding level is $52.4 million higher than the level included in the Proposed 2010-11 Budget. The significant decline in tax receipts in the second quarter of 2010 results in lowering the Proposition 98 guarantee in 2009-10. The 2010-11 May Revision does not propose reductions in the current year to the minimum guarantee level, therefore the funding level proposed by the Governor in 2009-10 is $502 million higher than the level required by Proposition 98.

For fiscal year 2010-11, the significant General Fund workload adjustments to the Governor's Proposed 2010-11 Budget for K-12 programs include the following;

- *Property Tax* - An increase of $447.5 million for school district and county office of education revenue limits to cover a reduction in the estimate of property tax revenue,

- *COLA* - A decrease of $4.1 million for school district and county office of education revenue limits as a result of a decrease in cost of living adjustment index.

- *Unemployment Insurance and CalPERS Offsets* - An increase of $71.7 million for school district and county office of education revenue limits as a result of increased unemployment insurance and CalPERS costs.

- *Program Cost Adjustments - A* decrease of $78.5 million for special education, Economic Impact Aid, Child Nutrition and the Charter School Categorical Block Grant to reflect anticipated savings in these programs.

- *State-Operated Program* - An increase of $3.3 million to reflect, educational program costs for the Department of Corrections and Rehabilitation's Juvenile Justice Division.

The significant General Fund policy adjustments to the Governor's Proposed 2010-11 Budget for K-12 programs are as follows:

- *School District Administration* - The 2010-11 May Revision does not propose to dictate the level of reductions from school district administration. The Administration no longer proposes to require a specific level of savings to be achieved related to contracting out, instead proposes to provide local district administrators and school boards maximum flexibility to manage the level of funding provided in the 2010-11 May Revision.

- *County Offices of Education - The* 2010-11 May Revision includes an increase of $16.8 million to restore a portion of the $45 million reduction to County Office of Education revenue limits included in the Proposed 2010-11 Budget to make reductions proportional to those proposed for school districts.

- *Fund Shift for Economic Impact Aid* - A funding shift of $321.7 million to one-time reappropriations for the Economic Impact Aid Program to achieve Proposition 98 General Fund savings.

- *Testing and Accountability* **-** The 2010-11 May Revision proposes to restore the writing component of the fourth grade English/language arts California Standards Test and California Modified Assessment and to commence the development of a longitudinal academic growth model without the need to increase the Standardized Testing and Reporting (STAR) program appropriation for these tasks.

LAO's Report on 2010-11 May Revision. The LAO's Report on the 2010-11 May Revision (the “LAO's May Report”), released on May 19, 2010, confirms that the 2010-11 May Revision estimate of a $17.9 billion 2010-11 General Fund budget shortfall was reasonable, however, the LAO recommends that the State Legislature should reject certain of the 2010-11 May Revision spending reductions, especially the proposed elimination of CalWORKs and child care funding. The LAO's May Report suggests that alternative spending reductions could help sustain critical components of these core programs for the State's neediest families, and that some of the most severe cuts could be avoided by adopting selected revenue increases. The LAO regards it as counterproductive to eliminate CalWORKs in light of the programs' funding structure, and suggests that while it would save the General Fund $1.2 billion, it would eliminate more than $4 billion in Federal matching funds. However, even with such drastic reductions, the LAO believes that the State's long-term structural budget problems would remain and recommends that lawmakers should enact long-term reforms, including realigning programs between State and local governments, creating a meaningful rainy-day fund, and taking permanent budget actions to bring down the long-term structural deficit.

As to Proposition 98 funding, the LAO's May Report recognizes that, relative to the Proposed 2010-11 Budget, the 2010-11 May Revision contains only a minor funding increase in the current year (due to various technical adjustments) but a substantial funding reduction in the budget year (due to the proposed elimination of child care programs), and that while the reduction in 2009-10 General Fund revenues resulted in a drop in the minimum guarantee, the Governor's proposed Proposition 98 spending level for 2009-10 remains virtually unchanged from the Proposed 2010-11 Budget. The LAO'S May Report recognizes that the 2010-11 May Revision provides $503 million more than the Governor's estimate of the Proposition 98 minimum guarantee and for 2010-11, reduces Proposition 98 spending by $1.5 billion from the Proposed 2010-11 Budget level. To achieve additional savings without suspending the Proposition 98 minimum guarantee, the 2010-11 May Revision "rebenches" the guarantee to reflect the elimination of child care services, reducing the 2010-11 minimum guarantee by an amount equal to Proposition 98 child care spending in 2009-10. The LAO believes this rebenching redefines expenditures counted towards Proposition 98 and the minimum percentage of General Fund revenues that the State must provide for Proposition 98 spending and results in 2010-11 savings of $1.5 billion. The LAO has raised the concern that the Governor's Proposition 98 approach is legally risky, as it assumed the State had no maintenance factor obligation entering 2009-10 and that not only does the 2010-11 May Revision retain this questionable maintenance factor assumption, but further complicated it by the proposed rebenching of the minimum guarantee due to the elimination of child care programs. The LAO believes that the legality of rebenching for the elimination of State-subsidized child care is uncertain and, given these concerns, the LAO recommends that the State Legislature take a different approach to building the K-14 budget. The LAO's May Report sets forth several options as alternatives to the 2010-11 May Revision, including the suspension of the minimum guarantee in 2009-10 to the current spending level as allowed under the California Constitution. Despite the suspension, the LAO believes that schools would be funded at the same level as proposed by the 2010-11 May Revision and would not be subject to additional programmatic reductions in 2009-10 (beyond the reductions already imposed in the enacted budget),

The LAO's May Report recommends making targeted cuts (before resorting to across the board reductions) such as reducing funding for physical education courses offered by community colleges, aligning special education funding with revised student counts, and reducing the number of times the State administers the high school exit exam, and to make other cuts, as needed, to K-12 revenue limits and community colleges apportionments from general purpose moneys, and the K-12 flex items. In addition, the LAO continues to recommend combining these additional cuts with additional flexibility for school districts and community colleges (both from categorical program requirements and education mandates).

District Revenues from the Recovery Act

In April 2009, the United States Department of Education announced the allocation to the State of $3.1 billion from the State Fiscal Stabilization Fund of the Recovery Act. In May 2009, the State Superintendent of Schools announced the preliminary entitlements for education entities through the State Fiscal Stabilization Fund's allocation of funds from the Recovery Act. The District received $1.4 million in Recovery Act funds for Special Education purposes. The District also received $10.4 million and $4.3 million for salary and benefits and program support, respectively, as defined in the Recovery Act.

Additional Information; Future State Budgets

Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California - 10 Budget." Various analyses of the budget may be found at the website of the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, www.treasurer.ca.gov. The information presented in these websites is not incorporated by reference in this Official Statement.

The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and State economic conditions, including the current economic downturn, over which the District have no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues or increased expenses for the District, the District will be required to make adjustments to its budget.

State Funding of Schools Without a State Budget

Although the State Constitution requires that the State Legislature adopt a State Budget by June 15 of the prior fiscal year and that the Governor sign a State Budget by June 30, this deadline has been missed from time to time. Delays in the adoption of a final State budget in any fiscal year could impact the receipt of State funding by the District. 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), et al. (also referred to as *White v. Davis*) ("Connell"). The Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of State funds during a budget impasse only when payment is either (i) authorized by a "continuing appropriation" enacted by the State Legislature, (ii) authorized by a self-executing provision of the State Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the State Constitution – the provision establishing minimum funding of K-14 education enacted as part of Proposition 98 – did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the minimum funding to be appropriated every budget year but do not appropriate funds. Nevertheless, the State Controller has concluded that the provisions of the Education Code establishing K-12 and county office of education revenue limit funding do constitute continuing appropriations enacted by the State Legislature and, therefore, has indicated that State payments of such amounts would continue during a budget impasse. The State Controller, however, has concluded that K-12 categorical programs are not authorized pursuant to a continuing appropriation enacted by the State Legislature and, therefore, cannot be paid during a budget impasse. To the extent the Connell decision applies 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 some payments to the District while such required legislative action is delayed, unless the payments are self-executing authorizations, continuing appropriations or are subject to a federal mandate.

The State Supreme Court granted the State Controller's petition for review of the Connell case on a procedural issue unrelated to continuous appropriations and on the substantive question as to whether the State Controller is authorized to pay State employees their full and regular salaries during a budget impasse. No other aspect of the Court of Appeal's decision was addressed by the State Supreme Court. On May 1, 2003, with respect to the substantive question, the State Supreme Court concluded that the State 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.

ECONOMIC PROFILE OF THE COUNTY

The information in this section regarding economic activity within the general area in which the District is located is provided as background information only, to describe the general economic health of the region. However, the District encompasses a relatively small area within the County, and the property tax required to be levied by the County to repay the Bonds will be levied only on property located in the District.

Introduction

The District is located in western Contra Costa County. Cities within the District include El Cerrito, Hercules, Pinole, Richmond and San Pablo; also, within the District are certain unincorporated areas, including the communities of El Sobrante and Kensington. The County is situated northeast of San Francisco, bounded by San Francisco and San Pablo bays to the west and north, the Sacramento River delta to the north, San Joaquin County to the east, and by Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The District is located in the County's western portion, which with its access to water, contains much of the County's heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part of the County is also undergoing substantial change, from a rural, agricultural area to a suburban region. The County has extensive and varied transportation facilities – ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco. These advantages, combined with a mild climate and available land, make Contra Costa County attractive for industrial and residential development.

Population

The following table summarizes the population statistics for the County and cities within the District.

POPULATION OF COUNTY AND CITIES WITHIN THE WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT (1)

Year	Contra Costa County	City of El Cerrito	City of Hercules	City of Pinole	City of Richmond	City of San Pablo
2000	948,816	23,171	19,488	19,039	99,216	30,256
2001	966,095	23,414	19,827	19,327	100,370	30,567
2002	981,614	23,478	20,111	19,401	100,932	30,600
2003	993,766	23,470	20,438	19,480	101,129	30,725
2004	1,005,678	23,398	21,706	19,539	101,657	31,032
2005	1,016,407	23,244	23,200	19,469	102,309	31,130
2006	1,025,509	23,178	23,535	19,222	102,188	30,830
2007	1,036,322	23,081	23,859	19,149	103,327	30,816
2008	1,048,242	23,306	24,309	19,260	103,899	31,172
2009	1,060,435	23,440	24,480	19,383	104,513	31,808

(1) Excludes population statistics of unincorporated territory within the District.
Source: California Department of Finance, estimates as of May 2009.

Employment

The following table summarizes historical employment and unemployment in the County. Such information is not seasonally adjusted and is based on the March 2009 Benchmark.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES
CONTRA COSTA COUNTY

	2005	2006	2007	2008	2009
Civilian Labor Force(1)					
Employment	490,200	496,700	501,200	494,000	471,700
Unemployment	25,200	22,300	24,900	32,400	54,300
Total(2)	515,400	519,000	526,100	526,400	526,000
Unemployment Rate(3)	4.9%	4.3%	4.7%	6.2%	10.3%

(1) Based on place of residence.
(2) Totals may not add due to rounding.
(3) The unemployment rate is calculated using unrounded data.
Source: California Employment Development Department, Labor Market Information Division.

The following table summarizes the historical number of workers by industry in the Oakland-Fremont-Hayward Metropolitan Division ("MD"), which includes Alameda and Contra Costa Counties.

OAKLAND METROPOLITAN DIVISION
Estimated Number of Wage and Salary Workers by Industry[(1)]

	2005	2006	2007	2008	2009
Farm	1,600	1,500	1,500	1,400	1,500
Natural Resources and Mining	1,100	1,200	1,200	1,200	1,200
Construction	72,800	73,300	71,700	64,900	53,500
Manufacturing	95,600	95,800	94,400	93,100	82,500
Wholesale Trade	48,600	48,800	48,700	47,600	43,900
Retail Trade	112,100	113,300	113,300	109,400	102,000
Transportation & Public Utilities	34,300	35,000	37,300	35,900	33,100
Information	30,700	30,100	29,000	27,800	25,200
Financial Activities	69,500	67,700	62,400	57,200	52,500
Professional and Business Services	150,600	154,900	158,000	162,200	148,500
Education and Health	118,500	121,800	124,200	128,700	130,000
Leisure and Hospitality	83,000	85,600	88,000	89,100	85,200
Other Services	35,600	35,900	36,200	36,100	34,300
Government	180,000	182,000	183,900	177,200	174,600
Total All Industries	1,034,000	1,046,900	1,049,800	1,031,800	968,000

(1) Based on the March 2009 benchmark.
Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor/management trade disputes. Employment reported by place of work. Items may not add to totals due to independent rounding. Not seasonally adjusted.
Source: Labor Market Information Division of the California Employment Development Department.

The following table summarizes the unemployment rates in Contra Costa County and the cities within the District as of March 2009.

CIVILIAN LABOR FORCE UNEMPLOYMENT RATES
CONTRA COSTA COUNTY
(As of March 2009)[(1)]

Contra Costa County	12.0%
City of El Cerrito	10.7
City of Hercules	8.6
City of Pinole	8.4
City of Richmond	19.0
City of San Pablo	23.2
State of California	11.0
United States	9.0

(1) Preliminary, based on the March 2009 benchmark and place of residence; calculated based on unrounded data; not seasonally adjusted.
Source: California Employment Development Department, Labor Market Information Division.

Largest Employers

The following table summarizes the largest employers in the East Bay, which includes Alameda and Contra Costa Counties.

LARGEST EMPLOYERS
EAST BAY: ALAMEDA AND CONTRA COSTA COUNTIES

Employer	Products/Services	Number of East Bay Employees
University of California	Public Education	25,500
Kaiser Permanente	Health Care	19,933
Safeway Inc.	Supermarket Retail	10,839
State of California	State Government	9,797
Alameda County	Local Government	9,000
Contra Costa County	Local Government	8,423
United States Postal Service	Mail Services	7,808
Chevron Corporation	Energy	7,422
John Muir Health	Health Care	6,085
New United Motor Manufacturing Inc.	Auto Manufacturing	5,200
Alta Bates Summit Medical Center	Health Care	5,193
Wells Fargo & Co.	Financial Services	5,144
Oakland Unified School District	Public Education	5,002
Lawrence Livermore National Laboratory	Government Research & Development	4,765
City of Oakland	Local Government	4,325
Mt. Diablo Unified School District	Public Education	3,400
Bay Area Rapid Transit	Public Transportation	3,313
Lawrence Berkeley National Laboratory	Government Research & Development	3,150
Pacific Gas & Electric Company	Utility	2,850
Children's Hospital and Research Center Oakland	Health Care	2,636

Source: *San Francisco Business Times*, 2009 Book of Lists, Largest Employers in the East Bay published May 9, 2008.

Commercial Activity

The following table summarizes historical taxable transactions in Contra Costa County.

TAXABLE TRANSACTIONS
CONTRA COSTA COUNTY
(Dollars in Thousands)

Year	Sales Tax Permits	Taxable Transactions
2003	23,253	$12,223,295
2004	23,571	12,990,539
2005	23,692	13,480,075
2006	23,249	13,867,661
2007	23,181	14,086,295
2008	23,149	13,307,681

Source: California State Board of Equalization.

The following table summarizes historical taxable transactions in the District.

TAXABLE TRANSACTIONS FOR CITIES IN THE WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT (1)
(Dollars in Thousands)

City	2004	2005	2006	2007	2008
El Cerrito	$296,705	$297,476	$339,605	$338,603	$308,414
Hercules	108,473	113,121	127,680	124,879	128,453
Pinole	292,036	301,110	310,239	303,589	286,289
Richmond	1,109,659	1,122,912	1,129,643	1,228,740	1,160,972
San Pablo	153,670	152,320	146,901	151,789	155,280

(1) Excludes taxable transactions occurring in unincorporated territory within the District.
Source: California State Board of Equalization.

Median Household Income

Shown below is a history of median household income in the County:

MEDIAN HOUSEHOLD INCOME
CONTRA COSTA COUNTY
(For years 2004 Through 2008)

Year	Contra Costa County
2004	67,823
2005	69,487
2006	74,241
2007	75,483
2008	78,469

Source: U.S. Census Bureau.

Building Activity

Shown below is a history of residential building activity in the County:

RESIDENTIAL BUILDING PERMIT VALUATION
CONTRA COSTA COUNTY
(Dollars in Thousands)

Year	Residential Permits	Residential Valuation
2004	5,588	$1,240,803
2005	6,464	1,704,989
2006	4,222	1,112,544
2007	3,700	916,086
2008	2,043	429,310

Source: "California Building Permit Activity, Annual Summary," Economic Sciences Corporation.

Shown below is the 2008 building activity for cities in the District:

2008 BUILDING PERMIT VALUATION FOR CITIES IN THE WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT [(1)]

City	Residential Units	Residential Valuation
El Cerrito	1	$290,141
Hercules	4	745,743
Pinole	0	0
Richmond	182	24,059,620
San Pablo	28	4,687,551

(1) Excludes building permit valuation for unincorporated territory within the District.
Source: U.S. Census Bureau

TAX MATTERS

Direct Payment Bonds

The District has elected to issue the Direct Payment Bonds as Qualified School Construction Bonds for purposes of Section 54F of the Code and has made an irrevocable election to have subsection (F) of Section 6431 of the Code apply to such Direct Payment Bonds, pursuant to which the District is allowed a refundable credit which, with respect to any Bond Payment Date for the Direct Payment Bonds, is equal to the lesser of (a) the interest payable on such Direct Payment Bonds on such Bond Payment Date or (b) the amount of interest that would have been payable on such Bond Payment Date under such Direct Payment Bonds if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Code. The District expects to receive the refundable credit in the form of a cash subsidy payment from the United States Treasury, which will be deposited in the Debt Service fund maintained by the County. See "THE BONDS – Designation of Certain Bonds as Qualified School Construction Bonds." UNDER NO CIRCUMSTANCES WILL THE DIRECT PAYMENT BOND OWNERS RECEIVE OR BE ENTITLED AT ANY TIME TO A CREDIT AGAINST THE TAX IMPOSED BY THE CODE WITH RESPECT TO THE OWNERSHIP OF THE DIRECT PAYMENT BONDS. The District cannot ensure that the District will receive such a refundable credit at any time and in any given amount.

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest on the Direct Payment Bonds is exempt from State personal income tax.

Except for certain exceptions, the difference between the issue price of a Direct Payment Bond (the first price at which a substantial amount of the Direct Payment Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Direct Payment Bond (to the extent the redemption price at maturity is bigger than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Direct Payment Bond Owner will increase the Direct Payment Bond Owner's basis in the Direct Payment Bond. Direct Payment Bond Owners should consult their own tax advisor with respect to taking into account any original issue discount on the Direct Payment Bond.

