NEW ISSUE—FULL BOOK-ENTRY	RATINGS:	Moody's:	Aa3
		S&P:	A+
		Fitch:	A+

See "MISCELLANEOUS—Ratings"

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

$125,000,000
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(CONTRA COSTA COUNTY, CALIFORNIA)

$85,000,000 General Obligation Bonds, Election of 2012, Series A	$40,000,000 General Obligation Bonds, Election of 2010, Series B

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

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

The West Contra Costa Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2012, Series A in the aggregate principal amount of $85,000,000 (the "2012 Series A Bonds") and the West Contra Costa Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2010, Series B in the aggregate principal amount of $40,000,000 (the "2010 Series B Bonds," and together with the 2012 Series A Bonds, the "Bonds") are being issued by the West Contra Costa Unified School District (the "District"), located in Contra Costa County, California (the "County") to (i) construct and upgrade school facilities, and (ii) pay costs of issuance of the Bonds. See "Introduction - Purpose of Issue."

The Bonds are general obligations of the District payable solely from *ad valorem* taxes. The Board of Supervisors of the County is empowered and is obligated to levy and collect *ad valorem* taxes in each fiscal year upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. See "TAX BASE FOR REPAYMENT OF THE BONDS—*Ad Valorem* Property Taxation" and "SECURITY FOR THE BONDS." The *ad valorem* property taxes will be levied in amounts sufficient to pay the principal of, and premium, if any, and interest on the Bonds, when due.

Interest on the Bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2014, to maturity or prior redemption thereof. Principal on the Bonds is payable on August 1 in each of the years and in the amounts shown in the Maturity Schedules on the inside front cover. See "SECURITY FOR THE BONDS—Payment of Principal of and Interest on the Bonds."

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, designated as the Paying Agent, Registrar and Transfer Agent, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry Only System."

The Bonds are subject to redemption as more fully described herein. See "THE BONDS—Redemption of Bonds."

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY. NO PART OF ANY FUND OF THE COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS.

MATURITY SCHEDULES
(See Inside Front Cover)

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, 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 Garcia, Hernández, Sawhney & Bermudez, LLP, Oakland, California, as Disclosure Counsel to the District; and for the Underwriters by Nossaman LLP, Irvine, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC on or about October 31, 2013.

PiperJaffray® **DE LA ROSA & CO.**

Dated: October 10, 2013

MATURITY SCHEDULE

$85,000,000
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(CONTRA COSTA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2012, SERIES A
Base CUSIP[†]: 952347

$31,955,000 2012 Series A Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Suffix
2014	$7,750,000	4.000%	0.300%	ZJ4
2015	6,250,000	4.000	0.380	ZK1
2016	--	--	--	--
2017	--	--	--	--
2018	--	--	--	--
2019	--	--	--	--
2020	--	--	--	--
2021	530,000	5.000	2.680	ZL9
2022	640,000	5.000	2.970	ZM7
2023	760,000	5.000	3.240	ZN5
2024	885,000	5.000	3.510[(1)]	ZP0
2025	1,015,000	5.000	3.710[(1)]	ZQ8
2026	1,160,000	5.000	3.910[(1)]	ZR6
2027	1,310,000	5.000	4.100[(1)]	ZS4
2028	1,470,000	5.000	4.280[(1)]	ZT2
2029	1,640,000	5.250	4.330[(1)]	ZU9
2030	1,830,000	5.250	4.450[(1)]	ZV7
2031	2,025,000	5.250	4.530[(1)]	ZW5
2032	2,235,000	5.250	4.610[(1)]	ZX3
2033	2,455,000	5.250	4.670[(1)]	ZY1

Term Bonds

$20,365,000 – 5.500% 2012 Series A Term Bonds due August 1, 2039 – Yield: 4.900%[(1)]
CUSIP[(†)] Suffix A28

$14,575,000 – 5.000% 2012 Series A Term Bonds due August 1, 2042 – Yield: 5.160%
CUSIP[(†)]Suffix A36

$18,105,000 – 5.125% 2012 Series A Term Bonds due August 1, 2045 – Yield: 5.200%
CUSIP[(†)]Suffix A44

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(1) Yield to call at par on August 1, 2023.
(†) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP. Global Services, managed by Standard and Poor's on behalf of the American Bankers Association. The CUSIP numbers are provided solely for convenience of reference. Neither the District nor the Underwriters take any responsibility for the accuracy of such data.

MATURITY SCHEDULE

$40,000,000
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(CONTRA COSTA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2010, SERIES B
Base CUSIP[†]: 952347

$13,395,000 2010 Series B Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[(†)] Suffix
2014	$3,500,000	2.000%	0.240%	A51
2015	4,000,000	4.000	0.380	A69
2016	575,000	4.000	0.890	C34
2017	600,000	4.000	1.300	C42
2018	--	--	--	--
2019	--	--	--	--
2020	--	--	--	--
2021	--	--	--	--
2022	--	--	--	--
2023	--	--	--	--
2024	--	--	--	--
2025	--	--	--	--
2026	430,000	3.750	4.030	A77
2027	485,000	4.000	4.170	A85
2028	550,000	4.125	4.300	A93
2029	615,000	4.250	4.430	B27
2030	680,000	4.375	4.600	B35
2031	585,000	4.500	4.680	B43
2032	650,000	4.600	4.780	B50
2033	725,000	4.625	4.840	B68

Term Bonds

$6,255,000 – 5.500% 2010 Series B Term Bonds due August 1, 2039 – Yield: 4.900%[(1)]
CUSIP[(†)] Suffix B84

$10,350,000 – 5.000% 2010 Series B Term Bonds due August 1, 2043 – Yield: 5.170%
CUSIP[(†)] Suffix B92

$10,000,000 – 5.125% 2010 Series B Term Bonds due August 1, 2045 – Yield: 5.200%
CUSIP[(†)] Suffix C26

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(1) Yield to call at par on August 1, 2023.

(†) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP. Global Services, managed by Standard and Poor's on behalf of the American Bankers Association. The CUSIP numbers are provided solely for convenience of reference. Neither the District nor the Underwriters take any 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 those contained herein. 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 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.

The Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions contained thereunder by Section 3(a)2 and 3(a)12, respectively, and have not been registered or qualified under the securities laws of any state.

All other information set forth herein has been obtained from other sources (other than the District). 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. 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.

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

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

The District maintains an internet website at www.wccusd.net/. The information presented on such website is ***not*** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. Various other websites referred to in this Official Statement also are ***not*** incorporated herein by such references.

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

WITH RESPECT TO THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS DESCRIBED HEREIN TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED IN THIS OFFICIAL STATEMENT AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Madeline Kronenberg, President
Charles T. Ramsey, Clerk
Randall Enos, Member
Todd A. Groves, Member
Elaine R. Merriweather, Member

ADMINISTRATION

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

PROFESSIONAL SERVICES

Financial Advisor

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

Bond Counsel

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

Disclosure Counsel

Garcia, Hernández, Sawhney & Bermudez, LLP
Oakland, California

Paying Agent

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

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APPENDICES

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OFFICIAL STATEMENT

$125,000,000
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(CONTRA COSTA COUNTY, CALIFORNIA)

$85,000,000 **General Obligation Bonds,** **Election of 2012, Series A**	**$40,000,000** **General Obligation Bonds,** **Election of 2010, Series B**

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page, and appendices hereto, is furnished by the West Contra Costa Unified School District (the "District") to provide information concerning the $85,000,000 aggregate principal amount of West Contra Costa Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2012, Series A (the "2012 Series A Bonds") and the $40,000,000 aggregate principal amount of West Contra Costa Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2010, Series B (the "2010 Series B Bonds," and together with the 2012 Series A Bonds, the "Bonds"). This Introduction is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement. A full review of the entire Official Statement should be made.