The amount by which a Direct Payment Bond Owner's original basis for determining loss on sale or exchange in the applicable Direct Payment Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Direct Payment Bond Owner may elect to amortize under Section 171 of the Code; such amortizable bond premium reduces the Direct Payment Bond Owner's basis in the applicable Direct Payment Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Direct Payment Bond Owner realizing a taxable gain when a Direct Payment Bond is sold by the Direct Payment Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the Direct Payment Bond to the Direct Payment Bond Owner. The Direct Payment Bond Owners that have a basis in the Direct Payment Bonds that is greater than the principal amount of the Direct Payment Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The qualification of the Direct Payment Bonds and receipt of the refundable credit for purposes of Section 54F of the Code is subject to the condition that the District and others comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Direct Payment Bonds to assure that the Direct Payment Bonds qualify as Qualified School Construction Bonds under Section 54F of the Code for which the District has made an irrevocable election to receive a refundable credit. Failure to comply with such requirements of the Code might result in the District not receiving such a refundable credit, possibly retroactive to the date of issue of the Direct Payment Bonds.

The IRS has initiated an expanded program for the auditing of bond issues, including both random and targeted audits. It is possible that the Direct Payment Bonds will be selected for audit by the IRS. It is also possible that the market value of the Direct Payment Bonds might be affected as a result of such an audit of the Direct Payment Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, that Congress or the IRS might change the Code (or interpretation thereof) subsequent to the issuance of the Direct Payment Bonds to the extent that it adversely affects the status of the Direct Payment Bonds as Qualified School Construction Bonds for purposes of Section 54F of the Code for which the District is entitled to a refundable credit or the market value of a Direct Payment Bond.

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

The federal tax and State personal income tax discussion set forth above is included for general information only and may not be applicable depending upon a Direct Payment Bond Owner's particular situation. The ownership and disposal of the Direct Payment Bonds and the accrual or receipt of interest on the Direct Payment Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. ANY FEDERAL TAX ADVICE CONTAINED HEREIN WITH RESPECT TO THE DIRECT PAYMENT BONDS IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE CODE. THE FEDERAL TAX ADVICE CONTAINED HEREIN WITH RESPECT TO THE DIRECT PAYMENT BONDS WAS WRITTEN TO SUPPORT THE PROMOTING AND MARKETING OF THE DIRECT PAYMENT BONDS. BEFORE PURCHASING ANY OF THE DIRECT PAYMENT BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE DIRECT PAYMENT BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.

A copy of the proposed form of opinion of Bond Counsel with respect to the Direct Payment Bonds is included in APPENDIX B attached hereto.

Tax Exempt Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Tax Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Tax Exempt Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Tax Exempt Bonds is not included as an adjustment in the calculation of alternative minimum taxable income.

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

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

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

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

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

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

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Tax Exempt Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Tax Exempt Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Tax Exempt Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Tax Exempt Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Tax Exempt Bonds.

A copy of the proposed form of opinion of Bond Counsel with respect to the Tax Exempt Bonds is included in APPENDIX B attached hereto.

FINANCIAL STATEMENTS

The District's audited financial statements with supplemental information for the year ended June 30, 2009, are included in this Official Statement as Appendix C. In connection with the inclusion of the financial statements and the report of the Auditor thereon in Appendix C 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.

MISCELLANEOUS

Ratings

Underlying Ratings. Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") (collectively, the "Rating Agencies") have assigned their underlying and uninsured municipal bond ratings of "Aa3" (Negative Outlook), "A," and "A+," respectively, to the Bonds. Any rating issued reflects only the views of such rating agency, and any explanation of the significance of such rating should be obtained from such rating agency. The address of Moody's is 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007. The address of S&P is 55 Water Street, New York, New York 10041. The address of Fitch is One State Street Plaza, 31st Floor, New York, New York 10004.

Insured Ratings. Moody's is expected to assign a rating of "Aa3" (Negative Outlook) to the Bonds and S&P is expected to assign a rating of "AAA" (Negative Outlook) to the Bonds, with the understanding that upon the delivery of the Bonds the Municipal Bond Insurance Policy will be delivered by AGM. See "THE BONDS-Bond Insurance" and APPENDIX F-"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Generally, a rating agency bases its rating on the information and materials furnished to it, and on investigations, studies, and assumptions of its own. In addition, the District has furnished certain information to the rating agencies not included in this Official Statement. There is no assurance that a rating assigned will continue for any given period of time or that a rating will not be revised downward or withdrawn entirely by a rating agency if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating obtained may have an adverse effect on the market price of the Bonds. Each of the Rating Agencies has recently released statements on the potential effects of downturns in the market for structured finance instruments, including collateralized debt obligations and residential mortgage backed securities, on the claims-paying ability of the bond insurance companies. In various releases, the Rating Agencies have each outlined the processes that they intend to follow in evaluating the effect of this risk on their respective ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a ratings affirmation, a change in rating outlook, a review for downgrade, or a downgrade. Any such occurrence could adversely affect the market price for, and marketability of, the Bonds. Potential investors are directed to the Rating Agencies for additional information on their respective evaluations of the financial guaranty industry and individual financial guarantors.

Underwriting

The Bonds will be purchased for reoffering by Piper Jaffrey & Co., (the "Underwriter") at an aggregate purchase price of $30,118,587.71 (which represents the aggregate principal amount of the Bonds of $27,499,949.20 plus an original issue premium of $3,438,328.80 and less an underwriters' discount of $219,999.59 less a premium for the municipal bond insurance policy of $349,690.70 and less $250,000.00 of original issue premium to be retained by the Underwriter to pay costs of issuance). The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has entered into an agreement (the "Distribution Agreement") with Advisors Asset Management, Inc. ("AAM") for the distribution of certain municipal securities offerings, including the Bonds, allocated to the Underwriter at the original offering prices. Under the Distribution Agreement, the Underwriter will share with AAM a portion of the fee or commission, exclusive of management fees, paid to the Underwriter.

Financial Advisor

KNN Public Finance, a Division of Zions First National Bank, Oakland, California, has served as Financial Advisor in connection with the issuance of the Bonds. Although the Financial Advisor has participated in the drafting of the Official Statement, the Financial Advisor has not independently audited, authenticated or otherwise verified the information set forth in the Official Statement with respect to accuracy and completeness and as such makes no guaranty, warranty or other representations respecting the accuracy and completeness of any of the information contained herein.

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine (9) months following the end of the District's fiscal year (currently ending June 30) commencing with the report for the 2009-10 fiscal year (which is due no later than March 31, 2011) and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the District in readable PDF or other acceptable electronic form with the Electronic Municipal Market Access system ("EMMA") of the Municipal Securities Rulemaking Board. The notices of material events, if any, will also be filed by the District with EMMA. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below under the caption "APPENDIX D — FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

With respect to the District's outstanding general obligation bonds, the District is required to file annual reports not later than nine months following the end of each fiscal year and to file material events notices. For at least the last five years, the District has complied in all material respects with its continuing disclosure obligations.

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 described herein do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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

This Official Statement and its distribution have been duly authorized and approved by the District.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

By: /s/Sheri Gamba

Associate Superintendent for
Business Services

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APPENDIX A

INFORMATION CONCERNING THE DISTRICT

The information in this section concerning the operations of the District and the District's operating 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 interest, principal and premium, if any, 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. See "AD VALOREM PROPERTY TAXATION" and "THE BONDS — Security and Source of Payment for the Bonds." Investors' attention is directed to the information in this section concerning District Debt Structure and Statement of Direct and Overlapping Debt which contain information about certain bond obligations payable from *ad valorem* taxes.

General Information

The District, unified in November 1964, is located approximately 15 miles northeast of San Francisco, California and consists of approximately 110 square miles in western Contra Costa County. It provides educational services to the residents of the cities of El Cerrito, Hercules, Pinole, Richmond and San Pablo, the unincorporated communities of El Sobrante and Kensington and certain other unincorporated areas in the County.

The District currently maintains 36 elementary schools, 5 middle/junior high schools, 6 high schools, and 6 alternative/continuation programs, in addition to 2 special education sites and 18 State-funded preschools. The pupil teacher ratio in the District is approximately 28:1 for kindergarten through grades 3 and 32:1 for grades 4 through 12. The District closed three schools at the end of the 2008-09 academic year.

Board of Education

The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board of Education are held every two years, alternating between two and three available positions. The current members of the Board of Education together with the expiration of their terms are as follows:

BOARD OF EDUCATION AND TERM
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Name	Position	Expiration of Term
Madeline Kronenberg	President	December, 2010
Antonio Medrano	Clerk	December, 2012
Audrey Miles	Member	December, 2010
Charles T. Ramsey	Member	December, 2010
Tony Thurmond	Member	December, 2012

Source: West Contra Costa Unified School District.

District Senior Management Team

The District's senior management team is headed by the Superintendent. The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. The District's senior management team serve at the discretion of the Board. The principal members of the senior management of the District are set forth below.

Dr. Bruce Harter, Superintendent. Dr. Harter became the Superintendent of the District in July 2006. Prior to joining the District, Dr. Harter was a superintendent at three other districts. Dr. Harter earned his Bachelor degree at the University of Michigan and his Doctorate at the University of Colorado.

Wendell C. Greer, Associate Superintendent, K-Adult Education. Mr. Greer has served as the Associate Superintendent for K – Adult Education for the District since 2002. He began his career in education in Southern California as a teacher, coach and administrator. Mr. Greer has over 30 years of school business experience.

Sheri Gamba, Associate Superintendent, Business Services. Ms. Gamba has served as the Associate Superintendent for Business Services for the District since 2007. She previously served as Chief Business Official at Antioch Unified School District and has 22 years of school business experience.

Bill Fay, Associate Superintendent, Operations. Mr. Fay joined the District in 2008 after 10 years with Los Angeles Unified School District. Prior to his career in education, Mr. Fay held various operations management positions at the Walt Disney Corporation and he served as chair to both the Planning Commission and the Design Commission of the Planning and Development Department of the City of Pasadena.

Nia Rashidchi, Assistant Superintendent, Education Services. Ms. Rashidchi is the Assistant Superintendent of Educational Services in the District. She has been a teacher, principal, coordinator, and executive director at various school districts. Ms. Rashidchi earned her Bachelor degree from the University of the Pacific and her Master's in Administrative Education from San Jose State University.

Steve Collins, Special Education Local Plan Director. Mr. Collins has been the Special Education Local Plan Area (SELPA) Director of the District since 1996. Prior to this, he was a Principal in the District for six years. He has spent his entire career in education, 33 years of which serving the District. Mr. Collins earned his Bachelor degree at San Francisco State University and his Masters degree at La Verne University.

Average Daily Attendance and Revenue Limit

The District computes average daily attendance ("ADA") based on actual attendance only, with no allowances for excused absences. The following table sets forth the ADA based on the Second Period Report of Attendance for the past five years and an estimate for 2009-10:

AVERAGE DAILY ATTENDANCE

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Academic Year	Average Daily Attendance
2004-05	31,349
2005-06	30,429
2006-07	29,687
2007-08	29,488
2008-09	29,333
2009-10 (projected)	28,970

Note: Includes grade levels K-12, special education, adult education and charter schools.
Source: West Contra Costa Unified School District.

The District is currently considered a declining enrollment district and as such the District's revenue limit funding is based on the prior fiscal year average daily attendance. The District's gross revenue limit per ADA was $6,128 for 2008-09 and according to the Second Interim Report, in a stable economy the District would have received $6,389 for 2009-10 but, due to the economic crisis, the District will instead receive $4,966 per pupil in 2009-10. See “GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — Allocation of State Funding to Districts” in the body of the Official Statement.

Lottery Income

The District’s State Lottery revenue was $3,680,987 for 2008-09. The District’s State Lottery revenue is projected to be $3,495,602 for 2009-10. See “GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — Other Sources of Education Funding” in the body of the Official Statement.

Labor Relations and Collective Bargaining

As of April 1, 2010, the District employs 1,709 full-time equivalent (“FTE”) certificated and 1,091 FTE classified employees including management and confidential employees.

In December 2009 contract agreements were reached with all four of bargaining units active in the District. Such contracts will expire on June 30, 2012, as shown in the table below.

The following table summarizes the labor organizations in the District.

LABOR ORGANIZATIONS
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Labor Organization	Number of Employees	Contract Expiration
United Teachers of Richmond	2,010 full-and part-time	June 30, 2012
Public Employees Union, Local 1	1,085 full-and part-time	June 30, 2012
School Supervisors Association	126 full-and part-time	June 30, 2012
Administrators Association	131 full-and part-time	June 30, 2012

Source: West Contra Costa Unified School District.

Retirement Programs

The District participates in the State Teachers Retirement System (“STRS”). This plan covers all full-time certificated employees. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to State public schools. The District’s annual contribution to STRS for fiscal year 2008-09 was $9,485,000. The District’s contribution in fiscal year 2009-10 is projected to be $9,244,162 according to the 2009-10 Second Interim Report.

The District also participates in the State Public Employees Retirement System (“PERS”). This plan covers all classified personnel who are employed more than four hours per day. In order to receive PERS benefits, an employee must be at least 50 years old and have provided five years of creditable service in PERS. The District’s contribution to PERS for fiscal year 2008-09 was $3,669,145 and is projected to be $3,442,083 for 2009-10 according to the 2009-10 Second Interim Report.

Both STRS and PERS are operated on a statewide basis and, based on available information, both STRS and PERS have unfunded liabilities. (Additional funding of STRS by the State and the inclusion of adjustments of such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.) The amounts of the pension-award benefit obligation (PERS) or unfunded actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions that the District may be required to make.

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

See the notes to the District's audited financial statements, which are contained in "APPENDIX C" for additional information concerning STRS and PERS.

Other Post-Employment Benefits

According to the District's most recent audited financial report, as of June 30, 2009, the District was obligated to provide certain post-employment health benefits to all employees either (i) hired prior to December 31, 2006 and who have attained five years of continuous PERS/STRS creditable service to the District or (ii) hired after January 1, 2007 and who have attained ten years of continuous PERS/STRS creditable service with the District. Post employment dental benefits are provided to employees who meet the rule of "75" (the number of years worked plus age equals 75 or more). The extent of the District's obligations was dependent on the retirement date for the qualifying employee. For employees retiring prior to January 1, 2007, the District was obligated to pay 100% of medical and dental costs (subject to certain limitations) for both the employee and his or her dependents. For employees retiring after January 1, 2007, the District would pay medical and dental benefits based on the negotiated terms as of the employees retirement date. The District's most recent actuarial report was prepared based on such requirements and calculated the District's unfunded actuarial accrued liability to be $496 million. As of June 30, 2009, the District had set aside $11,893,109 in its Retiree Benefits Trust Fund against such liability.

The District has since negotiated stricter caps and eligibility requirements for post-employment benefits. The new terms are reflected in each of the four recently negotiated labor contracts. Under the new agreements: (i) employees retiring prior June 30, 2010, and having ten years of continuous PERS/STRS creditable service with the District will be entitled to retire under the practice in place prior to the new restrictions; (ii) employees hired prior to January 1, 2007, and retiring after June 30, 2010, will be entitled to a maximum monthly District contribution depending on years of service ($450 per month for those employees having ten years or more of continuous PERS/STRS creditable service with the District and $750 per month for those employees having twenty years or more of continuous PERS/STRS creditable service to the District); and (iii) employees hired after January 1, 2007, and having ten years or more of continuous PERS/STRS creditable service with the District will be entitled to a District contribution based on the CalPERS Health Benefits Program minimum allowable monthly unequal contribution with no payments for prescription, vision, or dental coverage. The District expects such caps and restrictions will produce significant savings, but has not yet completed an actuarial report calculating the District's actuarial accrued liability under the new terms of the labor contracts.

Assessment District

On August 3, 1994, the District completed formation of a Maintenance and Recreation Assessment District ("MRAD") pursuant to the Landscape and Lighting Act of 1972. Annual assessments are $72 per living unit (a single-family residence is a "living unit," for multi-family housing the number of living units are assigned on a sliding scale according to the number of apartments in the complex). There are approximately 77,140 defined living units within the MRAD. The District has received approximately $5 million annually in assessment revenue. On November 5, 1996, the MRAD received over two-thirds majority approval at the general election, which validated the levy of the MRAD tax. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS." The use of MRAD revenue is restricted to expenditures for recreation, lighting, and landscape operations and maintenance of facilities generally available to the public; it does not count towards the District's revenue limit and effectively relieves the District from funding many of these expenditures from General Fund revenue. MRAD assessments are levied annually on approval by the Board of Education.

Parcel Tax

On June 8, 2004, voters within the District approved a parcel tax to maintain reduced class sizes, purchase textbooks and teaching materials, attract and retain qualified teachers, aides and counselors, enhance core subjects, restore library services and athletic programs, and improve custodial services (the "Parcel Tax"). The District annually collects 7.2 cents ($0.072) per square foot of total building area of buildings within the District's geographic boundaries or $7.20 per vacant parcel, with an exemption for qualified seniors. The Parcel Tax generates approximately $9.5 million annually. The Parcel Tax became effective on July 1, 2004 and was scheduled to expire on June 30, 2009. At an election in November 2008, voters renewed its existing parcel tax which extended the current rate for an additional five years, beginning July 1, 2009 and ending June 30, 2014.

Comparative Financial Statements

The following table summarizes the District's audited General Fund revenue, expenditures and fund balances for the fiscal years 2004-05 through 2008-09 and projected General Fund revenue, expenditures and fund balances for the fiscal year 2009-10.

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
GENERAL FUND [(1)]
REVENUES, EXPENDITURES AND FUND BALANCES
FISCAL YEARS 2004-05 THROUGH 2008-09 (AUDITED)
FISCAL YEAR 2009-10 (SECOND INTERIM REPORT)
(In Thousands)

	2004-05 Actual[(2)]	2005-06 Actual[(2)]	2006-07 Actual[(2)]	2007-08 Actual[(2)]	2008-09 Actual[(2)]	2009-10 Projected[(3)]
REVENUE						
Revenue Limit Sources	$156,931	$158,940	$166,673	$166,818	$161,899	$142,206
Federal Revenue	27,587	28,293	24,789	25,622	33,498	40,458
Other State Revenue	57,389	59,963	74,652	71,167	66,993	62,770
Other Local Revenue	19,668	20,034	22,016	21,328	20,821	19,695
TOTAL REVENUE[(4)]	$261,575	$267,229	$288,130	$284,934	$283,211	$265,129
EXPENDITURES						
Certificated Salaries	$111,235	$112,506	$118,719	$121,060	$120,291	$114,420
Classified Salaries	37,472	38,247	40,227	44,592	41,418	38,950
Employee Benefits	55,874	57,351	60,690	66,089	69,075	64,441
Books and Supplies	12,405	11,210	12,130	12,341	8,843	26,148
Contract Services and Operating Expenditures	32,644	36,388	39,041	41,425	39,284	49,303
Capital Outlay	1,496	1,873	796	890	458	4,116
Other Outgo	713	1,036	1,298	52	42	3,614
Indirect Cost Reimbursement	–	–	(846)	(802)	-	(798)
Debt Service						
Principal	300	300	300	790	1,415	–
Interest and Other	174	182	190	–	–	–
TOTAL EXPENDITURES[(4)]	$252,313	$259,093	$272,545	$286,437	$280,826	$300,195
EXCESS OF REVENUE OVER/ (UNDER) EXPENDITURES	$ 9,261	$ 8,136	$ 15,585	$ (1,503)	$ 2,385	$ (35,066)
OTHER FINANCING SOURCES/ (USES)						
Transfers In	$811	$ 2,879	$ 2,383	$ 2,840	$916	$4,500
Transfers Out	(2,330)	(4,378)	(3,238)	(3,551)	(795)	–
Proceeds from the issuance of long-term liabilities	174	182	190	–	–	–
TOTAL[(4)]	$ (1,345)	$ (1,318)	$ (665)	$ (711)	$(121)	$4,500
NET CHANGE IN FUND BALANCE	$ 7,916	$ 6,818	$14,920	($ 2,214)	$ 2,507	$(30,566)
BEGINNING FUND BALANCE, JULY 1	$ 18,402	$ 26,318	$ 33,136	$ 48,054	$ 45,840	$50,837[(5)]
ENDING FUND BALANCE, JUNE 30	$ 26,318	$ 33,136	$ 48,056	$ 45,840	$ 48,347	$20,272

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(1) Data reflects activities of the General and Charter School funds through 2004-05. Responsibility for charter schools financial reporting subsequent to 2004-05 rests with each charter school and not with the District.
(2) Excerpted from the District's respective Audited Financial Reports.
(3) Projected fiscal year-end totals from 2009-10 Second Interim Report approved on March 3, 2010.
(4) Items may not add to totals due to independent rounding.
(5) There was an audit adjustment in the Audited Financial Report for the year ended June 30, 2009, to remove $2,490,639 of accounts receivable and associated revenue for categorical program funds unappropriated by the State of California. The beginning balance in the 2009-10 Second Interim Report reflects the unaudited ending fund balance of $50,837,386 which does not include these adjustments." See "APPENDIX C – DISTRICT'S 2008-09 AUDITED FINANCIAL STATEMENTS – SUPPLEMENTARY INFORMATION – Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements."

Prior Financial History of the District

From time to time over the past 20 year period, the District has experienced significant financial difficulties. These difficulties include, among other things, the District filing for bankruptcy in April 1991 and failing to pay certain lease payments with respect to the 1988 Certificates, as defined herein. The District withdrew from bankruptcy in November 1991, received substantial amounts of Emergency Apportionment from the State, elected new Board of Education members, replaced the superintendent and certain other administrative officers of the District, cured the defaults with respect to, and defeased to maturity, the 1988 Certificates, and implemented measures to improve its financial condition resulting in positive certification of its interim financial reports since 1995-96. Under the terms of the Emergency Apportionment, in July 1990 a state trustee (the "State Trustee") was appointed to oversee District operations. The State Trustee has the power to stay or rescind any action of the Board of Education of the District that may have an adverse effect on the financial condition of the District until the Emergency Apportionment has been repaid in 2018. Ms. Linda Grundhoffer, appointed effective January 1, 2007, currently serves as the State Trustee for the District. No assurance can be given with respect to the future financial condition of the District, although the financial condition of the District does not alter the obligation of the Board of Supervisors of the County to levy *ad valorem* taxes upon all property subject to taxation by the District, which is the primary security and source of payment for the Bonds. See "District Debt Structure" below and "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION" and "THE BONDS – Security and Source of Payment for the Bonds" in the body of the Official Statement.

Emergency Apportionment. In July 1990, the District obtained an Emergency Apportionment from the State in the amount of $9,525,000. In May 1991, the District received an additional Emergency Apportionment from the State in the amount of $19,000,000 under the conditions of a court order. In June 1993, further legislation was enacted providing that the two Emergency Apportionments from the State be consolidated into one with a 15-year repayment period and an annual interest rate of 4.543%. Subsequent legislation in October 1997, Assembly Bill 437, amortized over 20 years the remaining Emergency Apportionment amount outstanding after the February 1998 payment and bearing interest at 5.692%. Additional legislation, Assembly Bill 2756, reduced the interest rate of the repayment of the Emergency Apportionment to 1.52% thereby reducing annual payments by approximately $400,000.

Following certain legislation adopted in 2004 and 2005, Assembly Bills 1554 and 1331, respectively, the District's Emergency Apportionment will be repaid from the proceeds of the California Infrastructure and Economic Development Bank State School Fund Apportionment Lease Revenue Bonds, Series 2005 (the "Infrastructure Bank Bonds"). The District will make future payments for its Emergency Apportionment to the California Infrastructure and Economic Development Bank through a lease-leaseback arrangement on one of its elementary schools. Payments are made on February 1 of each year from any available funds of the District. A schedule of Emergency Apportionment payments (comprised of principal and interest) remaining is shown below.

REPAYMENT OF EMERGENCY APPORTIONMENT
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Year Ending June 30	Amount Due
2010	$1,421,602
2011	1,421,602
2012-2016	7,108,010
2017-2018	2,843,199
Total	$12,794,413

District Debt Structure

General Obligation Bonds. On June 2, 1998, the District received authorization to issue $40 million in general obligation bonds (the "1998 Authorization"). All of the bonds under the 1998 Authorization have been issued. The bonds from the 1998 Authorization were refunded on November 6, 2001 with both the $28,610,000 West Contra Costa Unified School District 2001 General Obligation Refunding Bonds, Series A (the "2001

Refunding Bonds, Series A") and the $10,255,000 West Contra Costa Unified School District 2001 General Obligation Refunding Bonds, Series B (the "2001 Refunding Bonds, Series B").

The District received notification by letter dated March 11, 2004, from the Tax Exempt Bond Division of the IRS ("TEB") advising that the $10,000,000 of bonds issued under the 1998 Authorization in August 1998 (the "1998 Series A Bonds") had been selected for examination. By letter dated November 9, 2005, TEB notified the District that it had concluded the examination with no change to the position that interest received by the bondholders is excludible under section 103 of the Internal Revenue Code.

The District received notice in October 2006 of a TEB examination of the 2001 Refunding Bonds, Series A. The TEB examined whether (i) escrow securities were purchased at fair market value, (ii) excessive fees related to the escrow were charged, and (iii) the escrow's yield exceeded the bond yield by more than allowed by the Federal Tax Code. The District believed that all requirements relating to the tax-exemption of the 2001 Refunding Bonds, Series A were satisfied. By letter dated August 27, 2008, TEB notified the District that it had concluded and closed the examination of the 2001 Refunding Bonds, Series A, as the result of a closing agreement entered into by a third party in which the District's bond counsel and the underwriter's counsel paid undisclosed amounts in exchange for the IRS not declaring the 2001 Refunding Bonds, Series A as taxable bonds**.**

On November 7, 2000, the District received authorization to issue $150 million in general obligation bonds (the "2000 Authorization"). All of the bonds under the 2000 Authorization have been issued.

On March 5, 2002, the District received authorization to issue $300 million in general obligation bonds (the "2002 Authorization"). All of the bonds under the 2002 Authorization have been issued.

On November 8, 2005, the District received authorization to issue $400 million in general obligation bonds pursuant to the 2005 Authorization. The District issued $70 million of the Series A Bonds pursuant to the 2005 Authorization on May 17, 2006. The District issued $120 million of the Series B Bonds pursuant to the 2005 Authorization on July 15, 2008. The District issued $52,084,759.30 of the Series C-1 Bonds and $52,825,000 of the Series C-2 Bonds pursuant to the 2005 Authorization on September 3, 2009. The Bonds will be issued pursuant to the 2005 Authorization.

The bonds issued under the 1998 Authorization, the 2000 Authorization, the 2002 Authorization and the 2005 Authorization are issued on a parity basis payable from an unlimited tax upon all property subject to taxation within the District and the Board of Supervisors of the County is empowered and is obligated to levy such tax for the repayment of such bonds. With respect to the Direct Payment Bonds issued under the 2005 Authorization, the District expects to also receive on or about February 1 and August 1 of each year, commencing February 1, 2011 a cash subsidy payment from the United States Department of the Treasury relative to the interest payable by the District on the Direct Payment Bonds

Under Education Code Section 15270 the amount of general obligation bond indebtedness the District can issue is limited to 2.5% of the assessed value of all taxable property within the District. The District applied for and was granted a waiver of this limit by the State Board of Education allowing the District to issue general obligation bonds in an amount not to exceed 3.5% of assessed value. Notification of the use of a waiver, if required, was included in the 2005 Authorization. As of the date hereof the District's general obligation bond indebtedness is below 3.5%. The waiver is authorized for a period beginning May 7, 2009 and ending May 7, 2014.

Following is a schedule of principal payments remaining on the District's general obligation bonds:

GENERAL OBLIGATION BONDS
AS OF MAY 1, 2010
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

	Issue Date	Final Maturity (August 1)	Interest Rates	Original Issue Amount	Principal Outstanding
1998 Authorization ($40 million)					
2001 Refunding Bonds, Series A(1)	Nov. 6, 2001	2025	4.15-5.75%	$ 28,610,000	$20,645,000
2001 Refunding Bonds, Series B(1)	Nov. 16, 2001	2024	4.30-6.00	10,255,000	7,550,000
2000 Authorization ($150 million)					
Series 2000-B Bonds-Partially Refunded	Feb. 26, 2002	2031	4.00-6.00	40,000,000	925,000
Series 2000-C Bonds	Apr. 22, 2003	2032	2.50-5.25	95,000,000	84,665,000
2009 Refunding Election of 2000 Bonds(3)	Aug 12, 2009	2018	1.51-388	47,215,000	47,215,000
2002 Authorization ($300 million)					
Series 2002-A Bonds	Jun. 26, 2002	2031	4.25-7.00	30,000,000	26,325,000
Series 2002-B Bonds	Aug. 25, 2003	2032	4.10-5.00	100,000,000	87,420,000
Series 2002-C Current Interest Bonds	Aug. 1, 2004	2034	4.00-5.375	40,000,000	37,225,000
Series 2002-C Capital Appreciation Bonds	Aug. 11, 2004	2034	2.40-5.81	29,999,377	29,217,456(2)
Series 2002-D Capital Appreciation Bonds	Oct. 19, 2005	2034	3.15-5.05	99,998,106	96,670,658(2)
2005 Authorization ($400 million)					
Series 2005-A Bonds	May 17, 2006	2035	4.00-5.00	70,000,000	62,325,000
Series 2005-B Bonds	July 15, 2008	2035	5.00-6.00	120,000,000	115,025,000
Series 2009-C Capital Appreciation Bonds	Aug 12, 2009	2033	5.01-7.34	52,084,759	52,084,759(2)
Series 2009-C Build America Bonds	Aug 12, 2009	2034	8.46	52,825,000	52,825,000
2009 Refunding of Election 2005 Bonds(3)	Aug 12, 2009	2031	3.88-5.47	10,645,000	10,645,000
TOTAL				$826,632,242	$730,762,873

(1) The 2001 Refunding Bonds, Series A and B, were issued to refund four series of bonds in the initial aggregate principal amount of $40,000,000 issued under the 1998 Authorization.
(2) Outstanding Denominational Amount of Capital Appreciation Bonds; does not include accreted interest.
(3) The 2009 Refunding Bonds were issued to refund and partially refund five series of bonds issued under the 2000 Authorization and the 2005 Authorization.
Source: West Contra Costa Unified School District.

Certificates of Participation. On May 15, 1988, the District, under its previous name, the Richmond Unified School District, caused the execution and delivery of the 1988 Certificates of Participation in the aggregate principal amount of $9,800,000 (the "1988 Certificates"). The 1988 Certificates were to be repaid solely from the semi-annual lease payments made to the Richmond Unified School District Financing Corporation (the "Corporation") under the terms of a lease-purchase agreement between the Corporation and the District.

On July 15, 1991, the District defaulted on its obligation to make payments under the lease-purchase agreement that secured the 1988 Certificates. In October 1993, Assembly Bill 536 amended the Education Code to provide for the refunding of the 1988 Certificates by allowing the District to enter into a lease of its property and use the proceeds of such lease for the purpose of terminating the 1988 lease and repaying the 1988 Certificates. On April 1, 1994, the District caused the execution and delivery of the 1994 Certificates of Participation in the aggregate principal amount of $11,150,000 to be repaid from any available funds of the District in order to cure the defaults with respect to, and defease to maturity, the 1988 Certificates (the "1994 Certificates"). On September 9, 2005, the District caused the execution and delivery of 2005 Taxable Refunding Certificates of

Participation in the aggregate principal amount of $10,600,000 to defease the 1994 Certificates (the "2005 Certificates").

The following table shows remaining base rental payments on the 2005 Certificates.

2005 CERTIFICATES
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Year Ending June 30	Principal	Interest	Total
2010	$435,000	$489,278.00	$924,278.00
2011	455,000	469,008.00	924,008.00
2012-2016	2,640,000	1,996,917.50	4,636,917.50
2017-2021	3,360,000	1,272,992.50	4,632,992.50
2022-2024	2,890,000	324,450.00	3,214,450.00
Total	$9,780,000	$4,552,646.00	$14,332,646.00

Voluntary Integration Program. The Voluntary Integration Program obligation represents cost disallowances of $7,652,000 based on State audits of program expenditures in fiscal years 1988-89 to 1989-90. Subsequently, the District entered into an agreement with the State to repay this amount from any source of available funds of the District to the Voluntary Integration Program beginning in June of 1993. During the 1992-93 fiscal year, the original agreement was restructured allowing the District to make the June 30, 1993, payment as scheduled, with the remaining balance scheduled to be paid over a longer period. Remaining payments of the Voluntary Integration Program obligation are shown below:

PAYMENT OF THE VOLUNTARY INTEGRATION PROGRAM OBLIGATION
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Year Ending June 30	Annual Payments
2010	$1,000,000
2011	1,000,000
2012	872,000
Total	$2,872,000

Computer Equipment Acquisition Loans. During the fiscal year 1989-90, the District financed the acquisition of an administrative and instructional computer system with a loan from IBM. The acquired assets secure the loan. In 1993, the District and IBM restructured the obligation allowing for one payment during fiscal year 1993-94 and the remaining payments of $3,623,744 comprised of $2,459,111 of principal and $1,164,633 of interest payable in fiscal years 2007-08 through 2015-16. The Pooled Money Investment Rate at June 30, 1993, of 4.402%, was used to impute the interest costs implicit in the repayment amounts, which will be paid from any available funds of the District. At June 30, 2009, the imputed interest payable is $307,434. Therefore, the carrying balance of the loan at June 30, 2009, was $4,067,566.

The restructuring agreement provides that if, prior to August 1, 2015, the District receives funding for the specific purpose of paying outstanding obligations, the amounts due under the restructuring agreement will be immediately due and pay will be considered then due, and amounts owing to IBM will be paid to the same extent as outstanding debts of other creditors.

Child Care Facilities Loan. On February 7, 2001, the District received a no-interest loan from the California Department of Education for the development and acquisition of child care facilities. The District received an initial amount of $573,048 with the District repaying $33,000 of the loan. In 2002-03, the District received an additional $598,060. The carrying balance of the loan as of June 30, 2009 is $321,395.

Statement of Direct and Overlapping Debt

Contained within the District are numerous overlapping local agencies providing public services. These local agencies have outstanding bonds issued in the form of general obligation, lease revenue and special assessment bonds and outstanding certificates of participation. The following represents the total assessed valuation and the direct and overlapping bonded debt of the District as of May 1, 2010, according to California Municipal Statistics, Inc. The District makes no assurance as to the accuracy of the following table, and inquiries concerning the scope and methodology of procedures carried out to complete the information presented should be directed to California Municipal Statistics, Inc., Oakland, California.

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

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DIRECT AND OVERLAPPING DEBT
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(As of May 1, 2010)

2009-10 Assessed Valuation:	$23,745,753,348
Redevelopment Incremental Valuation:	5,471,949,814
Adjusted Assessed Valuation:	$18,273,803,534

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/10
Bay Area Rapid Transit District	4.185%	$ 17,577,000
East Bay Municipal Utility District, Special District No. 1	6.316	1,721,426
Contra Costa Community College District	14.159	34,802,114
West Contra Costa Unified School District	**100.**	**731,132,876** (1)
East Bay Regional Park District	6.377	12,548,342
City of El Cerrito Parcel Tax Obligations	100.	3,165,000
West Contra Costa Healthcare District Parcel Tax Obligations	91.352	21,170,826
Richmond Redevelopment Community Facilities District No. 1998-1	100.	3,660,000
City and County 1915 Act Bonds	100.	35,915,790
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$861,693,374
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	14.106%	$ 40,139,328
Contra Costa County Pension Obligations	14.106	65,657,082
Contra Costa Fire Protection District Pension Obligations	3.988	4,792,778
Alameda-Contra Costa Transit District Certificates of Participation	10.701	4,316,248
Contra Costa Community College District Certificates of Participation	14.159	148,670
West Contra Costa Unified School District Certificates of Participation	**100.**	**21,830,000**
City of El Cerrito General Fund Obligations	100.	9,420,000
City of Hercules Certificates of Participation	91.184	22,458,619
City of Pinole Pension Obligations	100.	5,960,143
City of Richmond General Fund Obligations	100.	136,905,000
City of Richmond Pension Obligations	100.	125,460,133
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$437,088,001
Less: Contra Costa County obligations supported by revenue funds		18,670,888
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$418,417,113
GROSS COMBINED TOTAL DEBT		$1,298,781,375
NET COMBINED TOTAL DEBT		$1,280,110,487 (2)

(1) Excludes Qualified School Construction Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2009-10 Assessed Valuation:
Direct Debt ($731,132,876)..3.08%
Total Direct and Overlapping Tax and Assessment Debt 3.63%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($752,962,876)..4.12%
Gross Combined Total Debt 7.11%
Net Combined Total Debt...7.01%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: $0

Source: California Municipal Statistics, Inc.

The direct debt of the District after issuance of the Bonds will be approximately $758,262,873.30 or 3.19% of the approximately $23,745,753,348 fiscal year 2009-10 assessed valuation of taxable property within the District. Under the California Education Code the statutory general obligation bonding capacity is 2.5% of the assessed valuation of taxable property within the District, or approximately $593.6 million for fiscal year 2009-10. The District applied for and was granted a waiver of this limit by the State Board of Education allowing the District to issue general obligation bonds in an amount not to exceed 3.5% of assessed value. As of the date hereof the District's general obligation bond indebtedness is below 3.5%.