The offering of the Bonds to potential investors is made only by means of the entire Official Statement. This Official Statement is not to be construed as a contract or agreement of the District with the Underwriters or the owners of any of the Bonds.

This Official Statement makes reference to resolutions, other documents and statutes and constitutional provisions of the State of California. Such references do not purport to be complete, comprehensive or definitive, and are qualified in their entirety by reference to each such resolution, document, statute, and constitutional provision.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. 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. Except as required by the Continuing Disclosure Certificate of the District relating to the Bonds, the District has no obligation to update the information in this Official Statement. See "CONTINUING DISCLOSURE" and "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Authority for Issuance

The Bonds. The Bonds are being issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code commencing with Section 53506 (the "Act") and pursuant to two resolutions, for each respective Series of the Bonds, of the Board of Education of the District adopted on September 25, 2013 (collectively, the "Resolution").

At an election held on November 6, 2012, the District submitted for voter approval a bond measure to authorize the District to issue up to $360 million of general obligation bonds. The measure was approved by 64.4% of the eligible voters in the District (the "2012 Authorization"). The 2012 Series A Bonds represent the first series of bonds issued under the 2012 Authorization. Following the issuance of the 2012 Series A Bonds, the District will have $275 million remaining authorized and unissued bonds under the 2012 Authorization.

At an election held on June 8, 2010, the District submitted for voter approval a bond measure to authorize the District to issue up to $380 million of general obligation bonds. The measure was approved by 62.6% of the eligible voters in the District (the "2010 Authorization"). The 2010 Series B Bonds represent the third series of bonds issued under the 2010 Authorization. Following the issuance of the 2010 Series B Bonds, the District will have $240 million remaining authorized and unissued bonds under the 2010 Authorization.

The Bonds were authorized by the voters of the District pursuant to the Constitution of the State of California (the "State") affected by Proposition 39, the Constitutional initiative passed by voters statewide on November 7, 2000, permitting approval of certain general obligation bonds of school and community college districts by a minimum 55% approving vote. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATION – PROPOSITION 39" herein. Proposition 39 requires the District to establish a citizens' bond oversight committee (the "Committee") that is responsible for reviewing the expenditure of all of the District's outstanding general obligation bond proceeds issued, including bonds issued under the 2012 Authorization and the 2010 Authorization, respectively. The District Board of Education has established a Committee. The Committee is required to report annually to the public by March 30 of each year regarding financial matters and performance of the District's general obligation bond program.

Purpose of Issue

The 2012 Authorization and the 2010 Authorization, respectively, authorize the District to issue general obligation bonds for purposes summarized as follows: to make schools safe, complete essential health and safety repairs, qualify for State matching grants, upgrade schools for earthquake safety and handicap accessibility, remove asbestos, upgrade science labs, restrooms, vocational classrooms, technology and energy systems to reduce costs, install lighting and security systems, and acquire, repair and construct equipment, sites and facilities and to pay costs of issuance of the Bonds. See "THE FINANCING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

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THE BONDS

Description of the Bonds

The Bonds will be dated the date of delivery and will be issued in denominations of $5,000 each or any integral multiple thereof and mature on the date and in the principal amounts and bear interest at the rates per annual, all as set forth on the inside cover page of this Official Statement. Interest on the Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year (each, a "Bond Payment Date"), commencing February 1, 2014. The Bonds will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated 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 the first Record Date (defined below), in which event it shall bear interest from its Dated Date. Interest will accrue on the Bonds on the basis of a 360-day year comprised of 12, 30-day months.

The Bonds will be issued in fully registered form, without coupons. The Bonds will be initially registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid by The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"), to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Bonds, as applicable, as described herein. See "APPENDIX E—BOOK-ENTRY ONLY SYSTEM."

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

Redemption of Bonds

Optional Redemption of the 2012 Series A Bonds. The 2012 Series A Bonds maturing on or before August 1, 2023, are not subject to redemption prior to their respective maturity dates. The 2012 Series A Bonds maturing on or after August 1, 2024, may be redeemed before maturity at the option of the District from any source of available funds on any date on or after August 1, 2023, as a whole, or in part, by lot, from such maturities as are selected by the District. The 2012 Series A Bonds will be deemed to consist of $5,000 portions, and any such portion may be separately redeemed. The 2012 Series A Bonds redeemed prior to maturity, if any, will be redeemed at the principal amount thereof together with accrued interest to date of redemption, without premium.

Optional Redemption of the 2010 Series B Bonds. The 2010 Series B Bonds maturing on or before August 1, 2023, are not subject to redemption prior to their respective maturity dates. The 2010 Series B Bonds maturing on or after August 1, 2024, may be redeemed before maturity at the option of the District from any source of available funds on any date on or after August 1, 2023, as a whole, or in part, by lot, from such maturities as are selected by the District. The 2010 Series B Bonds will be deemed to consist of $5,000 portions, and any such portion may be separately redeemed. The 2010 Series B Bonds redeemed prior to maturity, if any, will be redeemed at the principal amount thereof together with accrued interest to date of redemption, without premium.

Mandatory Sinking Fund Redemption of 2012 Series A Bonds. The 2012 Series A Term Bonds maturing on August 1, 2039 are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	**Principal Amount to be Redeemed**
2034	$2,695,000
2035	2,950,000
2036	3,225,000
2037	3,515,000
2038	3,825,000
2039[1]	4,155,000

[1] Maturity.

The 2012 Series A Term Bonds maturing on August 1, 2042 are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	**Principal Amount to be Redeemed**
2040	$4,505,000
2041	4,850,000
2042[1]	5,220,000

[1] Maturity.

The 2012 Series A Term Bonds maturing on August 1, 2045 are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	**Principal Amount to be Redeemed**
2043	$5,610,000
2044	6,025,000
2045[1]	6,470,000

[1] Maturity.

In the event that portions of the 2012 Series A Term Bonds shown above are optionally redeemed prior to their respective maturity dates, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, in integral multiples of $5,000 principal amount, in respect of the portion of such 2012 Series A Term Bonds optionally redeemed.

Mandatory Sinking Fund Redemption of 2010 Series B Bonds. The 2010 Series B Term Bonds maturing on August 1, 2039 are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2034	$800,000
2035	890,000
2036	985,000
2037	1,085,000
2038	1,190,000
2039	1,305,000

(1) Maturity

The 2010 Series B Term Bonds maturing on August 1, 2043 are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2040	$1,265,000
2041	1,375,000
2042	3,715,000
2043[(1)]	3,995,000

(1) Maturity.

The 2010 Series B Term Bonds maturing on August 1, 2045 are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2044	$4,825,000
2045[(1)]	5,175,000

(1) Maturity.

In the event that portions of the 2010 Series B Term Bonds shown above are optionally redeemed prior to their respective maturity dates, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, in integral multiples of $5,000 principal amount, in respect of the portion of such 2010 Series B Term Bonds optionally redeemed.

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

Notice of Redemption of Bonds. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of Bonds. The Redemption Notice will specify the Bonds or designated portions thereof (in the case of redemption of Bonds in part but not in whole) to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, 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 the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue.