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APPENDIX B

PROPOSED FORMS OF OPINION OF BOND COUNSEL

Form of Opinion with Respect to the Direct Payment Bonds

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

Board of Education
West Contra Costa Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $25,000,000.00 West Contra Costa Unified School District General Obligation Bonds, Election of 2005, Series D-1 (Qualified School Construction Bonds – Direct Payment to District) (Federally Taxable) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the Government Code of the State of California, a vote of fifty-five percent or more of the qualified electors of the West Contra Costa Unified School District (the "District") voting at an election held on November 8, 2005, a resolution of the Board of Education of the District (the "District Resolution"), a resolution of the Board of Supervisors of County of Contra Costa, California (together with the District Resolution, the "Resolutions").

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

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

4. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

Any federal tax advice contained herein is not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Code. This notice is intended to comply with the provisions of Section 10.35 of the United States Treasury publication Circular 230.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolutions and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. Other than as expressly stated herein, we express no opinion regarding tax consequences of the Bonds.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

Form of Opinion with Respect to the Tax-Exempt Bonds

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

Board of Education
West Contra Costa Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $2,499,949.20 West Contra Costa Unified School District General Obligation Bonds, Election of 2005, Series D-2 (Tax-Exempt Bonds) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the Government Code of the State of California, a vote of fifty-five percent or more of the qualified electors of the West Contra Costa Unified School District (the "District") voting at an election held on November 8, 2005, a resolution of the Board of Education of the District (the "District Resolution"), and a resolution of the Board of Supervisors of Contra Costa County, California (together with the District Resolution, the "Resolutions").

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

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

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

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. For purposes of the previous sentence, the stated redemption price at maturity includes the aggregate sum of all debt service payments on capital appreciation bonds. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

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

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

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

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

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX C

DISTRICT'S 2008-09 AUDITED FINANCIAL STATEMENTS

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COUNTY OF CONTRA COSTA

RICHMOND, CALIFORNIA

FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2009

AND

INDEPENDENT AUDITOR'S REPORT

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

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PERRY-SMITH
THE POWER OF CONFIDENCE

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INDEPENDENT AUDITOR'S REPORT

Honorable Board of Education
West Contra Costa Unified School District
Richmond, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of West Contra Costa Unified School District, as of and for the year ended June 30, 2009, which collectively comprise West Contra Costa Unified School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The basic financial statements referred to above do not include the Trust and Agency Fund financial statements for the Associated Student Body accounts which should be included to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the basic financial statements is not known.

In our opinion, except that the omission described in the preceding paragraph results in an incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of West Contra Costa Unified School District as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2009 on our consideration of West Contra Costa Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise West Contra Costa Unified School District's basic financial statements. The accompanying financial and statistical information listed in the Table of Contents, including the Schedule of Expenditure of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of West Contra Costa Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Perry-Smith LLP

Sacramento, California
December 10, 2009

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

1108 Bissell Avenue
Richmond, CA 94801-3135
Telephone (510) 231-1100

Bruce Harter, Ph.D.
Superintendent of Schools

Sheri Gamba
Associate Superintendent
Business Services

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

Our discussion and analysis of West Contra Costa Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2009. It should be read in conjunction with the District's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued June 1999; GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001; GASB Statement No. 38, *Certain Financial Statement Note Disclosures* issued in 2001 and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued in 2004. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL AND EDUCATIONAL HIGHLIGHTS

The District's financial position deteriorated over the past year. Overall expenditures of $370.6 million exceeded revenues by $5.0 million. Total net assets decreased by 2.2% over the course of the year.

The 2008-09 financial statements cannot be adequately addressed without acknowledging the extraordinary issues facing the Nation, State and the School District during the 2008-09 school year. The current recession has our nation in its worst economic crisis since the Great Depression. California, being one of the largest economies in the United States has been hit particularly hard with job losses and home foreclosures during this past school year. In Contra Costa County, unemployment has gone from 5.1% in April of 2008 to 11% in June of 2009, doubling in size. In grappling with the realities of these hard times, the State legislature had an even more difficult time than usual with the budget.

In the 2008-09 year the annual State budget was enacted three months late. Within three weeks of the budget enactment, special sessions of the legislature were called due to cash shortfalls. State capital projects were frozen, state offices were closed and employee furloughs became a reality. For the first time in State history the State budget was enacted four months early, with the 2009-10 budget enacted in February – along with a re-adoption of the 2008-09 budget with major mid year reductions. Within the District this meant a constant need to track and revise estimates of an ever-changing funding stream from our State. Deficit estimates for school district base revenues in 2008-09 have gone from 4.71% to 11.428% in as little as 5 months, with next year being much worse.

The early adoption of the 2009-10 State budget included financial commitments that were predicated on voter initiatives. This happened because the legislature was unable to muster the two-thirds vote required to raise taxes or make budget reductions which would result in a balanced budget. Because the budget initiatives were the underpinning of the early adopted budget, when they failed on May 19th, the budget was no longer balanced. The May revision and Governor's proposal show that additional cuts are coming. In addition to the cuts proposed in the May revision, the Governor has admitted that revenues are overstated in the May revision by at least $3 billion. This fact makes it difficult to rely on State numbers. In addition to extraordinary challenges at the State and National level the district must respond to local issues, which affect the over all financial health of the organization.

Over the course of the last six school years West Contra Costa School District has declined in enrollment. The District has adopted budget reductions in an effort to keep pace with rising costs in general, the skyrocketing health benefits costs as well as the reduction in revenue associated with enrollment decline. This is evidenced by the positive ending fund balance and the positive certification of the financial reports each year, until the Spring of 2008. The community also responded to the needs of students in the District by passing a parcel tax in 2004 which helped the District avoid some cuts scheduled for the 2004-05 year and renewing the parcel tax in the Fall of 2008 with the passage of Measure D.

As the District prepares for the 2009-10 school year it is faced with the continuing decline of enrollment and has the added challenge of a State budget which is facing an unprecedented deficit and major instability due to the uncertainty of how the budget will be balanced at the State level. The budget and fiscal recovery plan adopted by the school board in June of 2009 outlines key areas of the district budget as well as information pertaining to the structural deficit and the corrective action necessary for the fiscal solvency of the District. This includes a multi-year school closure plan as well as active health and retiree benefit cost containment measures and the sale of properties to pay down long term debt and eliminate the payments for these that are made from the General Fund operating dollars of the District.

REPORTING THE DISTRICT AS A WHOLE

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

- District-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
  - Basic services funding (i.e., regular and special education) is described in the governmental funds statements.
  - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the proprietary funds statements.

- Financial relationships, for which the District acts solely as an agent or trustee, for the benefit of others to whom the resources belong, are presented in the fiduciary fund statements.

Notes to the basic financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. A comparison of the District's budget for the year is included as required supplementary information.

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

Major Features of the District-Wide and Fund Financial Statements				
		Fund Statements		
Type of Statement	District-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district, except fiduciary activities	The activities of the district that are not proprietary or fiduciary, such as special revenue and debt service funds	Activities the district operates similar to private businesses: such as the self-insurance fund	Instances in which the district administers resources on behalf of someone else, such as student activities and retiree benefits funds
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures & changes in fund balances	Statement of revenues, expenses & changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; Standard funds do not currently contain non-financial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of three components: 1) District-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector's business.

The Statement of Net Assets and the Statement of Activities

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

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

- Increase or decrease in the net assets of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities and changes in the property tax base of the district need to be considered in assessing the overall health of the district.

The Statement of Net Assets and the Statement of Activities show all District operations as governmental activities, the basic services provided by the District, such as regular and special education, administration and transportation. Property taxes and state formula aid finance most of these activities.

The District-wide financial statements can be found on pages 15 through 16 of this report.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the District-wide financial statements. However, unlike the District-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The District has three kinds of funds:

Governmental funds

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

1. How cash and other financial assets can be readily converted to cash flow (in and out).
2. The balances left at year-end that are available for spending.

The governmental fund statements provide a detailed short-term view. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this kind of information does not encompass the additional long-term focus of the District-wide statements, additional information is provided on page 18 that explains the differences (or relationships) between them.

Proprietary funds

The proprietary fund category includes Internal Service Funds.

Internal Service funds report activities that provide supplies and services for the other programs and activities of the District.

- The District has one internal fund: a self-insurance fund.

Fiduciary funds

For assets that belong to others, such as the scholarship fund and/or student activities fund, the District acts as the trustee, or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. A separate statement of fiduciary net assets and a statement of change in fiduciary net assets report the District's fiduciary activities. These activities are excluded from the District-wide financial statements, as the District cannot use the assets to finance the operations.

THE DISTRICT AS A WHOLE

Net Assets – The District's combined net assets were lower on June 30, 2009 than they were the year before—decreasing by $5.0 million to $231.3 million as reflected on the next page.

Net Assets

	GOVERNMENTAL ACTIVITIES	
	2009	2008
Current Assets	$ 288,414,212	$ 219,764,450
Capital Assets	749,964,447	681,170,469
Total Assets	1,038,378,659	900,934,919
Current Liabilities	70,817,961	74,163,489
Long-term Liabilities	736,348,639	590,439,105
Total Liabilities	807,091,129	664,602,594
Net Assets:		
Invested in Capital Assets, net of related debt	104,425,526	147,674,919
Restricted For:		
Capital Projects	108,697,584	56,258,980
Debt Service	34,571,916	25,893,539
Educational Programs	30,787,725	24,272,690
Other Purposes (Expendable)	5,538,926	11,493,688
Other Purposes (Unexpendable)	14,167,408	2,147,479
Unrestricted	(66,901,555)	(31,408,970)
Total Net Assets	$ 231,287,530	$ 236,332,325

The District's financial position is the product of many factors. However, two events of the last year stand out:

- Through the bond program, together with State apportionments for school facilities, the District has continued construction of new schools and has continued the process of renovating its existing schools. These activities have increased the capital assets of the District.

- Additional revenue sources from developer fees in the Capital Facilities Fund and State Apportionments for Facilities in the County School Facilities Fund provided significant revenues.

Changes in Net Assets – The District's total expenditures exceeded its revenues by $5.0 million. Property taxes, State Aid and other general sources accounted for most of the District's revenues contributing approximately 65 cents per every dollar of revenue received while Federal, State and local grants and contributions for specific purposes provided approximately 35 cents of every dollar of revenue.

	GOVERNMENTAL ACTIVITIES	
	2009	**2008**
Revenues:		
Program revenues:		
Charges for Services	$ 1,700,853	$ 1,773,900
Operating Grants and Contributions	108,167,444	105,914,809
Capital Grants and Contributions	19,700,237	192,995
Total Program Revenues	129,568,534	107,881,704
General Revenues:		
Property Taxes	119,303,027	115,260,971
Federal and State Aid	110,362,304	115,304,637
Interest and Investment Earnings	2,451,554	6,931,223
Interagency revenues:		
Miscellaneous	2,190,665	1,075,382
Special extraordinary items	1,500,000	-
Total General Revenues	235,807,550	238,572,213
Total Revenues	365,376,084	346,453,917
Expenses:		
Instruction	200,846,383	206,647,051
Support Services:		
Administrative	45,645,803	48,121,091
Student Support	32,345,571	31,758,964
Non-Student Support	18,295,507	16,820,257
Plant Services	35,305,140	35,185,962
Ancillary Services	6,663,785	7,240,074
Community Services	92,351	-
Transfers between agencies	326,810	152,651
Interest on long-term debt	30,899,529	32,608,904
Total Expenses	370,420,879	378,534,954
Change in Net Assets	$ (5,044,795)	$ (32,081,037)

Governmental Activities

The following table presents the costs of five major activities: Instruction, Support Services, Facility and Plant Services, Ancillary Services and Other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost of services shows the financial burden that was placed on the District for each of these functions.

The cost of all programs was $370.4 million for this fiscal year. The users of District programs as well as Federal, State and local governments who provided funds for specific programs provided $129.6 million. The balance of the District's expenditures were paid for by State apportionments for ADA and by local property taxes. Property taxes comprised of $119,303,027 of this amount while State education aid formulas contributed the remaining $110,362,304.

	Total Cost 2009	Net (Expense) Revenue 2009	Total Cost 2008	Net (Expense) Revenue 2008
Instruction	$200,846,383	$(128,383,604)	$ 206,647,051	$ (161,450,658)
Support Services	96,286,881	(52,519,154)	96,700,312	(47,253,204)
Facilities and Plant	35,305,140	(28,647,562)	35,185,962	(30,658,173)
Ancillary Services	6,663,785	(1,727,793)	7,240,074	(1,501,654)
Other	31,318,690	(29,574,232)	32,761,555	(29,789,561)
Total	$370,420,879	$(240,852,345)	$ 378,534,954	$ (270,653,250)

THE DISTRICT'S FUNDS

The financial position of the District as a whole is reflected in its governmental fund statements. As the District completed the year, its governmental funds reported a combined fund balance of $235 million, well above last year's combined ending fund balance of $168 million. This increase is due to activities in the District's Capital Projects Fund and Building Fund.

General Fund Budgetary Highlights

Over the course of the year, the District revises the annual operating budget several times due to changes in State and federal funding. The District is required to prepare financial reports for the school board twice a year. This is done through the preparation of the First and Second Interim Reports, which are prepared based on information available as of October 31 and January 31 respectively. Budget adjustments and revisions can be classified into the following types:

- Appropriation of prior year ending fund balances and deferred revenues derived primarily from Federal, State and local government sources for specific programs.

- New appropriations or budget augmentations for programs and expenditures that were not known or anticipated at the time of budget development.

The final revised general fund budget of the District reflected anticipated revenues of $300 million against appropriated expenditures of $294.1 million thus anticipating an increase of $5.9 million in overall fund balance.

The District took a pro-active approach to reduce expenditures without affecting the instructional programs to the greatest extent possible.

Actual revenues were less than anticipated while actual expenditures were also less than anticipated. The combination of these variances resulted in a lower ($48.3 million) than projected ($51.7 million) ending fund balance.

Summary of Revenues for Governmental Function

The following schedule represents a summary of the general operating fund, special revenue fund, capital projects fund and debt service fund revenues for the fiscal year ended June 30, 2009, and the increase and decrease (in amount and percentage) in relations to prior year amounts.

	2009 Fiscal Year	Percent of Total	Increase (Decrease) From Prior Fiscal Year	Percent Increase (Decrease) From Prior Fiscal Year
Revenue Limit Sources	$ 161,899,365	44%	$ (4,918,442)	(2.95%)
Federal	43,353,322	12%	8,521,354	24.46%
Other State	95,769,229	26%	15,575,610	19.42%
Other Local	68,354,249	18%	3,743,722	5.79%
Total Revenues	$ 369,376,165	100%	$ 22,922,244	6.62%

The following schedule represents a summary of the general operating fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2009, and the increase and decrease (in amount and percentage) in relations to prior year amounts.

Summary of Expenditures by Object Code

	2009 Fiscal Year	Percent of Total	Increase (Decrease) From Prior Fiscal Year	Percent Increase (Decrease) From Prior Fiscal Year
Certificated salaries	$ 123,643,461	29%	$ (930,830)	(1%)
Classified salaries	47,764,917	11%	(3,438,288)	(7%)
Employee benefits	72,618,851	17%	3,028,692	4%
Books and supplies	15,605,623	4%	(3,671,806)	(19%)
Services, other operation expenses	47,586,928	11%	493,861	1%
Capital Outlay	77,070,594	18%	(54,773,084)	(42%)
Debt Service:				
Principal	13,814,813	3%	1,962,531	17%
Interest	24,133,434	6%	3,462,197	17%
Other outgo	41,903	0%	(9,931))	(19%)
Total Expenditures	422,280,524	100%	$ (53,876,658)	(11.31)

CAPITAL ASSET AND DEBT ADMINISTRATION

By June 30, 2009, the District had invested $979.9 million in a broad range of capital assets including land, school buildings, athletic facilities, computer and audio-visual equipment as well as support facilities as reflected in the following table. Additional information about the capital assets of the District can also be found in footnote 4. Total depreciation expense for the year was $14.6 million while additions to net capital assets amounted to approximately $86.0 million.

Construction, planning and design activities continued during the year related to the renovation of the District's elementary and secondary schools.

Capital Assets

	Governmental Activities			
	Balance, July 1, 2008	Additions	Reductions	Balance, June 30, 2009
Governmental activities:				
Land	$ 52,371,291			$ 52,371,291
Site Improvements	49,274,088	$ 3,702,962	$ 610,331	52,366,719
Buildings	565,143,314	30,612,856	3,983,753	591,772,417
Machinery and Equipment	12,234,075	1,312,360	1,583,008	11,963,427
Construction In Progress	221,772,825	84,632,469	35,025,294	271,379,997
Totals at historical cost	900,795,593	120,260,647	41,202,389	979,853,851
Less: accumulated depreciation				
Site Improvements	(39,863,294)	(742,259)	(596,601)	(40,008,952)
Buildings	(174,168,601)	(12,451,891)	(3,111,692)	(183,508,800)
Machinery and Equipment	(5,593,229)	(1,401,483)	(623,060)	(6,371,652)
Total accumulated depreciation	(219,625,124)	(14,595,633)	(4,331,353)	(229,889,404)
Governmental activities, capital Assets, Net	$ 681,170,469	$ 105,665,014	$ 36,871,036	749,964,447

Long-Term Liabilities

In recent years the District has received approval from the voters to issue $890 million in bonds. Measure E was approved for $40 million in November 1998 to fund various capital improvement projects and to construct a new middle school. Measure M in the amount of $150 million was approved in November 2000 to renovate the elementary schools of the District. Measure D was approved in March 2002 to renovate the secondary schools of the District as well as provide additional funds to supplement Measure M. This measure is in the amount of $300 million. Finally, Measure J was approved for $400 million in November 2005. The District will continue to sell and issue bonds authorized by these measures in amounts necessary to meet the cash flow needs of the construction projects as they progress over the next several years.

At year end the District had $755.3 million in general obligation bonds and other long-term liabilities outstanding, a slight increase over the prior year.

This is the second year the District has been required to report its Other Post Employment Benefit (OPEB) liability within its financial statements. That liability is reflected in the following table.

The activities of the District's long-term liabilities are reflected in the table below as well as the footnotes to the financial statements in note number 6. The General Obligation Bonds have been sold with insurance at the highest rating possible, AAA.