The Redemption Notice will be given to the Registered Owners, the Securities Depositories (as defined in the Resolution), and to the Information Services (as defined in the Resolution) by the Paying Agent at least 20 but not more than 45 days prior to the redemption date in the manner provided in the Resolution. Neither failure to receive nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

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

Rescission of Notice of Redemption. With respect to any notice of redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds shall be deemed to have been defeased as described in "Defeasance of Bonds" herein, such notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that, if such moneys shall not have been so received, said notice shall be of no force and effect, the Bonds shall not be subject to redemption on such date and the Bonds shall not be required to be redeemed on such date. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter give notice, to the persons to whom and in the manner in which the notice of redemption was given, that such moneys were not so received. Notwithstanding the foregoing, the District will also have the right to rescind any notice of redemption by written notice to the Paying Agent on or prior to the date fixed for redemption, and the Paying Agent will distribute notice of such rescission in the same manner that such redemption notice was originally provided.

Effect of Notice of Redemption for Bonds. Notice having been given in the manner described above and in compliance with the provisions of the Resolution, and the monies for the redemption (including the interest to the applicable date of redemption) having been set aside as described in "Defeasance of Bonds" herein for such purpose, the Bonds to be redeemed shall become due and payable on such date of redemption. If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, are held by the Paying Agent so as to be available therefor on such redemption date, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds will be held in trust for the account of the Owners of Bonds to be so redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Resolution will be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District will be cancelled by the Paying Agent.

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

Defeasance of Bonds

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

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

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

If a Bond is defeased as described above, then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (1) or (2), above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

As used in this section, "Government Obligations" have the meaning given below:

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

THE FINANCING PLAN

The 2012 Series A Bonds. The District expects to use a portion of the net proceeds from the sale of the 2012 Series A Bonds, which constitutes the first issuance of bonds authorized pursuant to the 2012 Authorization to finance the projects set forth under the caption "INTRODUCTION – Purpose of Issue" herein. Such proceeds shall be deposited in the County treasury to the credit of the West Contra Costa Unified School District General Obligation Bonds, Election of 2012, Series A Building Fund (the "Series A Building Fund"). Interest earnings on moneys held in the Series A Building Fund shall be retained in the Series A Building Fund. Any accrued interest and any net original issue premium received by the District from the sale of the 2012 Series A Bonds shall be deposited in the West Contra Costa Unified School District General Obligation Bonds, Election of 2012, Series A Debt Service Fund (the "Series A Debt Service Fund") which is used only for payment of principal of and interest on the 2012 Series A Bonds. Interest earnings on moneys held in the Series A Debt Service Fund shall be retained in the Series A Debt Service Fund.

Any surplus moneys in the Series A Building Fund not needed for the purposes authorized by the 2012 Authorization shall be transferred to the Series A Debt Service Fund and used only for payment of principal of and interest on the 2012 Series A Bonds. If, after payment in full of the 2012 Series A Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

The 2010 Series B Bonds. The District expects to use a portion of the net proceeds from the sale of the 2010 Series B Bonds, which constitutes the third issuance of bonds authorized pursuant to the 2010 Authorization, to finance the projects set forth under the caption "INTRODUCTION – Purpose of Issue" herein. Such proceeds shall be deposited in the County treasury to the credit of the West Contra Costa Unified School District General Obligation Bonds, Election of 2010, Series B Building Fund (the "Series B Building Fund"). Interest earnings on moneys held in the Series B Building Fund shall be retained in the Series B Building Fund. Any accrued interest and any net original issue premium received by the District from the sale of the 2010 Series B Bonds shall be deposited in the West Contra Costa Unified School District General Obligation Bonds, Election of 2010, Series B Debt Service Fund (the "Series B Debt Service Fund") which is used only for payment of principal of and interest on the 2010 Series B Bonds. Interest earnings on moneys held in the Series B Debt Service Fund shall be retained in the Series B Debt Service Fund.

Any surplus moneys in the Series B Building Fund, not needed for the purposes authorized by the 2010 Authorization shall be transferred to the Series B Debt Service Fund and used only for payment of principal of and interest on the 2010 Series B Bonds. If, after payment in full of the 2010 Series B Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the funds with respect to the Bonds are as follows:

Sources of Funds	**Series A**	**Series B**	**Total**
Principal Amount	$85,000,000.00	$40,000,000.00	$125,000,000.00
Net Original Issue Premium	2,343,038.75	202,046.85	2,545,085.60
Total Sources:	$87,343,038.75	$40,202,046.85	$127,545,085.60
Uses of Funds			
Building Fund	$84,685,000.00	$39,835,000.00	$124,520,000.00
Debt Service Fund	1,918,038.75	2,046.85	1,920,085.60
Underwriters' Discount	425,000.00	200,000.00	625,000.00
Costs of Issuance(1)	315,000.00	165,000.00	480,000.00
Total Uses:	$87,343,038.75	$40,202,046.85	$127,545,085.60

(1) Includes the fees of the Financial Advisor, Bond Counsel, Disclosure Counsel, Paying Agent, the rating agency fees, the printing costs and other miscellaneous fees and expenses.

COUNTY INVESTMENT POOL

General. 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 "APPENDIX G—COUNTY INVESTMENT POLICY AND EXCERPTS FROM TREASURER'S QUARTERLY INVESTMENT REPORT AS OF JUNE 30, 2013" for a discussion of the County Pool, valuation procedures, and investment policies.

Investment of Bond Proceeds

The proceeds of the *ad valorem* property taxes levied to repay the Bonds and moneys held in the Series A Debt Service Fund and the Series B Debt Service Fund, respectively, may be invested in any investment permitted by law. It is anticipated that the *ad valorem* tax proceeds and moneys in the Series A Debt Service Fund and the Series B Debt Service Fund, respectively, will be invested in the County Investment Pool, although the District could provide instructions to invest in other lawful investments. See "APPENDIX G—COUNTY INVESTMENT POLICY AND EXCERPTS FROM TREASURER'S QUARTERLY INVESTMENT REPORT AS OF JUNE 30, 2013."

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DEBT SERVICE SCHEDULES

2012 Series A Bonds Debt Service. The following table shows the semi-annual debt service schedule with respect to the 2012 Series A Bonds (assuming no optional redemptions).

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT DEBT SERVICE SCHEDULE
ELECTION OF 2012, SERIES A

Date	*Principal*	*Interest*	*Semi-Annual Debt Service*	*Annual Total*
2/1/2014	--	$1,076,812.80	$1,076,812.80	--
8/1/2014	$7,7500,000	2,129,959.38	9,879,959.38	$10,956,772.18
2/1/2015	--	1,974,959.38	1,974,959.38	--
8/1/2015	6,250,000	1,974,959.38	8,224,959.38	10,199,918.76
2/1/2016	--	1,849,959.38	1,849,959.38	--
8/1/2016	--	1,849,959.38	1,849,959.38	3,699,918.76
2/1/2017	--	1,849,959.38	1,849,959.38	--
8/1/2017	--	1,849,959.38	1,849,959.38	3,699,918.76
2/1/2018	--	1,849,959.38	1,849,959.38	--
8/1/2018	--	1,849,959.38	1,849,959.38	3,699,918.76
2/1/2019	--	1,849,959.38	1,849,959.38	--
8/1/2019	--	1,849,959.38	1,849,959.38	3,699,918.76
2/1/2020	--	1,849,959.38	1,849,959.38	--
8/1/2020	--	1,849,959.38	1,849,959.38	3,699,918.76
2/1/2021	--	1,849,959.38	1,849,959.38	--
8/1/2021	530,000	1,849,959.38	2,379,959.38	4,229,918.76
2/1/2022	--	1,836,709.38	1,836,709.38	--
8/1/2022	640,000	1,836,709.38	2,476,709.38	4,313,418.76
2/1/2023	--	1,820,709.38	1,820,709.38	--
8/1/2023	760,000	1,820,709.38	2,580,709.38	4,401,418.76
2/1/2024	--	1,801,709.38	1,801,709.38	--
8/1/2024	885,000	1,801,709.38	2,686,709.38	4,488,418.76
2/1/2025	--	1,779,584.38	1,779,584.38	--
8/1/2025	1,015,000	1,779,584.38	2,794.584.38	4,574,168.76
2/1/2026	--	1,754,209.38	1,754,209.38	--
8/1/2026	1,160,000	1,754,209.38	2,914.209.38	4,668,418.76
2/1/2027	--	1,725,209.38	1,725,209.38	--
8/1/2027	1,310,000	1,725,209.38	3,035,209.38	4,760,418.76
2/1/2028	--	1,692,459.38	1,692,459.38	--
8/1/2028	1,470,000	1,692,459.38	3,162,459.38	4,854,918.76
2/1/2029	--	1,655,709.38	1,655,709.38	--
8/1/2029	1,640,000	1,655,709.38	3,295.709.38	4,951,418.76
2/1/2030	--	1,612,659.38	1,612,659.38	--
8/1/2030	1,830,000	1,612,659.38	3,442,659.38	5,055,318.76
2/1/2031	--	1,564,621.88	1,564,621.88	--
8/1/2031	2,025,000	1,564,621.88	3,589,621.88	5,154,243.76
2/1/2032	--	1,511,465.63	1,511,465.63	--
8/1/2032	2,235,000	1,511,465.63	3,746,465.63	5,257,931.26
2/1/2033	--	1,452,796.88	1,452,796.88	--
8/1/2033	2,455,000	1,452,796.88	3,907,796.88	5,360,593.76
2/1/2034	--	1,388,353.13	1,388,353.13	--
8/1/2034	2,695,000	1,388,353.13	4,083,353.13	5,471,706.26
2/1/2035	--	1,314,240.63	1,314,240.63	--
8/1/2035	2,950,000	1,233,115.63	4,458,115.63	5,578,481.26
2/1/2036	--	1,144,428.13	1,144,428.13	--
8/1/2036	3,225,000	1,233,115.63	4,458,115.63	5,691,231.26
2/1/2037	--	1,144,428.13	1,144,428.13	--
8/1/2037	3,515,000	1,144,428.13	4,659,428.13	5,803,856.26
2/1/2038	--	1,047,765.63	1,047,765.63	--
8/1/2038	3,825,000	1,047,765.63	4,872,765.63	5,920,531.26
2/1/2039	--	942,578.13	942,578.13	--
8/1/2039	4,155,000	942,578.13	5,097,578.13	6,040,156.26
2/1/2040	--	828,315.63	828,315.63	--
8/1/2040	4,505,000	828,315.63	5,333,315.63	6,161,631.26
2/1/2041	--	715,690.63	715,690.63	--
8/1/2041	4,850,000	715,690.63	5,565,690.63	6,281,381.26
2/1/2042	--	594,440.63	594,440.63	--
8/1/2042	5,220,000	594,440.63	5,814,440.63	6,408,881.26
2/1/2043	--	463,940.63	463,940.63	--
8/1/2043	5,610,000	463,940.63	6,073,940.63	6,537,881.26
2/1/2044	--	320,184.38	320,184.38	--
8/1/2044	6,025,000	320,184.38	6,345,184.38	6,665,368.76
2/1/2045	--	165,793.75	165,793.75	--
8/1/2045	6,470,000	165,793.75	6,635,793.75	6,801,587.50
	$85,000,000	$90,089,584.98	$175,089,584.98	$175,089,584.98

2010 Series B Bonds Debt Service. The following table shows the semi-annual debt service schedule with respect to the 2010 Series B Bonds (assuming no optional redemptions).

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
DEBT SERVICE SCHEDULE ELECTION OF 2010, SERIES B

Date	Principal	Interest	Semi-Annual Debt Service	Annual Total
2/1/2014	--	$468,872.76	$468,872.76	--
8/1/2014	$3,500,000	927,440.63	4,427,440.63	$4,896.313.39
2/1/2015	--	892,440.63	892,440.63	--
8/1/2015	4,000,000	892,440.63	4,892,440.63	5,784,881.26
2/1/2016	--	812,440.63	812,440.63	--
8/1/2016	575,000	812,440.63	1,387,440.63	2,199,881.26
2/1/2017	--	800,940.63	800,940.63	--
8/1/2017	600,000	800,940.63	1,400,940.63	2,201,881.26
2/1/2018	--	788,940.63	788,940.63	--
8/1/2018	--	788,940.63	788,940.63	1,577,881.26
2/1/2019	--	788,940.63	788,940.63	--
8/1/2019	--	788,940.63	788,940.63	1,577,881.26
2/1/2020	--	788,940.63	788,940.63	--
8/1/2020	--	788,940.63	788,940.63	1,577,881.26
2/1/2021	--	788,940.63	788,940.63	--
8/1/2021	--	788,940.63	788,940.63	1,577,881.26
2/1/2022	--	788,940.63	788,940.63	--
8/1/2022	--	788,940.63	788,940.63	1,577,881.26
2/1/2023	--	788,940.63	788,940.63	--
8/1/2023	--	788,940.63	788,940.63	1,577,881.26
2/1/2024	--	788,940.63	788,940.63	--
8/1/2024	--	788,940.63	788,940.63	1,577,881.26
2/1/2025	--	788,940.63	788,940.63	--
8/1/2025	--	788,940.63	788,940.63	1,577,881.26
2/1/2026	--	788,940.63	788,940.63	--
8/1/2026	430,000	788,940.63	1,218,940.63	2,007,881.26
2/1/2027	--	780,878.13	780,878.13	--
8/1/2027	485,000	780,878.13	1,265,878.13	2,046,756.26
2/1/2028	--	771,178.13	771,178.13	--
8/1/2028	550,000	771,178.13	1,321,178.13	2,092,356.26
2/1/2029	--	759,834.38	759,834.38	--
8/1/2029	615,000	759,834.38	1,374,834.38	2,134,668.76
2/1/2030	--	746,765.63	746,765.63	--
8/1/2030	680,000	746,765.63	1,426,765.63	2,173,531.26
2/1/2031	--	731,890.63	731,890.63	--
8/1/2031	585,000	731,890.63	1,316,890.63	2,048,781.26
2/1/2032	--	718,728.13	718,728.13	--
8/1/2032	650,000	718,728.13	1,368,728.13	2,087,456.26
2/1/2033	--	703,778.13	703,778.13	--
8/1/2033	725,000	703,778.13	1,428,778.13	2,132,556.26
2/1/2034	--	687,012.50	687,012.50	--
8/1/2034	800,000	687,012.50	1,487,012.50	2,174,025.00
2/1/2035	--	665,012.50	665,012.50	--
8/1/2035	890,000	665,012.50	1,555,012.50	2,220,025.00
2/1/2036	--	640,537.50	640,537.50	--
8/1/2036	985,000	640,537.50	1,625,537.50	2,266,075.00
2/1/2037	--	613,450.00	613,450.00	--
8/1/2037	1,085,000	613,450.00	1,698,450.00	2,311,900.00
2/1/2038	--	583,612.50	583,612.50	--
8/1/2038	1,190,000	583,612.50	1,773,612.50	2,357,225.00
2/1/2039	--	550,887.50	550,887.50	--
8/1/2039	1,305,000	550,887.50	1,855,887.50	2,406,775.00
2/1/2040	--	515,000.00	515,000.00	--
8/1/2040	1,265,000	515,000.00	1,780,000.00	2,295,000.00
2/1/2041	--	483,375.00	483,375,00	--
8/1/2041	1,375,000	483,375.00	1,858,375.00	2,341,750.00
2/1/2042	--	449,000.00	449,000.00	--
8/1/2042	3,715,000	449,000.00	4,164,000.00	4,613,000.00
2/1/2043	--	356,125.00	356,125.00	--
8/1/2043	3,995,000	356,125.00	4,351,125.00	4,707,250.00
2/1/2044	--	256,250.00	256,250.00	--
8/1/2044	4,825,000	256,250.00	5,081,250.00	5,337,500.00
2/1/2045	--	132,609.38	132,609.38	
8/1/2045	5,175,000	132,609.38	5,307,609.38	5,440,218.76
	$40,000,000	$42,900,738.59	$82,900,738.59	$82,900,738.59