Governmental Activities

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009	Amounts Due Within One Year
Emergency Apportionment Loan	$ 13,088,074		$ 1,221,093	$ 11,866,981	$ 1,239,800
General Obligation Bonds	527,016,427	$ 120,000,000	10,796,196	636,220,231	11,482,117
Accreted Interest	21,465,952	7,215,845		28,681,797	727,884
GO Bond Premium		7,672,858	383,643	7,289,215	383,643
1994 Certificates of Participation	10,065,000		285,000	9,780,000	435,000
Voluntary Integration Program	3,662,000		790,000	2,872,000	1,000,000
Computer equipment acquisition	4,692,566		625,000	4,067,566	132,529
Compensated absences	3,200,316	234,718		3,435,034	3,435,034
OPEB Obligation	24,469,980	41,403,868	15,125,897	50,747,951	
Child care facilities loan	418,919	-	97,524	321,395	97,524
Total Long-term liabilities	$ 608,079,234	$ 176,527,289	$ 29,324,353	$ 755,282,170	$ 18,933,531

The state limits the amount of general obligation debt the District can issue to 2.5 percent of the assessed value of all taxable property within the District's boundaries. The District has applied for and been granted a waiver of this limit by the California State Board of Education allowing the District to issue bonds up to an amount not to exceed 3.0% of assessed value.

Notes to Basic Financial Statements

The Notes to Basic Financial Statements complement the financial statements by describing qualifying factors and changes throughout the fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Revenue Limit P-2 funded Average Daily Attendance (ADA) decreased by 240 from the prior year. Revenue Limit P-2 funded ADA has decreased by 4,205 over the last five years. Declining enrollment is impacting 50 percent of all school districts in California. The District continues to monitor this situation and has made budget reductions to counter the loss of revenue from declining enrollment.

The District provides post-employment health benefits to retirees who meet plan eligibility requirements. The present value of future post-employment health care benefits is $727.7 million.

The escalating cost of health care benefits is a major concern. The District provides health care benefits for employees and retirees. The District paid $28.2 million for employees and $14.5 million for retirees in the current year.

The State of California continues to experience budget difficulties at the present time. As the majority of our revenue comes from the State, we will most certainly continue to experience budget challenges in the coming years.

The adopted budget for the 2008-2009 school year included a structural deficit of $7.7 million. The State of California's economic condition has gone from bad to worse. The Governor's proposal, which is currently under consideration by the legislature, would reduce the revenue of the District this year by an estimated $10 million.

In order to address the structural deficit in the coming years, the District is using a balanced approach which will include seeking cost containment through collective bargaining, school closure, additional district wide staff reductions and sale of property to reduce long-term debt payments from the General fund operating budget.

BASIC FINANCIAL STATEMENTS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 243,269,544
Accounts receivable	39,067,440
Prepaid expenses	5,468,926
Stores inventory	608,302
Capital assets, net of accumulated depreciation (Note 4)	749,964,447
Total assets	1,038,378,659
LIABILITIES	
Accounts payable	40,378,315
Unpaid claims and claim adjustment expenses (Note 5)	500,000
Deferred revenue	10,930,644
Long-term liabilities (Note 6):	
Due within one year	18,933,531
Due after one year	736,348,639
Total liabilities	807,091,129
NET ASSETS	
Invested in capital assets, net of related debt	104,425,526
Restricted (Note 7)	193,763,559
Unrestricted	(66,901,555)
Total net assets	$ 231,287,530

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities (Note 4):					
Instruction	$ 200,846,383	$ 144,858	$ 52,617,684	$ 19,700,237	$ (128,383,604)
Instruction-related services:					
Supervision of instruction	21,922,079		19,858,947		(2,063,132)
Instructional library, media and technology	3,961,708		135,423		(3,826,285)
School site administration	19,762,016	97,009	1,832,022		(17,832,985)
Pupil services:					
Home-to-school transportation	8,229,626		2,489,252		(5,740,374)
Food services	11,407,809	1,344,859	9,286,965		(775,985)
All other pupil services	12,708,136	40	5,494,274		(7,213,822)
General administration:					
Data processing	3,532,171				(3,532,171)
All other general administration	14,763,336	79,565	3,149,371		(11,534,400)
Plant services	35,305,140	34,522	6,623,056		(28,647,562)
Ancillary services	6,663,785		4,935,992		(1,727,793)
Community services	92,351				(92,351)
Other outgo	326,810		1,744,458		1,417,648
Interest on long-term liabilities	30,899,529				(30,899,529)
Total governmental activities	$ 370,420,879	$ 1,700,853	$ 108,167,444	$ 19,700,237	(240,852,345)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					67,669,090
Taxes levied for debt service					34,060,840
Taxes levied for other specific purposes					17,573,097
Federal and state aid not restricted to specific purposes					110,362,304
Interest and investment earnings					2,451,554
Miscellaneous					2,190,665
Special and extraordinary items					1,500,000
Total general revenues					235,807,550
Change in net assets					(5,044,795)
Net assets, July 1, 2008					236,332,325
Net assets, June 30, 2009					$ 231,287,530

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2009

	General Fund	Building Fund	Special Reserve for Capital Outlay Projects Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 19,842,955	$ 113,952,796	$ 12,906,100	$ 38,740,994	$ 185,442,845
Cash on hand and in banks	23,050			52,781	75,831
Cash in revolving fund	70,000				70,000
Cash awaiting deposit				1,000	1,000
Cash with Fiscal Agent		8,657,140		1,845,294	10,502,434
Investments	11,292,930	23,373,939		7,684,715	42,351,584
Accounts receivable	36,611,846	225,272	71,870	2,158,452	39,067,440
Prepaid expenses	3,576				3,576
Due from other funds				550,000	550,000
Stores inventory	184,146			424,156	608,302
Total assets	$ 68,028,503	$ 146,209,147	$ 12,977,970	$ 51,457,392	$ 278,673,012
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 14,904,425	$ 15,393,263	$ 127,185	$ 1,681,631	$ 32,106,504
Deferred revenue	4,777,331		6,149,509	3,804	10,930,644
Due to other funds				550,000	550,000
Total liabilities	19,681,756	15,393,263	6,276,694	2,235,435	43,587,148
Fund balances	48,346,747	130,815,884	6,701,276	49,221,957	235,085,864
Total liabilities and fund balances	$ 68,028,503	$ 146,209,147	$ 12,977,970	$ 51,457,392	$ 278,673,012

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET - TO THE STATEMENT OF NET ASSETS

June 30, 2009

Total fund balances - Governmental Funds		$ 235,085,864
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $979,853,851 and the accumulated depreciation is $229,889,404 (Note 4).		749,964,447
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2009 consisted of (Note 6):		
General Obligation Bonds	$ (643,509,446)	
Accreted interest	(28,681,797)	
Certificates of Participation	(9,780,000)	
Emergency Apportionment Loan	(11,866,981)	
Voluntary Integration Plan	(2,872,000)	
Computer equipment acquisition loan	(4,067,566)	
Child care facilities loan	(321,395)	
Other Postemployment Benefits	(50,747,951)	
Compensated absences	(3,435,034)	
		(755,282,170)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net assets of the Self-Insurance Fund are:		4,243,569
In the governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred:		(8,189,530)
Costs associated with the issuance of long-term liabilities are not financial resources and, therefore, are not reported as assets in governmental funds.		5,465,350
Total net assets - governmental activities		$ 231,287,530

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	General Fund	Building Fund	Special Reserve for Capital Outlay Projects Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Revenue limit sources:					
State apportionment	$ 96,054,992				$ 96,054,992
Local sources	65,844,373				65,844,373
Total revenue limit	161,899,365				161,899,365
Federal sources	33,497,975			$ 9,855,347	43,353,322
Other state sources	66,992,666		$ 1,207,042	27,569,521	95,769,229
Other local sources	20,821,034	$ 3,364,009	3,205,538	40,963,668	68,354,249
Total revenues	283,211,040	3,364,009	4,412,580	78,388,536	369,376,165
Expenditures:					
Certificated salaries	120,290,735			3,352,726	123,643,461
Classified salaries	41,418,183	765,271		5,581,463	47,764,917
Employee benefits	69,075,209	313,055		3,230,587	72,618,851
Books and supplies	8,843,494	2,028,822	31,052	4,702,255	15,605,623
Contract services and operating expenditures	39,283,607	5,230,412	1,312,844	1,760,065	47,586,928
Capital outlay	457,520	37,792,182		38,820,892	77,070,594
Other outgo	41,903				41,903
Debt service:					
Principal retirement	1,415,000			12,399,813	13,814,813
Interest				24,133,434	24,133,434
Total expenditures	280,825,651	46,129,742	1,343,896	93,981,235	422,280,524
Excess (deficiency) of revenues over (under) expenditures	2,385,389	(42,765,733)	3,068,684	(15,592,699)	(52,904,359)
Other financing sources (uses):					
Operating transfers in	916,428			14,063,355	14,979,783
Operating transfers out	(794,836)	(13,268,519)		(916,428)	(14,979,783)
Proceeds from issuance of long-term liabilities		120,000,000			120,000,000
Total other financing sources (uses)	121,592	106,731,481		13,146,927	120,000,000
Net changes in fund balances	2,506,981	63,965,748	3,068,684	(2,445,772)	67,095,641
Fund balances, July 1, 2008	45,839,766	66,850,136	3,632,592	51,667,729	167,990,223
Fund balances, June 30, 2009	$ 48,346,747	$ 130,815,884	$ 6,701,276	$ 49,221,957	$ 235,085,864

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

Net changes in fund balances - Total Governmental Funds		$ 67,095,641
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net assets (Note 4).	$ 85,944,829	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(14,595,633)	
Gain or loss from disposal of capital assets are reported as revenue for entire proceeds in the governmental funds, but in the statement of activities, only the resulting gain or loss is reported (Note 4).	(1,845,739)	
Cost write-off for canceled capital projects: If a planned capital project is canceled and will not be completed, costs previously capitalized as "work in progress" must be written off to expense (Note 4).	(709,479)	
In governmental funds, if debt is issued at a premium or at a a discount, the premium or discount is recognized as revenue in the period it is incurred. In government-wide statements, the premium or discount is amortized as interest over the life of the debt (Note 6).	(7,289,215)	
In governmental funds, issuance of long-term debt is reported as income. In the government-wide statements, proceeds from debt are reported as increases to liabilities (Note 6).	(120,000,000)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net assets (Note 6).	13,814,813	
Issuance costs and discounts related to the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the statement of net assets.	3,387,871	
In governmental funds, interest on long-term liabilities is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred.	(7,149,738)	

(Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES

(Continued)

For the Year Ended June 30, 2009

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost recovery basis. Change in net assets for the Self-Insurance Fund was:	$ 2,814,544	
In government funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was (Note 6):	(26,277,971)	
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	(234,718)	(72,140,436)
Change in net assets of governmental activities		$ (5,044,795)

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND

June 30, 2009

ASSETS	
Cash in County Treasury	$ 4,790,775
Cash with Fiscal Agent	35,075
Total assets	4,825,850
LIABILITIES	
Accounts payable	82,281
Unpaid claims and claim adjustment expenses	500,000
Total liabilities	582,281
NET ASSETS	
Restricted	$ 4,243,569

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND

For the Year Ended June 30, 2009

Operating revenues:	
Self-insurance premiums	$ 6,268,112
Operating expenses:	
Classified salaries	274
Employee benefits	36
Contract services	3,453,258
Total operating expenses	3,453,568
Operating income	2,814,544
Total net assets, July 1, 2008	1,429,025
Total net assets, June 30, 2009	$ 4,243,569

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

SELF-INSURANCE FUND

For the Year Ended June 30, 2009

Cash flows from operating activities:	
Cash received from self-insurance premiums	$ 8,205,612
Cash paid for salaries and benefits	(310)
Cash paid for claims	(1,312,927)
Cash paid for contract services	(3,080,046)
Net cash provided by operating activities	3,812,329
Change in cash and cash equivalents	3,812,329
Cash and cash equivalents, July 1, 2008	1,013,521
Cash and cash equivalents, June 30, 2009	$ 4,825,850
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 2,814,544
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in:	
Accounts receivable	1,937,500
Accounts payable	(939,715)
Net cash provided by operating activities	$ 3,812,329

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

ALL TRUST AND AGENCY FUNDS

June 30, 2009

	Trust Fund	Agency Fund	
	Retiree Benefits Trust	Payroll Clearing Fund	Total
ASSETS			
Cash in County Treasury (Note 2)	$ 4,817,395	$ 2,139,338	$ 6,956,733
Investments (Note 2)	7,045,229		7,045,229
Accounts receivable	30,574	89,060	119,634
Total assets	11,893,198	2,228,398	14,121,596
LIABILITIES			
Accounts payable	89	2,228,398	2,228,487
NET ASSETS			
Restricted (Note 7)	$ 11,893,109	$ -	$ 11,893,109

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS

RETIREE BENEFITS TRUST FUND

For the Year Ended June 30, 2009

Revenues:	
Other local sources	$ 17,621,309
Expenditures:	
Contract services and operating expenditures (Note 9)	15,292,488
Change in net assets	2,328,821
Net assets, July 1, 2008	9,564,288
Net assets, June 30, 2009	$ 11,893,109

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

On January 13, 1994, certain members of the District's Board of Education and District employees formed a nonprofit benefit corporation, known as the West Contra Costa Unified School District Financing Corporation (the "Corporation"), which is organized under the Nonprofit Benefit Corporation Law of the State of California. The purpose of this Corporation is to provide financial assistance to the District by financing, constructing and leasing various public facilities, land, and equipment for the use, benefit, and enjoyment of the public served by the District. The Corporation issued Certificates of Participation (COPs), a form of long-term debt, which the District used to finance continuing operations. The COPs are collateralized by an underlying lease-purchase agreement between the Corporation and the District.

The District and the Corporation have a financial and operational relationship that meets the reporting entity definition of GASB Statement No. 14, *The Financial Reporting Entity*, for inclusion of the Corporation as a component unit of the District. The basic, but not the only criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that the nongovernmental unit is dependent on another and the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Accordingly, for the year ended June 30, 2009, the financial activities of the Corporation have been blended into the financial statements of the District. The Corporation's financial activities are presented in the Corporation Debt Service Fund. COPs issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

Basis of Presentation - Financial Statements

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*

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

Basis of Presentation - Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets and the Statement of Change in Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions.*

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting

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

A - Governmental Fund Types

1. General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

2. Special Revenue Funds:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Adult Education, Child Development, Cafeteria, Deferred Maintenance and Special Reserve for Other Than Capital Outlay Projects Funds.

3. Capital Projects Funds:

The Capital Projects Funds are used to account for resources used for the acquisition or construction of capital facilities by the District. This classification includes the Building, Special Reserve for Capital Outlay Projects, Capital Facilities and County School Facilities Funds.

4. Debt Service Funds:

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term liabilities principal, interest, and related costs. This classification includes the Bond Interest and Redemption, Corporation Debt Service and Debt Service Funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

B - Proprietary Fund

1. Self-Insurance Fund:

The Self-Insurance Fund is an internal service fund used to account for services rendered on a cost-reimbursement basis within the District. The Self-Insurance Fund is used to account for resources committed to pay for costs arising from property losses and liability claims that are covered, or only partially covered, through purchased insurance.

C - Fiduciary Funds

1. Trust Fund:

The Retiree Benefits Trust Fund is a Trust Fund used to account for the District's defined post-employment healthcare plan.

2. Agency Fund:

The Payroll Clearing Fund is an Agency Fund used by the District to account for assets held by the District as trustee. The "due to regulatory agencies" account within the Payroll Clearing Fund is used to hold dedicated funds for payroll and related expenses.

Basis of Accounting

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

Accrual

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

Modified Accrual

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

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

The District employs budget control by major object code and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Board of Education to provide for unanticipated revenues and expenditures. The originally adopted and final revised budgets for the General Fund and the Building Fund are presented as supplementary information.

Stores Inventory

Inventories in the General and Cafeteria Funds are valued at average cost. Inventory recorded in the General and Cafeteria Funds consists mainly of school supplies and consumable supplies. Inventories are recorded as an expenditure at the time the individual inventory items are transferred from the warehouse to schools and offices.

Cafeteria Food Purchases

Cafeteria purchases include food purchased through the State of California Office of Surplus Property, for which the District is required to pay only a handling charge. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The expenditures for these items would have been greater had the District paid fair market value for the government surplus food commodities.

Capital Assets

Capital assets purchased or acquired, with an original cost of $5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

Compensated Absences

Compensated absences totaling $3,435,034 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as a operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRS and CalPERS employees, when the employee retires.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

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

Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash fund, prepaid expenses and stores inventory reflect the portions of net assets represented by revolving cash fund, prepaid expenses and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date. The restriction for unspent categorical program revenues are state programs where the revenue received is restricted for expenditures only in that particular program. The restriction for the future payment of self-insurance claims represents the portion of net assets to be used for future payment of self-insured claims. The restriction for special revenues represents the portion of net assets restricted for special purposes. The restriction for debt service repayments represents the portion of net assets which the District plans to expend on debt repayment. The restriction for capital projects represents the portion of net assets restricted for capital projects. The restriction for retiree benefits represents the portion of net assets which will be used for payment of health insurance premiums for current and future retirees.

Property Taxes

Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Contra Costa bills and collects taxes for the District.

Encumbrances

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

Eliminations and Reclassifications

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2009 consisted of the following:

	Governmental Activities			
	Governmental Funds	Proprietary Fund	Total	Fiduciary Activities
Pooled Funds:				
Cash in County Treasury	$185,442,845	$ 4,790,775	$190,233,620	$ 6,956,733
Cash awaiting deposit	1,000		1,000	
Deposits:				
Cash on hand and in banks	75,831		75,831	
Cash in revolving fund	70,000		70,000	
Total pooled funds and deposits	185,589,676	4,790,775	190,380,451	6,956,733
Investments:				
Cash with Fiscal Agent	10,502,434	35,075	10,537,509	
Investments - Local Agency Investment Fund	42,351,584		42,351,584	7,045,229
Total investments	52,854,018	35,075	52,889,093	7,045,229
Total	$238,443,694	$ 4,825,850	$243,269,544	$ 14,001,962

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Contra Costa County Treasury. The County pools these funds with those of school districts in the County and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. Earnings are calculated on an annual basis and funds allocated to participating funds are adjusted to the calculated annual rate at year-end.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pooled investment fund does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

2. CASH AND INVESTMENTS (Continued)

Pooled Funds (Continued)

In accordance with applicable state laws, the Contra Costa County Treasurer may invest in derivative securities. However, at June 30, 2009, the Contra Costa County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Deposits - Custodial Credit Risk

Cash balances held in banks and revolving funds are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). As of June 30, 2009, the carrying amount of the District's accounts were $145,831, and the bank balances were $139,792. All of the bank balances were insured by the FDIC insurance.

Cash with Fiscal Agent

The Cash with Fiscal Agent in the Building Fund represents contract retentions that are placed with an independent third party. These amounts are carried in the contractor's name and all investment risk resides with the contractor.

The Cash with Fiscal Agent in the Capital Facilities, Corporation Debt Service and Self-Insurance Funds represents amounts held by third parties in the District's name.

Local Agency Investment Fund

West Contra Costa Unified School District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

2. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2009, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

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

Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2009, the District had no concentration of credit risk.