Combined Annual Debt Service. The following table shows the combined debt service schedule with respect to all outstanding general obligation bonds issued by the District, together with the 2012 Series A Bonds and the 2010 Series B Bonds. See "APPENDIX A—DISTRICT FINANCIAL AND OPERATING INFORMATION - District Debt Structure."

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
COMBINED ANNUAL DEBT SERVICE SCHEDULE As of October 1, 2013

Year Ending (August 1)	1998 Authorization	2000 Authorization	2002 Authorization	2005[(1)] Authorization	2010[(1)] Authorization	2012 Authorization	Total Annual Debt Service
2014	$2,939,467.50	$12,538,350.00	$15,299,785.00	$17,933,691.26	$10,329,713.39	$10,956,772.18	$69,997,779.33
2015	2,940,867.50	13,874,150.00	15,987,635.00	19,155,291.26	11,328,281.26	10,199,918.76	73,486,143.78
2016	2,939,942.50	14,537,550.00	17,743,935.00	20,496,266.26	7,743,281.26	3,699,918.76	67,160,893.78
2017	2,941,287.50	15,092,212.50	18,994,650.00	21,925,953.76	7,855,281.26	3,699,918.76	70,509,303.78
2018	2,945,323.75	6,146,462.50	20,004,187.50	23,477,853.76	7,231,281.26	3,699,918.76	63,505,027.53
2019	2,941,912.50	6,112,212.50	20,306,450.00	25,146,953.76	7,341,281.26	3,699,918.76	65,548,728.78
2020	2,950,107.50	6,076,962.50	21,034,650.00	26,954,013.76	7,586,281.26	3,699,918.76	68,301,93.78
2021	2,949,052.50	6,040,462.50	22,115,650.00	28,904,213.76	7,684,031.26	4,229,918.76	71,923,328.78
2022	2,953,852.50	6,017,462.50	23,241,100.00	30,940,463.76	7,786,781.26	4,313,418.76	75,253,078.78
2023	2,949,832.50	5,992,937.50	23,937,262.50	31,606,389.76	7,888,781.26	4,401,418.76	76,776,622.28
2024	1,533,275.00	5,714,750.00	25,037,575.00	32,214,506.50	7,995,281.26	4,488,418.76	76,983,806.52
2025	743,575.00	5,790,000.00	26,036,000.00	33,637,257.50	8,101,031.26	4,574,168.76	78,882,032.52
2026	--	5,681,000.00	27,397,500.00	35,080,457.50	8,644,993.76	4,668,418.76	81,472,370.02
2027	--	5,673,750.00	28,665,250.00	36,585,820.00	5,796,131.26	4,760,418.76	84,481,370.02
2028		5,661,750.00	30,009,750.00	38,160,582.50	5,320,062.50	4,854,918.76	87,639,420.00
2029	--	5,649,750.00	31,420,000.00,	39,809,232.50	9,112,981.26	4,951,418.76	90,943,382.52
2030	--	5,624,250.00	32,910,250.00	41,529,907.50	9,267,731.26	5,055,318.76	94,405,457.52
2031	--	5,638,500.00	34,478,500.00	43,328,670.00	8,843,231.26	5,154,243.76	97,443,145.02
2032	--	5,622,750.00	35,529,000.00	45,206,995.00	9,017,381.26	5,257,931.26	100,634,057.52
2033		--	35,570,500.00	47,173,495.00	9,200,893.76	5,360,593.76	97,305,482.52
2034	--	--	37,403,500.00	48,608,980.00	9,382,662.50	5,471,706.26	100,866,848.76
2035	--	--	--	28,575,875.00	9,584,800.00	5,578,481.26	43,729,156.26
2036	--	--	--	29,860,000.00	9,766,512.50	5,691,231.26	45,317,743.76
2037	--	--	--	--	9,960,262.50	5,803.856.26	15,764,118.76
2038	--	--	--	--	10,161,237.50	5,920,531.26	16,081,768.76
2039	--	--	--	--	10,367,600.00	6,040,156.26	16,407,756.26
2040	--	--	--	--	10,412,500.00	6,161,631.26	16,574,131.26
2041	--	--	--	--	10,619,123.50	6,281,381.26	16,900,504.76
2042	--	--	--	--	4,613,000.00	6,408,881.26	11,021,881.26
2043	--	--	--	--	4,707,250.00	6,537,881.26	11,245,131.26
2044	--	--	--	--	5,337,500.00	6,665,368.76	12,002,868.76
2045	--	--	--	--	5,440,218.76	6,801,587.50	12,241,806.26
Total	**$31,728,496.25**	**$143,503,262.50**	**$543,123,130.00**	**$746,312,870.10**	**$271,049,737.09**	**$175,089,584.98**	**$1,910,807,080.92**

(1) The District anticipates receiving federal subsidy payments in connection with certain bonds issued under the 2005 Authorization and the 2010 Authorization. The annual debt service shown above is not adjusted for these anticipated federal subsidy payments.

SECURITY FOR THE BONDS

General

***Ad Valorem* Taxes**. The Bonds are general obligations of the District only and are not obligations of the County, the State, or any of its other political subdivisions. The Bonds are payable solely from *ad valorem* taxes levied on taxable property within the District. The Board of Supervisors of the County, on behalf of the District, is empowered and obligated to levy and collect *ad valorem* taxes, without limitation as to rate or amount, in an amount sufficient to pay the principal of and interest on the Bonds due and payable in the next succeeding bond year upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates). The *ad valorem* taxes levied and collected for debt service on the Bonds are deposited into the Series A Debt Service Fund and the Series B Debt Service Fund, as the case may be, maintained by the County Treasurer. See “TAX BASE FOR REPAYMENT OF THE BONDS” herein and “SECURITY FOR THE BONDS—Payment of Principal and Interest on the Bonds” for a description of the manner in which such payments will be made.

The District has previously issued other general obligation bonds (the “Prior General Obligation Bonds”), which are payable from the *ad valorem* taxes on a parity basis. See “THE BONDS – DEBT SERVICE SCHEDULES – Combined Annual Debt Service.” In addition to the general obligation bonds issued by the District, there is other debt issued by entities with taxing power in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See “APPENDIX A – DISTRICT FINANCIAL AND OPERATING INFORMATION – DISTRICT FINANCIAL INFORMATION – Statement of Direct and Overlapping Debt.”