3. INTERFUND TRANSACTIONS

Interfund Activity

Transactions between funds of the District are recorded as interfund transfers, except for the Self-Insurance Fund activity which is recorded as income and expenditures of the Self-Insurance Fund and the funds which incur payroll costs, respectively. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2009 were as follows:

Fund	Interfund Receivables	Interfund Payables
Non-Major Funds:		
Cafeteria		$ 550,000
Capital Facilities	$ 550,000	
Totals	$ 550,000	$ 550,000

3. INTERFUND TRANSACTIONS (Continued)

Interfund Transfers

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

Interfund transfers for the 2008-2009 fiscal year were as follows:

Transfer from the Building Fund to the County School Facilities Fund to match the State OPSC building grant revenue.	$ 13,268,519
Transfer from the General Fund to the Corporation Debt Service Fund for COP and computer equipment acquisition loan payments.	780,812
Transfer from the Cafeteria Fund to the General Fund for indirect support costs.	522,165
Transfer from the Child Development Fund to the General Fund for indirect support costs.	198,416
Transfer from the Adult Education Fund to the General Fund for indirect support costs.	195,847
Transfer from the General Fund to the Child Development Fund to fund a prior year accounts receivable write-off.	14,024
	$ 14,979,783

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2009 is shown below:

	Balance July 1, 2008	Transfers and Additions	Transfers and Deductions	Balance June 30, 2009
Governmental Activities				
Land	$ 52,371,291			$ 52,371,291
Buildings	565,143,314	$ 30,612,856	$ 3,983,753	591,772,417
Site improvements	49,274,088	3,702,962	610,331	52,366,719
Equipment	12,234,075	1,312,360	1,583,008	11,963,427
Work-in-process	221,772,825	84,632,469	35,025,297	271,379,997
Totals, at cost	900,795,593	120,260,647	41,202,389	979,853,851
Less accumulated depreciation:				
Buildings	(174,168,601)	(12,451,891)	(3,111,692)	(183,508,800)
Site improvements	(39,863,294)	(742,259)	(596,601)	(40,008,952)
Equipment	(5,593,229)	(1,401,483)	(623,060)	(6,371,652)
Total accumulated depreciation	(219,625,124)	(14,595,633)	(4,331,353)	(229,889,404)
Capital assets, net	$ 681,170,469	$ 105,665,014	$ 36,871,036	$ 749,964,447

4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 8,565,351
Supervision of instruction	927,717
Instructional library, media and technology	213,146
School site administration	1,402,015
Home to school transportation	386,546
Food services	515,538
All other pupil services	41,349
Ancillary services	302,675
Community services	4,343
Data processing	124,798
All other general administration	571,813
Plant services	1,540,342
Total depreciation expense	$ 14,595,633

5. SELF-INSURANCE CLAIMS

The District is self-insured for property and liability claims. For accounting and reporting purposes, the District has established a separate Self-Insurance Fund for the payment of claims. For the year ended June 30, 2009, the District provides coverage up to a maximum of $100,000 for each property or liability claim. The District participates in a joint powers authority for claims in excess of coverage provided by the Fund (Note 10).

The liability for unpaid claims and claim adjustment expenses represents the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. These claims will be paid in future years.

District management recomputes the liability annually using available updated claims data. Every three years, the District contracts with an actuary who performs an actuarial study using a variety of statistical techniques to produce current estimates that consider claim frequency and other economic factors.

The liabilities for unpaid claims and claim adjustment expenses are as follows:

	June 30, 2009	June 30, 2008
Unpaid claim and claim adjustment expenses, beginning of year	$ 500,000	$ 500,000
Total incurred claims and claim adjustment expenses	1,312,927	1,469,439
Total payments	(1,312,927)	(1,469,439)
Total unpaid claims and claim adjustment expenses at end of year	$ 500,000	$ 500,000

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6. LONG-TERM LIABILITIES

General Obligation Bonds

Bond	Interest Rate %	Date of Issuance	Maturity Date	Amount of Original Issuance	Outstanding July 1, 2008	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2009
Measure E, Refunding Series A	4.15% - 5.7%	2001	2025	$ 28,610,000	$ 22,605,000		$ 955,000	$ 21,650,000
Measure E, Refunding Series B	4.3% - 6.0%	2001	2025	10,255,000	8,225,000		330,000	7,895,000
Measure M, Series A	5.0% - 8.0%	2001	2031	15,000,000	13,565,000		330,000	13,235,000
Measure M, Series B	4.0% - 6.0%	2002	2031	40,000,000	37,025,000		840,000	36,185,000
Measure M, Series C	2.5% - 5.0%	2003	2032	95,000,000	89,040,000		2,145,000	86,895,000
Measure D, Series A	4.25% - 7.0%	2002	2031	30,000,000	27,670,000		655,000	27,015,000
Measure D, Series B	4.1% - 5.0%	2003	2032	100,000,000	91,885,000		2,195,000	89,690,000
Measure D, Series C, Current Interest	4.0% - 5.0%	2004	2035	40,000,000	38,680,000		710,000	37,970,000
Measure D, Series C Capital Appreciation	2.4% - 5.8%	2004	2035	29,999,377	29,850,438		260,861	29,589,577
Measure D, Series D, Capital Appreciation	3.15% - 5.05%	2006	2035	99,998,106	99,035,989		1,110,335	97,925,654
Measure J, Series A	4.0% - 5.0%	2006	2035	70,000,000	69,435,000		1,265,000	68,170,000
Measure J, Series B	5.0% - 6.0%	2009	2036	120,000,000		$ 120,000,000		120,000,000
				$ 678,862,483	$ 527,016,427	$ 120,000,000	$ 10,796,196	$ 636,220,231

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2001 Refunding Measure E, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 1,005,000	$ 1,164,687	$ 2,169,687
2011	1,040,000	1,116,998	2,156,998
2012	1,110,000	1,066,349	2,176,349
2013	1,160,000	1,011,442	2,171,442
2014	1,225,000	953,335	2,178,335
2015-2019	7,200,000	3,733,099	10,933,099
2020-2024	8,090,000	1,501,265	9,591,265
2025	820,000	47,150	867,150
	$ 21,650,000	$ 10,594,325	$ 32,244,325

The annual requirements to amortize the 2001 Refunding Measure E, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 345,000	$ 455,326	$ 800,326
2011	360,000	438,110	798,110
2012	380,000	419,768	799,768
2013	395,000	399,843	794,843
2014	425,000	378,786	803,786
2015-2019	2,525,000	1,503,855	4,028,855
2020-2024	3,415,000	647,100	4,062,100
2025	50,000	1,500	51,500
	$ 7,895,000	$ 4,244,288	$ 12,139,288

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2001 Measure M, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 345,000	$ 663,828	$ 1,008,828
2011	360,000	642,968	1,002,968
2012	370,000	624,718	994,718
2013	385,000	605,843	990,843
2014	400,000	586,218	986,218
2015-2019	2,275,000	2,606,715	4,881,715
2020-2024	2,840,000	1,965,833	4,805,833
2025-2029	3,610,000	1,157,837	4,767,837
2030-2034	2,650,000	208,330	2,858,330
	$ 13,235,000	$ 9,062,290	$ 22,297,290

The annual requirements to amortize the 2001 Measure M, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 885,000	$ 1,718,550	$ 2,603,550
2011	925,000	1,682,350	2,607,350
2012	965,000	1,744,550	2,709,550
2013	1,005,000	1,705,150	2,710,150
2014	1,055,000	1,563,290	2,618,290
2015-2019	6,080,000	7,037,913	13,117,913
2020-2024	7,790,000	5,381,494	13,171,494
2025-2029	10,065,000	3,163,875	13,228,875
2030-2034	7,415,000	568,875	7,983,875
	$ 36,185,000	$ 24,566,047	$ 60,751,047

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2003 Measure M, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 2,230,000	$ 4,167,150	$ 6,397,150
2011	2,320,000	4,073,362	6,393,362
2012	2,415,000	3,978,662	6,393,662
2013	2,490,000	3,880,562	6,370,562
2014	2,570,000	3,779,362	6,349,362
2015-2019	14,315,000	17,086,247	31,401,247
2020-2024	17,440,000	13,047,781	30,487,781
2025-2029	21,705,000	8,165,125	29,870,125
2030-2032	21,410,000	2,204,000	23,614,000
	$ 86,895,000	$ 60,382,251	$147,277,251

The annual requirements to amortize the 2002 Measure D, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 690,000	$ 1,288,107	$ 1,978,107
2011	725,000	1,258,038	1,983,038
2012	750,000	1,226,695	1,976,695
2013	780,000	1,194,183	1,974,183
2014	810,000	1,160,395	1,970,395
2015-2019	4,610,000	5,223,561	9,833,561
2020-2024	5,795,000	3,966,375	9,761,375
2025-2029	7,420,000	2,323,000	9,743,000
2030-2033	5,435,000	416,875	5,851,875
	$ 27,015,000	$ 18,057,229	$ 45,072,229

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2003 Measure D, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 2,270,000	$ 4,266,240	$ 6,536,240
2011	2,360,000	4,159,116	6,519,116
2012	2,455,000	4,041,691	6,496,691
2013	2,555,000	3,929,216	6,484,216
2014	2,640,000	3,825,315	6,465,315
2015-2019	14,775,000	17,374,686	32,149,686
2020-2024	18,070,000	13,475,500	31,545,500
2025-2029	22,490,000	8,430,750	30,920,750
2030-2032	22,075,000	2,272,375	24,347,375
	$ 89,690,000	$ 61,774,889	$151,464,889

The annual requirements to amortize the 2005 Measure D, Series C, Current Interest General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 745,000	$ 1,812,298	$ 2,557,298
2011	780,000	1,781,798	2,561,798
2012	820,000	1,749,798	2,569,798
2013	860,000	1,716,198	2,576,198
2014	905,000	1,680,898	2,585,898
2015-2019	5,195,000	7,794,325	12,989,325
2020-2024	6,580,000	6,465,170	13,045,170
2025-2029	8,500,000	4,506,325	13,006,325
2030-2034	11,015,000	2,076,875	13,091,875
2035	2,570,000	64,250	2,634,250
	$ 37,970,000	$ 29,647,935	$ 67,617,935

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2005 Measure D, Series C, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 372,121	$ 117,879	$ 490,000
2011	470,644	184,356	655,000
2012	567,683	267,317	835,000
2013	656,115	363,885	1,020,000
2014	739,473	475,527	1,215,000
2015-2019	4,069,932	3,805,068	7,875,000
2020-2024	5,785,441	9,124,559	14,910,000
2025-2029	6,935,991	16,589,009	23,525,000
2030-2034	8,037,077	28,122,923	36,160,000
2035	1,955,100	8,314,900	10,270,000
	$ 29,589,577	$ 67,365,423	$ 96,955,000

The annual requirements to amortize the 2006 Measure D, Series D, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 1,254,996	$ 610,004	$ 1,865,000
2011	1,420,186	814,814	2,235,000
2012	2,105,460	519,540	2,625,000
2013	2,327,598	717,402	3,045,000
2014	2,527,733	952,267	3,480,000
2015-2019	16,683,057	10,671,943	27,355,000
2020-2024	19,388,990	21,906,010	41,295,000
2025-2029	21,511,978	38,478,022	59,990,000
2030-2034	24,890,370	65,274,630	90,165,000
2035	5,815,286	18,619,714	24,435,000
	$ 97,925,654	$158,564,346	$256,490,000

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2006 Measure J, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 1,340,000	$ 3,207,802	$ 4,547,802
2011	1,415,000	3,152,702	4,567,702
2012	1,485,000	3,094,702	4,579,702
2013	1,560,000	3,033,802	4,593,802
2014	1,635,000	2,969,902	4,604,902
2015-2019	9,255,000	13,766,569	23,021,569
2020-2024	11,375,000	11,474,307	22,849,307
2025-2029	14,140,000	8,321,250	22,461,250
2030-2034	17,690,000	4,360,000	22,050,000
2035	8,275,000	418,375	8,693,375
	$ 68,170,000	$ 53,799,411	$121,969,411

The annual requirements to amortize the 2009 Measure J, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	Principal	Interest	Total
2010		$ 6,905,125	$ 6,905,125
2011	$ 400,000	6,895,125	7,295,125
2012	700,000	6,867,625	7,567,625
2013	900,000	6,827,625	7,727,625
2014	1,200,000	6,775,125	7,975,125
2015-2019	8,200,000	32,650,625	40,850,625
2020-2024	14,400,000	29,381,625	43,781,625
2025-2029	32,100,000	22,640,625	54,740,625
2030-2034	35,000,000	12,487,500	47,487,500
2035-2036	27,100,000	1,836,563	28,936,563
	$120,000,000	$133,267,563	$253,267,563

Certificates of Participation (COPs)

On August 24, 2005, the West Contra Costa Unified School District Financing Corporation issued Certificates of Participation (COPs). The proceeds of this issuance were used to refund a 1994 COPS issuance. Semi-annual payments are made and include interest at amounts varying from 4.34% to 5.15%.

6. LONG-TERM LIABILITIES (Continued)

Certificates of Participation (COPs) (Continued)

Scheduled payments for the COPs are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 435,000	$ 489,278	$ 924,278
2011	455,000	469,008	924,008
2012	475,000	447,576	922,576
2013	500,000	424,966	924,966
2014	525,000	400,866	925,866
2015-2019	3,050,000	1,586,900	4,636,900
2020-2024	4,340,000	734,052	5,074,052
	$ 9,780,000	$ 4,552,646	$ 14,332,646

Emergency Apportionment Loan

In July 1990, the District obtained an emergency apportionment loan from the State of California in the amount of $9,525,000. In May 1991, the District received an additional loan from the State of California for $19,000,000 under the conditions of a court order. The State of California agreed to restructure the repayment of these loans on June 30, 1993. The restructure provided for the consolidation of the two loans and a 15 year repayment period with annual interest rate of 4.543%. On October 13, 1997, the State of California agreed to restructure the remaining debt following the District's fiscal year 1997-98 payment. The outstanding balance is to be repaid using the straight line amortization method over a 20 year term and bearing interest at 5.692%. Additional legislation, Assembly Bill 2756 on June 21, 2004, reduced the interest rate of the repayment of the emergency apportionment thereby reducing annual payments by approximately $400,000. Payments are made on February 1 of each year from any available funds of the District and are calculated using a future interest rate of 1.532%.

The revised future principal and interest payments of the loan are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	$ 1,239,800	$ 181,802	$ 1,421,602
2011	1,258,794	162,808	1,421,602
2012	1,278,078	143,524	1,421,602
2013	1,297,658	123,944	1,421,602
2014	1,317,539	104,063	1,421,602
2015-2019	5,475,112	211,291	5,686,403
	$ 11,866,981	$ 927,432	$ 12,794,413

6. **LONG-TERM LIABILITIES** (Continued)

Voluntary Integration Plan

The Voluntary Integration Program debt represents cost disallowances of $7,652,000 based on state audits of program expenditures in fiscal years 1988-89 and 1989-90. Subsequently, the District entered into an agreement with the State of California to repay this amount beginning in June 1993. During fiscal year 1992-93, the original agreement was restructured to allow the District to make the June 30, 1992, payment of $200,000 as scheduled, with the remaining balance scheduled to be repaid beginning in 1998. Repayment of the voluntary integration debt is shown as follows:

Year Ending June 30,	Total Payments
2010	$ 1,000,000
2011	1,000,000
2012	872,000
Total payments	$ 2,872,000

Computer Equipment Acquisition Loan

During fiscal year 1989-90, the District financed the acquisition of an administrative and instructional computer system with a loan from IBM. The acquired assets collateralized the loans. Subsequent to June 30, 1993, the District restructured the debt to allow for one payment during fiscal year 1993-94 and the remaining payments of $3,623,744, represented by $2,459,111 of principal and $1,164,633 of interest, payable in fiscal years 2007-08 through 2015-16. The Pooled Money investment rate of 4.402% as of June 30, 1994, was used to impute the interest costs implicit in the repayment amounts. For the year ended June 30, 2009, the accrued imputed interest is $109,577. Therefore, the carrying amount of the loan at June 30, 2009 is $4,265,423.

Year Ending June 30,	Total Payments
2010	$ 208,000
2011	1,042,000
2012	625,000
2013	625,000
2014	625,000
2015-2016	1,258,480
	4,383,480
Less amount representing interest	(315,914)
Total payments	$ 4,067,566

6. LONG-TERM LIABILITIES (Continued)

Child Care Facilities Loan

On February 7, 2001, the District received a no-interest loan from the California Department of Education for the development and acquisition of child care facilities. The District received an initial amount of $573,048 with the District repaying $33,000 of the loan. In 2002-03, the District received an additional $598,060. The carrying balance of the loan as of June 30, 2009 is $321,395. The loan balance is to be repaid in ten annual installments.

The following is a schedule of loan repayments:

Year Ending June 30,	Total Payments
2010	$ 97,524
2011	97,524
2012	126,347
Total payments	$ 321,395

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2009 is shown below:

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 527,016,427	$ 120,000,000	$ 10,796,196	$ 636,220,231	$ 11,482,117
General Obligation Bonds Premium		7,672,858	383,643	7,289,215	383,643
Accreted interest *	21,465,952	7,215,845		28,681,797	727,884
Certificates of Participation	10,065,000		285,000	9,780,000	435,000
Emergency Apportionment Loan	13,088,074		1,221,093	11,866,981	1,239,800
Voluntary Integration Plan	3,662,000		790,000	2,872,000	1,000,000
Computer equipment acquisition loan	4,692,566		625,000	4,067,566	132,529
Child care facilities loan	418,919		97,524	321,395	97,524
OPEB Obligation	24,469,980	41,403,868	15,125,897	50,747,951	
Compensated absences	3,200,316	234,718		3,435,034	3,435,034
Total	$ 608,079,234	$ 176,527,289	$ 29,324,353	$ 755,282,170	$ 18,933,531

* The accreted interest amounts are included in the future interest payments reflected on pages 38-44.

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Corporation Debt Service Fund. Payments on the Emergency Apportionment Loan are made from the Debt Service Fund. Payments on the Voluntary Integration Plan and computer equipment acquisition loan are made from the General Fund. Payments on the child care facilities acquisition loan are made from the Child Development Fund. Payments on compensated absences are made from the fund for which the related employee worked.

7. RESTRICTED NET ASSETS

Restricted net assets consisted of the following at June 30, 2009:

	Governmental Activities	Fiduciary Funds
Restricted for revolving cash	$ 70,000	
Restricted for prepaid expenses	5,468,926	
Restricted for stores inventory	608,303	
Restricted for unspent categorical program revenues	30,787,725	
Restricted for future payment of self-insured claims	4,243,569	
Restricted for special revenues	9,315,536	
Restricted for debt service	34,571,916	
Restricted for capital projects	108,697,584	
Restricted for retiree benefits		$ 11,893,109
Total restricted net assets	$193,763,559	$ 11,893,109

8. EMPLOYEE RETIREMENT SYSTEMS

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

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

Plan Description

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

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions (Continued)

California Public Employees' Retirement System (CalPERS) (Continued)

Funding Policy

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2008-2009 was 9.428% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2007, 2008 and 2009 were $3,258,705, $3,738,408 and $3,669,145, respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2008-2009 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2007, 2008 and 2009 were $9,146,343, $9,928,367 and $9,485,900, respectively, and equal 100% of the required contributions for each year.

9. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the District provides post-employment health benefits to all employees (1) hired prior to December 31, 2006 and who have attained five continuous years of service with the District (as defined by PERS/STRS); (2) are hired after January 1, 2007 and have attained ten continuous years of service with the District (as defined by PERS/STRS). Dental benefits are provided to employees who meet the rule of "75" (number of years worked plus age equals 75 or more) to qualify for post employment dental benefits. As of June 30, 2009, a total of 2,199 retirees met the health care benefit requirement.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District offers retirees a choice of two health maintenance organizations (HMO's) for health benefits and a supplemental Medicare Part A Plan; dental benefits are offered through one insurer. The District pays 100% for the monthly HMO up to the cost of the CalPERS Northern California Blue Shield health plan and 100% dental for eligible employees and their spouses who retired prior to January 1, 2007. Employees who retire after January 1, 2007 are covered by the terms of their bargaining union that are in effect at their retirement date. All eligible retirees and their spouses who qualify for Medicare benefits must apply for and pay for the Part B premium as required by law. Expenditures for post-employment health care benefits are recognized when paid.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 41,362,636
Interest on net OPEB obligation	722,342
Adjustment to annual required contribution	(681,110)
Annual OPEB cost	41,403,868
Contributions made	(15,125,897)
Increase in net OPEB obligation	26,277,971
Net OPEB obligation - beginning of year	24,469,980
Net OPEB obligation - end of year	$ 50,747,951

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2009 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	$ 39,986,982	37.23%	$ 24,469,980
June 30, 2009	$ 41,403,868	36.5%	$ 50,747,951

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the plan was unfunded. The actuarial liability for benefits was was $495,877,303 and the actuarial value of assets was zero, resulting in a unfunded actuarial accrued liability (UAAL) of $495,877,303. However, the District has set aside $11,893,109 in the Retiree Benefits Trust Fund for future payment of these benefits. No current employees are covered by the Plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after 10 years. Both rates included a 3.25 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009, was 28 years.

10. JOINT POWERS AGREEMENTS

Contra Costa County Schools Insurance Group

The District is a member with other school districts of a Joint Powers Authority, Contra Costa County Schools Insurance Group (CCCSIG), for the operation of a common risk management and insurance program for workers' compensation coverage. The following is a summary of financial information for CCCSIG at June 30, 2009:

Total assets	$ 94,005,427
Total liabilities	$ 69,346,146
Total net assets	$ 24,659,281
Total revenues	$ 43,645,587
Total expenses	$ 35,238,615
Change in net assets	$ 8,406,972

Northern California Regional Liability Excess Fund (Nor Cal Relief)

The District is a member with other agencies of a Joint Powers Authority, Northern California Regional Liability Excess Fund (Nor Cal Relief), for the operation of a common risk management and insurance program for property and liability coverage. The following is a summary of financial information for Nor Cal Relief at June 30, 2009:

Total assets	$ 53,768,412
Total liabilities	$ 33,726,756
Total net assets	$ 20,041,656
Total revenues	$ 37,856,693
Total expenses	$ 29,885,518
Change in net assets	$ 7,971,175

The relationship between the District and the Joint Powers Authorities is such that the Joint Powers Authorities are not component units of the District for financial reporting purposes.

11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations for the year ended June 30, 2009 were as follows:

Fund	Excess Expenditures
General Fund:	
Contract services and operating expenditures	$ 17,242,615

This excess is not in accordance with Education Code 42600.

12. CONTINGENCIES

The District is subject to legal proceedings and claims which arise in ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial position.

13. SUBSEQUENT EVENT

General Obligation Bonds

On August 12, 2009, the District issued 2009 General Obligation Refunding Bonds, totaling $57,860,000. The Board of Supervisors of Contra Costa County is empowered and obligated to annually levy ad valorem taxes, without limitation as to rate or amount, upon all property subject to taxation within the District for the payment of interest, principal and premium, if any. The bonds bear interest at rates ranging from 3.00% to 5.00% and are scheduled to mature in August 2031.

The District also issued 2009 General Obligation Bonds Election of 2005, Series C-1 and Election of 2005, Series C-2 on August 12, 2009 in the amount of $52,084,759 and $52,825,000, respectively.

State Budget

On July 28, 2009, Governor Schwarzenegger signed a package of bills amending the 2008-09 and 2009-10 California State budgets. The budget amendments were designed to address the State's budget gap of $24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2009.

The July budget package reduced, on a State-wide basis, $1.6 billion in 2008-09 Proposition 98 funding through a reversion of undistributed categorical program balances. The budget language identified 51 specific programs and required the amounts associated with these programs that were "unallocated, unexpended, or not liquidated as of June 30, 2009" to revert to the State's General Fund. The July budget package also provided an appropriation in 2009-10 to backfill $1.5 billion of these cuts to repay the 2008-09 reversion of the undistributed categorical program balances.

In accordance with the requirements of Government Accounting Standards Board Statement No. 33, the District has not recorded the revenue and related receivable associated with the District's portion of the unallocated, unexpended or unliquidated categorical program balances identified in the July 2009 State Budget package.

SUPPLEMENTARY INFORMATION

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL

MAJOR FUND - GENERAL FUND

For the Year Ended June 30, 2009

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Revenue limit sources:				
State apportionment	$ 96,387,242	$ 96,258,956	$ 96,054,992	$ (203,964)
Local sources	69,284,343	66,750,321	65,844,373	(905,948)
Total revenue limit	165,671,585	163,009,277	161,899,365	(1,109,912)
Federal sources	24,340,440	46,001,485	33,497,975	(12,503,510)
Other state sources	64,939,019	70,065,904	66,992,666	(3,073,238)
Other local sources	20,881,342	20,832,801	20,821,034	(11,767)
Total revenues	275,832,386	299,909,467	283,211,040	(16,698,427)
Expenditures:				
Certificated salaries	120,342,572	124,198,656	120,290,735	3,907,921
Classified salaries	40,671,644	42,240,744	41,418,183	822,561
Employee benefits	69,284,190	70,926,735	69,075,209	1,851,526
Books and supplies	11,450,847	27,743,300	8,843,494	18,899,806
Contract services and operating expenditures	40,439,190	22,040,992	39,283,607	(17,242,615)
Capital outlay	600,000	5,500,896	457,520	5,043,376
Other outgo	60,000	60,000	41,903	18,097
Debt service:				
Principal retirement	925,000	1,415,000	1,415,000	
Total expenditures	283,773,443	294,126,323	280,825,651	13,300,672
(Deficiency) excess of revenues (under) over expenditures	(7,941,057)	5,783,144	2,385,389	(3,397,755)
Other financing sources (uses):				
Operating transfers in	844,140	878,611	916,428	37,817
Operating transfers out	(787,360)	(787,360)	(794,836)	(7,476)
Total other financing sources (uses)	56,780	91,251	121,592	30,341
Net change in fund balance	(7,884,277)	5,874,395	2,506,981	(3,367,414)
Fund balance, July 1, 2008	45,839,766	45,839,766	45,839,766	
Fund balance, June 30, 2009	$ 37,955,489	$ 51,714,161	$ 48,346,747	$ (3,367,414)

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL

MAJOR FUND - BUILDING FUND

For the Year Ended June 30, 2009

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Other local sources	$ 2,300,000	$ 3,364,009	$ 3,364,009	
Expenditures:				
Classified salaries	831,986	914,415	765,271	$ 149,144
Employee benefits	377,599	369,340	313,055	56,285
Books and supplies	1,576,876	3,564,180	2,028,822	1,535,358
Contract services and operating expenditures	3,318,816	12,677,749	5,230,412	7,447,337
Capital outlay	119,751,386	136,984,501	37,792,182	99,192,319
Total expenditures	125,856,663	154,510,185	46,129,742	108,380,443
Deficiency of revenues under expenditures	(123,556,663)	(151,146,176)	(42,765,733)	108,380,443
Other financing sources (uses):				
Operating transfers out	(17,136,000)	(24,881,230)	(13,268,519)	11,612,711
Proceeds from issuance of long-term liabilities	120,000,000	120,000,000	120,000,000	
Total other financing sources (uses)	102,864,000	95,118,770	106,731,481	11,612,711
Net change in fund balance	(20,692,663)	(56,027,406)	63,965,748	119,993,154
Fund balance, July 1, 2008	66,850,136	66,850,136	66,850,136	
Fund balance, June 30, 2009	$ 46,157,473	$ 10,822,730	$ 130,815,884	$ 119,993,154

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2009

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve for Other Than Capital Outlay Projects Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Corporation Debt Service Fund	Debt Service Fund	Total
ASSETS											
Cash in County Treasury	$ 1,518,373	$ 192,785	$ 29,036	$ 5,001,985	$ 292,094	$ 3,235,878	$ 29,528	$ 24,320,212		$ 4,121,103	$ 38,740,994
Cash on hand and in banks	48,495		4,286								52,781
Cash with Fiscal Agent						558,303			$ 1,286,991		1,845,294
Cash awaiting deposit			1,000								1,000
Investments	1,744,112				2,051	1,140,543				4,798,009	7,684,715
Accounts receivable	393,417	118,403	1,571,557	5,977	314	11,154	11,529	23,273		22,828	2,158,452
Due from other funds						550,000					550,000
Stores inventory			424,156								424,156
Total assets	$ 3,704,397	$ 311,188	$ 2,030,035	$ 5,007,962	$ 294,459	$ 5,495,878	$ 41,057	$ 24,343,485	$ 1,286,991	$ 8,941,940	$ 51,457,392
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	$ 459,369	$ 117,622	$ 213,641	$ 263,913		$ 626,586		$ 500			$ 1,681,631
Deferred revenue		3,804									3,804
Due to other funds			550,000								550,000
Total liabilities	459,369	121,426	763,641	263,913		626,586		500			2,235,435
Fund balances	3,245,028	189,762	1,266,394	4,744,049	$ 294,459	4,869,292	$ 41,057	24,342,985	$ 1,286,991	$ 8,941,940	49,221,957
Total liabilities and fund balances	$ 3,704,397	$ 311,188	$ 2,030,035	$ 5,007,962	$ 294,459	$ 5,495,878	$ 41,057	$ 24,343,485	$ 1,286,991	$ 8,941,940	$ 51,457,392

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

ALL NON-MAJOR FUNDS

For the Year Ended June 30, 2009

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve for Other Than Capital Outlay Projects Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Corporation Debt Service Fund	Debt Service Fund	Total
Revenues:											
Federal sources	$ 387,906	$ 283,393	$ 9,184,048								$ 9,855,347
Other state sources	3,294,808	2,529,258	738,230	$ 1,031,203			$ 19,601,592	$ 374,430			27,569,521
Other local sources	365,888	201,371	1,437,191	52,114	$ 2,657	$ 812,727	98,645	37,840,042	$ 4,080	$ 148,953	40,963,668
Total revenues	4,048,602	3,014,022	11,359,469	1,083,317	2,657	812,727	19,700,237	38,214,472	4,080	148,953	78,388,536
Expenditures:											
Certificated salaries	2,178,851	1,173,875									3,352,726
Classified salaries	878,856	682,075	4,020,532								5,581,463
Employee benefits	759,594	741,599	1,729,394								3,230,587
Books and supplies	172,643	88,712	4,406,127			34,773					4,702,255
Contract services and operating expenditures	312,594	75,156	399,845	530,700		441,770					1,760,065
Capital outlay	42,367		76,995	333,156		376,490	37,991,884				38,820,892
Debt service:											
Principal retirement		97,524						10,796,196	285,000	1,221,093	12,399,813
Interest								23,458,952	502,360	172,122	24,133,434
Total expenditures	4,344,905	2,858,941	10,632,893	863,856		853,033	37,991,884	34,255,148	787,360	1,393,215	93,981,235
(Deficiency) excess of revenues (under) over expenditures	(296,303)	155,081	726,576	219,461	2,657	(40,306)	(18,291,647)	3,959,324	(783,280)	(1,244,262)	(15,592,699)
Other financing sources (uses):											
Operating transfers in		14,024					13,268,519		780,812		14,063,355
Operating transfers out	(195,847)	(198,416)	(522,165)								(916,428)
Total other financing sources (uses)	(195,847)	(184,392)	(522,165)				13,268,519		780,812		13,146,927
Net change in fund balances	(492,150)	(29,311)	204,411	219,461	2,657	(40,306)	(5,023,128)	3,959,324	(2,468)	(1,244,262)	(2,445,772)
Fund balances, July 1, 2008	3,737,178	219,073	1,061,983	4,524,588	291,802	4,909,598	5,064,185	20,383,661	1,289,459	10,186,202	51,667,729
Fund balances, June 30, 2009	$ 3,245,028	$ 189,762	$ 1,266,394	$ 4,744,049	$ 294,459	4,869,292	$ 41,057	$ 24,342,985	$ 1,286,991	$ 8,941,940	$ 49,221,957

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

ORGANIZATION

June 30, 2009

West Contra Costa Unified School District was established as the Richmond Unified School District on July 1, 1965, and, with the passage of AB 535, was renamed the West Contra Costa Unified School District on March 17, 1993. The District is comprised of an area of approximately 112 square miles located in Contra Costa County in the State of California. There were no changes in the boundaries of the District during the current year. The District is currently operating one special education pre-school, thirty seven elementary, one kindergarten through eight, six middle, one middle/high and five high schools. The District also maintains five alternative high schools, an elementary community day school and a school for continuing adult education.

BOARD OF TRUSTEES

Name	Office	Term Expires
Ms. Audrey Miles	President	December 3, 2010
Mr. Antonio Medrano	Clerk	December 7, 2012
Mr. Charles Ramsey	Member	December 3, 2010
Ms. Madeline Kronenberg	Member	December 3, 2010
Mr. Tony Thurmond	Member	December 7, 2012

ADMINISTRATION

Bruce Harter, Ph.D.
Superintendent of Schools

Wendell Greer
Associate Superintendent, K-12

Bill Fay
Associate Superintendent for Operations

Sheri Gamba
Associate Superintendent for Business Services

Jessica Romeo
Assistant Superintendent for Human Resources

Nia Rashidchi
Assistant Superintendent of Educational Services

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For the Year Ended June 30, 2009

	Second Period Report	Annual Report
Elementary:		
Kindergarten	2,208	2,206
First through Third	7,018	6,991
Fourth through Eighth	9,851	9,794
Home and Hospital	6	6
Special Education	923	915
Non Public Schools	1	1
Community Day School	24	25
Opportunity Schools	20	20
Total Elementary	20,051	19,958
Secondary:		
Regular Classes	7,027	6,933
Special Education	589	575
Compulsory Continuation Education	406	394
Community Day School	9	8
Home and Hospital	8	10
Non Public Schools	4	4
Total Secondary	8,043	7,924
Classes for Adults:		
Concurrently Enrolled	4	5
Classes for Adults	1,235	1,240
Total for Adults	1,239	1,245
	29,333	29,127

	Hours of Attendance	
Summer School:		
Elementary	235,246	235,246
Secondary	91,200	91,200
	326,446	326,446

See accompanying notes to supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2009

Grade Level	1986-87 Minutes Require-ment	1982-83 Actual Minutes	2008-09 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	31,500	36,000	180	In Compliance
Grade 1	50,400	45,160	50,455	180	In Compliance
Grade 2	50,400	45,160	50,455	180	In Compliance
Grade 3	50,400	45,160	50,455	180	In Compliance
Grade 4	54,000	45,160	54,035	180	In Compliance
Grade 5	54,000	45,160	54,035	180	In Compliance
Grade 6	54,000	45,160	54,035	180	In Compliance
Grade 7	54,000	45,160	56,294	180	In Compliance
Grade 8	54,000	45,160	56,294	180	In Compliance
Grade 9	64,800	52,898	64,989	180	In Compliance
Grade 10	64,800	52,898	64,989	180	In Compliance
Grade 11	64,800	52,898	64,989	180	In Compliance
Grade 12	64,800	52,898	64,989	180	In Compliance

See accompanying notes to supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

For the Year Ended June 30, 2009

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U. S. Department of Education		
	Special Education Cluster:		
84.027	Special Education IDEA: Basic Local Assistance Entitlement, Part B, Sec. 611 (Formerly 94-142)	13379	$ 5,624,099
84.027A	Special Education IDEA: Preschool Local Entitle-ment, Part B, Sec. 611 (Age 3-5)	13682	543,809
84.027A	Special Education IDEA: Local Staff Development Grants, Part B, Sec. 611	13613	2,131
84.027	Special Education - Alternative Dispute Resolution, Part B, Sec. 611	13007	15,000
84.027	Special Education IDEA: Quality Assurance & Focused Monitoring, Part B, Sec. 611	13693	35,252
84.173	Special Education IDEA: Preschool Grant, Part B, Sec 619 (Age 3-4-5)	13430	298,898
84.027	Special Education IDEA: Local Assistance Part B, Sec 611 Private School ISPs	10115	59,066
	Subtotal Special Education Cluster		6,578,255
84.010	NCLB: Title I, Part A, Basic Grants Low Income and Neglected	14329	7,047,655
84.010	NCLB: Title I, Comprehensive School Reform (SB IX Immediate Intervention/Underperforming Schools)	13966	5,736
84.010	NCLB: Title I,Part A, Program Improvement District Intervention	14956	82,009
84.010	NCLB: Title I, Part A, Improving Basic Program Grants to Local Education Agencies	14329	283,393
84.186	NCLB: Title IV, Safe and Drug Free Schools and Communities, Formula Grants	14347	152,398
84.216	NCLB: Title I, Capital Expenses/Private Schools	13953	12,641
84.287	NCLB: Title IV, 21st Century Community Centers Learning Program	14350	1,585,647
84.366	NCLB: Title II, Part B, CA Mathematics and Science Partnerships	14341	696,042
84.318	NCLB: Title II, Improving Teacher Quality	14341	1,515,157
84.318	NCLB: Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants	14334	30,103
84.298A	NCLB: Title V, Innovative Education Strategies	14326	194,205
84.357	NCLB: Title I, Part B, Reading First Program - LEA Subgrant	14328	683,590
84.215K	FIE Earmark Grant	14307	39,546
84.365	NCLB: Title III, Limited English Proficiency (LEP) Student Program	10084	868,322

(Continued)

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2009

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Education (Continued)			
84.181	Special Education IDEA: Early Intervention Grants, Part C	23761	$ 83,664
84.215E	Elementary Counseling PR Award	14307	423,699
84.048	Vocational Programs: Voc. and Applied Tech. Prep, Title II, Sec. 203 (Carl Perkins Act)	13920	234,530
84.196	Homeless Children Education (Stewart McKinney) Grants	13697	135,000
84.330	Advanced Placement Test Fee	13917	687,573
84.126A	Department of Rehabilitation: Workability II, Transitions Partnership	10006	209,316
84.002A	Adult Education: Adult Basic Education and ESL	13973	118,247
84.002A	Adult Education: Adult Secondary Education	13978	21,048
84.002	Adult Education: Family Literacy	13977	113,400
84.002A	Adult Education: English Literacy and Civics Education	14109	48,173
84.002A	Adult Education: Voc. and Applied Tech Education	14109	87,038
84.394	ARRA: State Fiscal Stabilization Fund	25008	11,246,080
	Total U.S. Department of Education		33,182,467
U.S. Department of Health and Human Services			
93.778	Department of Health Services: Medi-Cal Billing Option (DHS)	10013	915,510
94.004	CalServe - Learn and Serve America Service Grants	13161	71,298
	Total U.S. Department of Health and Human Services		986,808
U.S. Department of Agriculture			
	Child Nutrition Cluster:		
10.555	School Programs (NSL Sec. 4)	13391	8,615,638
10.559	School Programs (Summer Food Service)	13004	568,409
	Total U.S. Department of Agriculture		9,184,047
	Total Federal Programs		$ 43,353,322

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

	General Fund
June 30, 2009 Unaudited Actual Financial Report Ending Fund Balance	$ 50,837,386
Audit adjustment to remove the accounts receivable and associated revenue for categorical program funds unappropriated by the State of California:	
7-12 Counseling	(823,925)
GATE	(4,485)
English Language Acquisition	(353,950)
Special Ed DDS Early Intervention	(30,245)
Partnership Academies	(101,133)
Community Day Schools	(944)
Peer Review/Staff Dev	(26,040)
School Safety	(208,153)
Advanced Placement Grant Program	(302,983)
Teacher Credentialing Block Grant	(370,167)
School Safety Comp Y1	(83,239)
Arts & Music Block Grant	(185,375)
Total adjustments	(2,490,639)
June 30, 2009 Audited Financial Statements Ending Fund Balance	$ 48,346,747

There were no adjustments proposed to any other funds of the District.