Annual Tax Rates. The amount of 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. Fluctuations in the annual debt service on the Bonds and the Prior General Obligation Bonds and the assessed value of taxable property in the District may cause the annual tax rate applicable to the Bonds to fluctuate.

Economic and other factors beyond the District’s control could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. These factors include economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property tax payer, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or toxic contamination.

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY. NO PART OF ANY FUND OF THE COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS.

Payment of Principal of and Interest on the Bonds

Payments of principal and interest shall be made from the funds on deposit in the respective Debt Service Funds. Interest on the Bonds is payable semiannually on each Bond Payment Date, commencing on February 1, 2014, to maturity or prior redemption thereof. The interest on the Bonds shall be payable in lawful money of the United States of America. Payment of interest on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof (an “Owner” or “Bond Owner”) as of the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the “Record Date”), such interest to be paid by wire transfer or check mailed to such 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 Owner in an aggregate principal amount of One Million Dollars ($1,000,000) or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

Principal on the Bonds is payable on August 1 in each of the years and in the amounts shown in the Maturity Schedules, on the inside front cover. The principal, and redemption premiums, if any, payable on the Bonds shall be payable in lawful money of the United States of America upon maturity or redemption upon surrender at the designated office of the Paying Agent. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity or early redemption, and to cancel all Bonds upon payment thereof.

TAX BASE FOR REPAYMENT OF THE BONDS

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

Ad Valorem Property Taxation

The County will levy and collect *ad valorem* taxes on all taxable parcels within the District which are pledged specifically to the repayment of the Bonds and the Prior General Obligation Bonds. The general *ad valorem* property tax levy levied in accordance with Article XIIIA of the California Constitution ("Article XIIIA") and its implementing legislation is a source of funding to operate the District's educational program. As described below, the general *ad valorem* property tax levy and the additional *ad valorem* property tax levy pledged to repay the Bonds and the Prior General Obligation Bonds will be collected through annual tax bills distributed by the County to the owners of parcels within the boundaries of the District.

Method of Property Taxation. Beginning in fiscal year 1978-79, Article XIIIA and its implementing legislation permitted each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness) and prescribed how levies on county-wide property values were to be shared with local taxing entities within each county. All property is assessed using full cash value as defined by Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Article XIIIA of the State Constitution." State law, however, 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 allowed under Article XIIIA (new construction, certain changes of ownership, up to 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" sources from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. State law exempts $7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is made up by the State.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in a county as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and real property having a tax lien which is sufficient, in the opinion of the county assessor, to secure payment of the taxes. Unsecured property comprises all property not attached to land such as personal property or business property. Unsecured property is assessed on the "unsecured roll."

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

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

Appeals of Assessed Value; Proposition 8 Reductions. A property owner may appeal a County Assessor's determination of assessed value based on Proposition 8, passed by the voters in November 1978 ("Proposition 8"), or based on a challenge to the base year value.

Proposition 8 requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article 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 causing a decline in value. Property owners may apply for a Proposition 8 reduction of their property tax assessment with the County board of equalization or assessment appeals board. In most cases, an appeal is based on the property owner's belief that market conditions cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

Any reduction in the assessed value granted as a result of a Proposition 8 appeal, or unilateral reassessment by the County Assessor, applies to the year for which the application or reassessment is made. These reductions are subject to annual review and the assessed values are adjusted back to the original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it becomes subject to the annual inflationary factor growth rate allowed under Article XIIIA.

Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is made and 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 change of ownership or new construction date.

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate assessed valuation of property within the District due to appeals, as with any reduction in assessed valuation due to other causes, will result in an increase of the tax rate levied upon all property subject to taxation within the District for the payment of principal of and interest on the Bonds, when due.

District Assessed Valuation. Both the general *ad valorem* property tax levy and the additional *ad valorem* levy for payment of debt service on District general obligation bonds, including the Bonds and the Prior General Obligation Bonds, are based upon the assessed valuation of taxable property in the District. Property taxes allocated to the District are collected by the County at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and county taxing purposes. The valuation of secured property by the County is established as of January 1, and is subsequently equalized in September of each year.

The base values of property within the District could be reduced due to factors beyond the District's control, including general market decline in real property values, reclassification of property to a class exempt from taxation, whether by ownership or use, or the complete or partial destruction of taxable property caused by a natural or manmade disaster (such as earthquake, flood, fire, acts of terrorism or toxic contamination). The District is located in a seismically active region that includes at least two active earthquake faults, the

Hayward and Calaveras Faults. Both of those faults are branches of the San Andreas Fault underlying the City and County of San Francisco and most of the State. Although no significant earthquake activity has occurred in the region within the last 20 years, an earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the region's economy.

Taxation of State-Assessed Utility Property. A portion of the property tax revenue of the District is derived from utility property subject to assessment by the State Board of Equalization ("SBE"), including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions that are assessed as part of a "going concern" rather than as individual pieces of real or personal property. The assessed value of unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. In general, if any unitary property is transferred or converted to a non-utility use, due to reorganization or sale or other change, such transfer would increase the assessed valuation within the District since the property would be taxed locally. The transfer or conversion of property located within the District to a utility use would have the opposite effect. The District is not able to predict any future transfers of State-assessed property or its impact on the District's utility tax revenues, or whether future legislation or litigation may affect unitary property, or the method by which the SBE currently assesses or allocates such revenues.

Historic Assessed Valuations

The information provided in Tables 1 through 8 below has been provided by California Municipal Statistics, Inc. The District has not independently verified this information and does not guarantee its accuracy.

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the SBE as described above. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties are assessed see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

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Certain classes of property, such as churches, colleges, not-for-profit hospitals, governmental entities and charitable intuitions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

The following table sets forth a 10-year history of the assessed value in the District.

TABLE 1
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
ASSESSED VALUATION FISCAL YEARS 2004-05 THROUGH 2013-14(1)

Fiscal Year	Local Secured	Utility(2)	Unsecured	Total	Annual % Change(3)
2004-05	$18,694,802,748	$34,877,710	$942,323,175	$19,672,003,633	--
2005-06	20,898,373,912	35,233,047	937,524,349	21,871,131,308	11.18%
2006-07	23,394,796,810	32,996,057	996,599,562	24,424,392,429	11.67
2007-08	25,972,526,364	12,872,037	986,267,215	26,971,665,616	10.43
2008-09	25,968,908,280	12,850,519	1,080,701,277	27,062,460,076	0.34
2009-10	22,527,198,702	12,079,880	1,206,474,766	23,745,753,348	(12.26)
2010-11	20,862,423,058	12,710,612	1,052,023,491	21,927,157,161	(7.66)
2011-12	20,967,316,009	10,792,683	1,192,454,380	22,170,563,072	1.11
2012-13	22,393,219,395	10,751,749	1,228,955,895	23,632,927,039	6.60
2013-14	21,027,153,899	10,668,095	1,187,310,326	22,225,132,320	(5.96)(4)

(1) Total assessed value includes the homeowner exemption which is reimbursed by the State. The table does not include unitary property valuation.
(2) Includes property owned by each utility within the District. Periodically, certain parcels may be reclassified from utility to local secured or unsecured causing revenue associated with such parcels to be reallocated. The most recent reclassification, effective fiscal year 2011-12 reallocated approximately $2,000,000 dollars from utility assessments to unsecured assessments.
(3) Pursuant to Proposition 8, commencing in 2008-09, the County Assessor temporarily 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.
(4) In August 2012, Chevron USA Inc., the largest taxpayer in the District, experienced a fire at its City of Richmond campus. The assessed valuation of the Chevron properties decreased by $1,114,586,753 from 2012-13 to 2013-14 due to a decrease in revenues resulting from the closure of a portion of the Chevron facilities from August 2012 to April 2013.
Source: California Municipal Statistics, Inc.
Source: Final column calculated by KNN Public Finance, Financial Advisor to the District.

Pursuant to Proposition 8, commencing in tax year 2008-09, the County Assessor temporarily reduced base values of properties within the County. The most significant base value reductions, by percentage of value, occurred in 2008-09 through 2010-11. Under Proposition 8, any reduction in the assessed value granted as a result of either (i) a Proposition 8 appeal, or (ii) a discretionary reassessment by the County Assessor, applies only to the year for which the application or reassessment is made. The reductions are subject to annual review and the assessed values are adjusted back to the original values when market conditions improve. Once adjusted back, the values become subject to the annual inflationary factor growth rate allowed by law. See also "TAX BASE FOR REPAYMENT OF THE BONDS-*Ad Valorem* Property Taxation—*Appeals of Assessed Value; Proposition 8 Reductions.*" See also "Largest Taxpayers in the District – Chevron Property Tax Appeals and the Settlement Agreement" herein.

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 assessee. 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.

Teeter Plan and Tax Losses Reserve Fund. The County has adopted 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 County applies the Teeter Plan to taxes levied for the repayment of school district general obligation bonds.

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 may also, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the County if delinquencies within that agency's area exceed 3% in any tax year. Although delinquencies in the District exceeded 3% in fiscal years 2008-09 and 2009-10 the County did not order discontinuance of the Teeter Plan and the Teeter Plan is in effect as of the date of this Official Statement.

The following table shows a five-year history of secured tax changes and delinquencies in the District.

TABLE 2
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SECURED TAX CHARGES AND DELINQUENCIES[(1)]

Fiscal Year	Secured Tax Charge	Amount Delinquent as of June 30	Percent Delinquent June 30
2008-09	$26,534,360.10	$1,663,455.48	6.27%
2009-10	40,349,223.42	1,282,023.52	3.18
2010-11	38,278,694.81	845,259.12	2.21
2011-12	52,145,455.57	998,029.43	1.91
2012-13	45,816,426.38	670,588.03	1.46

(1) The history of tax collections and delinquencies is available only with respect to the District's general obligation bond debt service tax levy.
Source: California Municipal Statistics, Inc.

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Tax Rates

The State Constitution permits the levy of an *ad valorem* tax not to exceed 1% of the full cash value of taxable property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* taxes in excess of the 1% levy is permitted as necessary to provide for the debt service payments on school bonds and other voter-approved indebtedness. The tax rate necessary to pay debt service on the Bonds and the Prior General Obligation Bonds in any given year depends on the assessed value of property in that year. For taxing purposes, the State Board of Equalization divided the area served by the District into tax rate areas ("TRA"). The largest TRA in the District is TRA 8-001. Table 3 summarizes components of the property tax rate in TRA 8-001 from fiscal year 2008-09 to fiscal year 2012-13.

TABLE 3
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
LARGEST COMPONENT PARTS OF TRA 8-001[1]
(Percentage of Assessed Valuation)

	2008-09	2009-10	2010-11	2011-12	2012-13
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	.0090	.0057	.0031	.0041	.0043
East Bay Regional Park	.0100	.0108	.0084	.0071	.0051
West Contra Costa Unified School District	.1230	.1828	.1869	.2322	.2157
Contra Costa Community College District	.0066	.0126	.0133	.0144	.0087
Total	**1.2886%**	**1.3519%**	**1.3517%**	**1.3978%**	**1.3738%**

[1] The 2012-13 assessed valuation of TRA 8-001 is $7,023,818,091.
Source: California Municipal Statistics, Inc.

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Assessed Valuation By Land Use

The following table reflects the 2013-14 assessed valuation and parcels by land use within the District.

TABLE 4
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
2013-14 ASSESSED VALUATION AND PARCELS BY LAND USE

	2013-14 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$1,408,565,104	6.70%	1,423	1.84%
Vacant Commercial	36,661,462	0.17	276	0.36
Professional/Office	240,829,749	1.15	351	0.45
Industrial	4,100,381,553	19.50	698	0.90
Vacant Industrial	99,125,863	0.47	360	0.46
Recreational	24,205,687	0.12	29	0.04
Government/Social/Institutional	86,451,128	0.41	1,351	1.74
Other Vacant	19,730,166	0.09	1,092	1.41
Miscellaneous	48,046,958	0.23	532	0.69
Subtotal Non-Residential	$6,063,997,670	28.84%	6,112	7.89%
Residential:				
Single Family Residence	$12,089,641,362	57.50%	56,122	72.47%
Condominium/Townhouse	1,418,104,156	6.74	9,072	11.72
2-4 Residential Units	569,300,095	2.71	3,620	4.68
5+ Residential Units/Apartments	806,027,456	3.83	796	1.03
Mobile Homes	3,486,796	0.02	118	0.15
Miscellaneous Residential Improvements	17,490,907	0.08	80	0.10
Vacant Residential	59,105,457	0.28	1,514	1.96
Subtotal Residential	$14,963,156,229	71.16%	71,312	92.11%
Total	$21,027,153,899	100.00%	77,424	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single-Family Homes

The following table provides the 2013-14 assessed valuation of single family residential parcels within the District.

TABLE 5
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
PER PARCEL FISCAL YEAR 2013-14 ASSESSED VALUATION OF SINGLE FAMILY HOMES

	No. of Parcels	2013-14 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	56,122	$12,089,641,362	$215,417	$183,002

2013-14 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	3,879	6.912%	6.912%	$ 147,132,741	1.217%	1.217%
$50,000 - $99,999	9,920	17.676	24.588	718,675,300	5.945	7.162
$100,000 - $149,999	9,131	16.270	40.857	1,148,691,177	9.501	16.663
$150,000 - $199,999	7,513	13.387	54.244	1,308,190,118	10.821	27.484
$200,000 - $249,999	6,905	12.304	66.548	1,543,019,921	12.763	40.247
$250,000 - $299,999	5,470	9.747	76.295	1,489,904,018	12.324	52.571
$300,000 - $349,999	4,221	7.521	83.816	1,373,202,880	11.359	63.929
$350,000 - $399,999	3,311	5.900	89.715	1,235,328,175	10.218	74.147
$400,000 - $449,999	1,837	3.273	92.988	779,101,050	6.444	80.592
$450,000 - $499,999	1,155	2.058	95.047	545,761,787	4.514	85.106
$500,000 - $549,999	811	1.445	96.492	425,281,579	3.518	88.624
$550,000 - $599,999	602	1.073	97.564	344,502,745	2.850	91.473
$600,000 - $649,999	452	0.805	98.370	281,677,002	2.330	93.803
$650,000 - $699,999	296	0.527	98.897	198,972,273	1.646	95.449
$700,000 - $749,999	168	0.299	99.196	120,921,405	1.000	96.449
$750,000 - $799,999	104	0.185	99.382	80,141,247	0.663	97.112
$800,000 - $849,999	76	0.135	99.517	62,356,724	0.516	97.628
$850,000 - $899,999	70	0.125	99.642	61,007,338	0.505	98.133
$900,000 - $949,999	50	0.089	99.731	45,877,880	0.379	98.512
$950,000 - $999,999	28	0.050	99.781	27,261,551	0.225	98.737
$1,000,000 and greater	123	0.219	100.000	152,634,451	1.263	100.000
Total	56,122	100.000%		$12,089,641,362	100.000%	

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

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Assessed Value by Jurisdiction

The following table provides the 2013-14 assessed valuation by jurisdiction.