See accompanying notes to supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For the Year Ended June 30, 2009
(In Thousands)

	(Budget) 2010	2009	2008	2007
General Fund				
Revenues and other financing sources	$ 261,767	$ 284,127	$ 287,774	$ 290,701
Expenditures	279,518	280,826	286,437	272,545
Other uses and transfers out		795	3,551	3,238
Total outgo	279,518	281,621	289,988	275,783
Change in fund balance	$ (17,751)	$ 2,506	$ (2,214)	$ 14,918
Ending fund balance	$ 30,595	$ 48,346	$ 45,840	$ 48,054
Available reserves	$ 1,213	$ 19,282	$ 20,360	$ 17,600
Designated for economic uncertainties	$ 1,213	$ 8,421	$ 9,000	$ 9,080
Undesignated fund balance	$ -	$ 10,861	$ 11,360	$ 8,520
Available reserves as percentages of total outgo	0.43%	6.85%	7.02%	6.38%
All Funds				
Total long-term liabilities	$ 899,242	$ 755,480	$ 608,079	$ 583,619
Average daily attendance at P-2, excluding Adult and Charter School (not in thousands)	27,824	28,094	28,178	28,413

The General Fund fund balance has increased by $15,210 over the past three years. The fiscal year 2009-2010 budget projects a decrease of $17,751. For a district this size, the State of California recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses. The District has met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates incurring an operating deficit during the 2009-2010 fiscal year.

Total long-term liabilities have increased by $171,861 over the past two years, due primarily to the issuance of General Obligation Bonds (See Note 6 to the financial statements).

Average daily attendance has decreased by 319 over the past two years. The District anticipates a decrease of 270 ADA for the 2009-2010 fiscal year.

See accompanying notes to supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2009

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
Manzanita Charter School	Separate Report
Leadership High Charter School	Separate Report
Richmond College Prep K-5	Separate Report
West County Community High School	Separate Report

See accompanying notes to supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Year. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with A-133 requirements, and is presented on the modified accrual basis of accounting.

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

E - Schedule of Financial Trends and Analysis

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2009-2010 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2009, the District did not adopt this program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Board of Education
West Contra Costa Unified School District
Richmond, California

We have audited the compliance of West Contra Costa Unified School District with the types of compliance requirements described in the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2009. Compliance with the requirements of state laws and regulations is the responsibility of West Contra Costa Unified School District's management. Our responsibility is to express an opinion on West Contra Costa Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about West Contra Costa Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of West Contra Costa Unified School District's compliance with those requirements.

Description	Audit Guide Procedures	Procedures Performed
Regular and Special Day Classes	8	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Adult Education	9	No, see below
Regional Occupational Center and Programs	6	No, see below
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, see below
Community Day Schools	9	No, see below
Morgan-Hart Class Size Reduction Program	7	No, see below
Instructional Materials:		
General requirements	12	No, see below
Grades K-8	1	No, see below
Grades 9-12	1	No, see below
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	No, see below
Mathematics and Reading Professional Development	4	No, see below
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS
(Continued)

Description	Audit Guide Procedures	Procedures Performed
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	No, see below
Contemporaneous Records of Attendance, for charter schools	1	No, see below
Mode of Instruction, for charter schools	1	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	3	No, see below

We did not perform any procedures related to Adult Education, Morgan Hart Class Size Reduction Program, Instructional Materials: Grades K-8 Only, Instructional Materials: Grades 9-12 Only, or Mathematics and Reading Professional Development as these programs are not required to be audited per flexibility provisions in SBx3 4.

We performed procedure (a) of Section 19828.3 related to Instructional Materials: General Requirements. However, we did not perform procedures (b), (c) and (e) of Section 19828.3 for the Instructional Materials per the flexibility provisions in SBx3 4.

We did not perform any procedures related to Regional Occupational Center Program because the District does not offer this program.

We did not perform any procedures related to the Instructional Time for County Offices of Education because the District is not a County Office of Education.

We did not perform testing for Community Day Schools because the ADA reported is below the level required for testing.

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer this program in the current year.

The 2008-2009 School Accountability Report Cards specified by Education Code Section 33126 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2009. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2008-2009 Audit Guide relating to the comparison of tested data from the 2008-2009 fiscal year to the 2008-2009 School Accountability Report Cards.

We did not perform any procedures related to Class Size Reduction Program - Option Two classes, and the Districts with only one school serving K-3 because the District does not offer Option Two, and the District has more than one school serving K-3.

We did not perform any procedures related to After School Education and Safety Program - "Before School" because the District did not operate a Before School program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

(Continued)

We did not perform any procedures related to Contemporaneous Records of Attendance for charter schools, Nonclassroom-Based Instruction/Independent Study for charter schools, Additional Nonclassroom-Based Instructions for charter schools, Determination of Funding for Nonclassroom-Based Instruction for charter schools and Annual Instructional Minutes Classroom-Based for charter schools because the District's charter schools are not included in the District's financial statements.

In our opinion, West Contra Costa Unified School District complied with the state laws and regulations referred to above for the year ended June 30, 2009, except as described in the Schedule of Audit Findings and Questioned Costs section of this report. Further, based on our examination, for items not tested, nothing came to our attention to indicate that West Contra Costa Unified School District had not complied with the state laws and regulations.

This report is intended solely for the information of the Board of Education, management, the State Controller's Office, the California Department of Education and the California Department of Finance, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California
December 10, 2009

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Board of Education
West Contra Costa Unified School District
Richmond, California

We have audited the financial statements of West Contra Costa Unified School District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Contra Costa Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Contra Costa Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of West Contra Costa Unified School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Contra Costa Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information of the Board of Education, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California
December 10, 2009

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Board of Education
West Contra Costa Unified School District
Richmond, California

Compliance

We have audited the compliance of West Contra Costa Unified School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. West Contra Costa Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of West Contra Costa Unified School District's management. Our responsibility is to express an opinion on West Contra Costa Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Contra Costa Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Contra Costa Unified School District's compliance with those requirements.

In our opinion, West Contra Costa Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of West Contra Costa Unified School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered West Contra Costa Unified School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Contra Costa Unified School District's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

(Continued)

Internal Control Over Compliance (Continued)

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Education, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California
December 10, 2009

FINDINGS AND RECOMMENDATIONS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Noncompliance material to financial statements noted?	______ Yes	X No

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	______ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected
84.287	NCLB: Title IV, 21st Century Community Centers Learning Program
84.318	NCLB: Title II, Part A, Improving Teacher Quality
10.555, 10.559	Child Nutrition Cluster
84.394	ARRA: State Fiscal Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,300,600	
Auditee qualified as low-risk auditee?	______ Yes	X No

STATE AWARDS

Internal control over state programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weaknesses?	______ Yes	X None reported
Type of auditor's report issued on compliance for state programs:	Qualified	

SECTION II - FINANCIAL STATEMENT FINDINGS

1. INTERNAL CONTROL - ACCRUED VACATION (30000)

Criteria

Internal Controls - Best practices for internal controls and District policies and procedures.

Condition

The District is not enforcing its vacation carryover policy. Employees have exceeded their maximum allowable vacation carryover.

Effect

Several employees have accrued vacation in excess of the maximum hours/days permitted by policy. Total excess liability at June 30, 2009 is approximately $948,000.

Cause

The District is not enforcing the approved vacation policy.

Fiscal Impact

Not determinable.

Recommendation

All employees should be required to take their earned vacation hours/days in the respective year. Also, the accrual should stop once an employee has reached the maximum permitted per policy.

Corrective Action Plan

The District concurs with this finding. The District has implemented procedures to reduce the vacation accrual balance. The District management will continue to work with their staff to reduce the excess vacation accrual to the District's allowable limit.

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2009

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2. STATE COMPLIANCE - ATTENDANCE (10000)

Criteria

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Sections 401 and 421 (b) and Education Code Section 44809 - Each LEA must develop and maintain accurate and adequate

Condition

At El Cerrito High School one student was improperly counted as present for one day.

At Ohlone Elementary one student was improperly counted as present for one day.

Effect

The effect of these findings is an extrapolated overstatement of 0.51 ADA.

Cause

The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact

The extrapolated effect of this finding is 0.51 ADA being disallowed representing approximately $2,900 in Revenue Limit funding. However, because the District has used the prior year ADA for the revenue limit calculation there is no current year fiscal impact.

Recommendation

The District should implement procedures to ensure that attendance is correctly reported. Additionally, the District should revise and resubmit the Period Two Report of Attendance.

Corrective Action Plan

The District concurs with this finding. The District will continue to audit attendance accounting at school sites and provide additional training to site personnel.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2009

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2008-1 One of the District's revolving cash accounts with a balance at June 30, 2008 of $20,000 in the Self-Insurance Fund, held at a third party administrator, was not reconciled and reviewed on a monthly basis. All bank accounts should be reconciled to the book balance and be reviewed in a timely manner.	Implemented.	
2008-2 The District is not enforcing its vacation carryover policy. Employees have exceeded their maximum allowable vacation carryover. All employees should be required to take their earned vacation hours/days in the respective year. Also, the accrual should stop once an employee has reached the maximum permitted per policy.	Not Implemented.	See current year finding #1.
2008-3 At Potola Middle School one student was improperly counted as present for one day. The District should implement procedures to ensure that attendance is correctly reported.	Partially implemented.	See current year finding #2.

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2008-4 Attendance was recorded for two additional hours for one student. The attendance summary did not correspond to the scantrons used to initially record attendance. The District should implement the necessary controls to ensure an effective review process. Within the review process, the District should ensure the attendance system is accurately reading the attendance scantrons.	Implemented.	
2008-5 CalSTRS election forms were not included in six personnel files selected for testing. The membership election form for CalSTRS must be provided to all newly hired substitute and part time certificated employees and proper follow up should be performed to collect the documents from the new employee within 30 days of hire.	Implemented.	

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the West Contra Costa Unified School District (the "District") in connection with the issuance of $25,000,000 of the District's General Obligation Bonds, Election of 2005, Series D-1 (Qualified School Construction Bonds - Direct Payment to District) (Federally Taxable) and $2,499,949.20 of the District's General Obligation Bonds, Election of 2005, Series D-2 (Tax-Exempt) (collectively, the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of the District dated April 28, 2010 (the "District Resolution") and a Resolution of Contra Costa County dated May 11, 2010 (the "County Resolution"). The District Resolution and the County Resolution are together referred to as the "Resolution." The District covenants and agrees as follows:

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

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

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

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

"Dissemination Agent" shall mean initially KNN Public Finance, a Division of Zions First National Bank, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Holders" shall mean registered owners of the Bonds.

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

"Participating Underwriter" shall mean Piper Jaffrey & Co., as the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2009-10 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

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

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

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

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

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

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

(c) outstanding District indebtedness;

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

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

SECTION 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies,

2. non-payment related defaults,

3. modifications to rights of Bondholders,

4. optional, contingent or unscheduled bond calls,

5. defeasances,

6. rating changes,

7. adverse tax opinions or events affecting the Direct Payment associated with the Series D-1 Bonds or the tax-exempt status of the Series D-2 Bonds,

8. unscheduled draws on the debt service reserves reflecting financial difficulties,

9. unscheduled draws on the credit enhancements reflecting financial difficulties,

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

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

12. final expenditure of proceeds of the Direct Payment Bonds.

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

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with the Repository or provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(b).

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

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

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

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

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

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

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

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

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

Date: June 24, 2010

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

By: _______[FORM ONLY]___________________
Superintendent

Dissemination Agent:

KNN PUBLIC FINANCE

By: _______[FORM ONLY]__________________
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Name of Bond Issue: General Obligation Bonds, Election of 2005, Series D-1 (Qualified School Construction Bonds - Direct Payment to District) (Federally Taxable)
General Obligation Bonds, Election of 2005, Series D-2 (Tax-Exempt)

Date of Issuance: June 24, 2010

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

Dated: _________________

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

By ____________[to be signed only if filed]_______________

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (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 security certificate will be issued for each maturity of each series of the Bonds, each 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 Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. 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 affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

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

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

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

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 as described in the Resolution.

In the event that the book-entry system is discontinued, the following provisions would also apply: (a) Bonds may be exchanged for a like aggregate principal amount of Bonds or other authorized denominations of the same maturity and interest rate, upon surrender thereof to the Paying Agent; (b) the transfer of any Bond may be registered on the books maintained by the Paying Agent under the Resolution for such purpose only upon the surrender thereof to the Paying Agent together with a duly executed written instrument of transfer in a form approved by the Paying Agent; (c) for every exchange or transfer of Bonds, the Paying Agent shall require the payment by any owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer; (d) all interest payments on the Bonds will be made by wire or check mailed by the Paying Agent to the owners thereof to such owner's address as it appears on the registration books maintained by the Paying Agent on the 15th day of the month preceding such Interest Payment Date; and (e) all payments of principal of and any premium on the Bonds will be paid upon surrender thereof to the Paying Agent.

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.

The District cannot and does not give any assurances that DTC will distribute to Participants or that Participants or others will distribute to the Beneficial Owners payments of principal of and interest and premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The District is not responsible

or liable for the failure of DTC or any Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay relating thereto.

Neither the District nor the Paying Agent will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Participant, or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the Bonds; (iii) any notice that is permitted or required to be given to Holders pursuant to the District Resolution; (iv) the selection by DTC, any Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; (v) any consent given or other action taken by DTC as Bondholder; or (vi) any other procedures or obligations of DTC, Participants or Indirect Participants under the book-entry system.

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APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.
(FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.)

By ________________________________
Authorized Officer

(212) 826-0100

Form 500NY (5/90)

APPENDIX G

BOND ACCRETED VALUE TABLE

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BOND ACCRETED VALUE TABLE

West Contra Costa Unified School District
General Obligation Bonds, Election of 2005, Series D-2

Date	Capital Appreciation Bonds 08/01/2035 10.282%	Capital Appreciation Bonds 08/01/2036 10.281%
06/24/2010	403.50	365.10
08/01/2010	407.70	368.90
02/01/2011	428.65	387.85
08/01/2011	450.70	407.80
02/01/2012	473.85	428.75
08/01/2012	498.25	450.80
02/01/2013	523.85	473.95
08/01/2013	550.80	498.35
02/01/2014	579.10	523.95
08/01/2014	608.85	550.90
02/01/2015	640.15	579.20
08/01/2015	673.10	609.00
02/01/2016	707.70	640.30
08/01/2016	744.05	673.20
02/01/2017	782.35	707.80
08/01/2017	822.55	744.20
02/01/2018	864.85	782.45
08/01/2018	909.30	822.70
02/01/2019	956.05	865.00
08/01/2019	1,005.20	909.45
02/01/2020	1,056.90	956.20
08/01/2020	1,111.20	1,005.35
02/01/2021	1,168.35	1,057.05
08/01/2021	1,228.40	1,111.35
02/01/2022	1,291.55	1,168.50
08/01/2022	1,357.95	1,228.55
02/01/2023	1,427.80	1,291.75
08/01/2023	1,501.20	1,358.15
02/01/2024	1,578.35	1,427.95
08/01/2024	1,659.50	1,501.35
02/01/2025	1,744.80	1,578.55
08/01/2025	1,834.50	1,659.65
02/01/2026	1,928.85	1,745.00
08/01/2026	2,028.00	1,834.70
02/01/2027	2,132.25	1,929.00
08/01/2027	2,241.90	2,028.15
02/01/2028	2,357.15	2,132.45
08/01/2028	2,478.30	2,242.05
02/01/2029	2,605.70	2,357.30
08/01/2029	2,739.70	2,478.50
02/01/2030	2,880.55	2,605.90
08/01/2030	3,028.60	2,739.85
02/01/2031	3,184.35	2,880.70
08/01/2031	3,348.05	3,028.75
02/01/2032	3,520.15	3,184.45
08/01/2032	3,701.15	3,348.15

BOND ACCRETED VALUE TABLE

West Contra Costa Unified School District
General Obligation Bonds, Election of 2005, Series D-2

Date	Capital Appreciation Bonds 08/01/2035 10.282%	Capital Appreciation Bonds 08/01/2036 10.281%
02/01/2033	3,891.40	3,520.30
08/01/2033	4,091.45	3,701.25
02/01/2034	4,301.80	3,891.50
08/01/2034	4,522.95	4,091.55
02/01/2035	4,755.50	4,301.85
08/01/2035	5,000.00	4,523.00
02/01/2036		4,755.50
08/01/2036		5,000.00

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