TABLE 6
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
2013-14 ASSESSED VALUATION BY JURISDICTION

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
Incorporated Contra Costa County:				
City of El Cerrito	$ 3,002,461,949	13.51%	$ 3,002,461,949	100.00%
Town of Hercules	2,332,985,197	10.50	2,468,182,667	94.52
City of Pinole	1,759,801,754	7.92	1,759,801,754	100.00
City of Richmond	10,896,370,212	49.03	10,896,370,212	100.00
City of San Pablo	1,208,900,530	5.44	1,208,900,530	100.00
Unincorporated Contra Costa County:				
Kensington Community Services District	938,395,485	4.22	938,395,485	100.00
Other Unincorporated Contra Costa County	2,086,217,193	9.39	30,378,942,871	6.87
Total District	$22,225,132,320	100.00%		
Contra Costa County	$22,225,132,320	100.00%	$147,071,434,253	15.11%

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 2013-14 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 amounts to $3,891,877,662, or approximately 18.51% of the District's total 2013-14 secured tax roll.

TABLE 7
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
LARGEST 2013-14 LOCAL SECURED TAXPAYERS

	Property Owner	Primary Land Use	2013-14 Assessed Valuation	% of Total [1]
1.	Chevron USA Inc.	Industrial	$2,747,070,368	13.06%
2.	Guardian & KW Hilltop LLC	Apartments	146,283,395	0.70
3.	Bio-Rad Laboratories Inc.	Industrial	143,169,379	0.68
4.	MCD-RCCA-El Cerrito LLC	Shopping Center	88,710,044	0.42
5.	Lennar Emerald Marina Bay LLC	Residential Development	82,848,000	0.39
6.	Richmond Essex LP	Apartments	72,582,908	0.35
7.	Richmond Associates LLC	Shopping Center	67,052,154	0.32
8.	Kaiser Foundation Health Plan	Medical Building	61,865,053	0.29
9.	TKG Pinole LLC	Shopping Center	61,678,435	0.29
10.	Safeway Inc.	Shopping Center	52,239,688	0.25
11.	DDRM Hilltop Plaza LP	Shopping Center	41,747,500	0.20
12.	Dicon Fiberoptics Inc.	Industrial	40,640,233	0.19
13.	Ford Point LLC	Industrial	38,824,752	0.18
14.	Richmond Tides Owners LLC	Apartments	37,740,000	0.18
15.	BP West Coast Products	Industrial	37,467,245	0.18
16.	California Fats & Oils Inc.	Industrial	34,960,960	0.17
17.	Village at Town Center LLC	Apartments	34,949,475	0.17
18.	Point Richmond R&D Associates II LLC	Industrial	34,216,473	0.16
19.	IIT Pinole Business Park I LP	Industrial	34,170,000	0.16
20.	Stephens & Stephens LLC	Industrial	33,661,600	0.16
	Total		**$3,891,877,662**	**18.51%**

[1] Total Local Secured Assessed Valuation for 2013-14: $21,027,153,899.
Source: California Municipal Statistics, Inc.

Chevron Property Tax Appeals and the Settlement Agreement. Chevron USA, Inc. ("Chevron USA"), the largest taxpayer in the District, currently represents 13.06% of the total local secured assessed valuation in the District. The Chevron USA petroleum refinery is located on 2,900 acres comprised of 45 parcels located primarily within the City of Richmond, California. Since 2004, Chevron USA, Chevron Corporation and all Chevron Affiliates (collectively, "Chevron") have annually appealed its assessed property valuations to the County Assessment Appeals Board (the "Appeals Board") seeking to reduce the assessed valuation of its refinery. Over the years, the Appeals Board has adopted findings and issued decisions which have resulted in tax refunds to Chevron as well as decisions requiring Chevron to pay more property taxes than it would have paid based on the County Assessor's valuation. Chevron has challenged every Appeals Board decision in Contra Costa County Superior Court.

Below are historical local secured assessed valuations of Chevron, commencing with fiscal year 2004-05 which is the first year Chevron appealed the County's property tax assessments.

TABLE 8
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
CHEVRON USA, INC. - HISTORY OF SECURED ASSESSED VALUATION

Year	Assessed Valuations
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
2010-11	2,028,768,690
2011-12	2,746,309,920
2012-13	3,280,000,000(1)
2013-14	2,747,070,368(2)

(1) Estimate per Contra Costa County Assessor's Office resulting from an agreement between Chevron USA Inc., and Contra Costa County Assessor's Office. The previous value reported was $3,861,657,121.
(2) In August 2012, Chevron USA Inc., the largest taxpayer in the District, experienced a fire at its City of Richmond campus. The assessed valuation of the Chevron properties decreased by $1,114,586,753 from 2012-13 to 2013-14 due to a decrease in revenues resulting from the closure of a portion of the Chevron facilities from August 2012 to April 2013.
Source: California Municipal Statistics, Inc.

Chevron, the County Assessor and the City of Richmond have negotiated a settlement agreement to settle Chevron's pending property tax claims, appeals, and litigation for 2004 through 2012 (the Chevron/County Settlement"). The Board of Supervisors of the County and the City Council of the City of Richmond have approved the Chevron/County Settlement on September 17, 2013 and September 18, 2013, respectively.

Under the terms of the settlement agreement, Chevron and the Assessor's Office will request the Appeals Board (i) approve the assessed values of the Chevron refinery for 2010-11 and (ii) reduce the 2012 taxable value of the refinery from $3.87 billion to $3.28 billion. The 2012 reduction in taxable value will result in an overpayment of $8 million by Chevron. One condition of the settlement is that Chevron relinquishes its right to receive a refund of those property taxes, such that the County and its agencies will not lose additional property tax money to pay a refund to Chevron.

In the future, Chevron and the Assessor's Office will meet annually and confer regarding the value of the Chevron refinery, as was done prior to 2004. If Chevron disagrees with property tax assessments, the Assessor's Office and Chevron will mediate the claims before asking the Appeals Board to adjudicate the property tax dispute.

The settlement does not prevent Chevron from filing future claims, litigation or appeals concerning the value of the Chevron refinery nor, with limited exceptions, does it limit the issues that can be raised in future disputes. The settlement does prevent challenges to the historical base year values (Proposition 13 value) of the Chevron refinery; the values enrolled for the Chevron refinery for any year up to and including January 1, 2013 or any previous Appeals Board decisions regarding the value of the refinery, unless (1) the Appeals Board changes the enrolled value of the refinery for any period on or before January 1, 2013; or (2) the Assessor issues assessments for property at the Chevron refinery for any period on or before January 1, 2013.

The District cannot predict the effect the Chevron/County Settlement will have on the total local assessed valuation in the District.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The Bonds are general obligations of the District payable solely from *ad valorem* taxes levied on taxable property within the District. The *ad valorem* tax is required to be levied by the County in an amount sufficient for the payment of debt service on the Bonds. See "SECURITY FOR THE BONDS." Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 11, and certain other provisions of law discussed below, describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy *ad valorem* taxes for payment of the Bonds. The *ad valorem* tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues there shall first be set apart the monies 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, fluctuations in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the State Constitution

Article XIIIA of the State Constitution, as amended, limits the amount of *ad valorem* taxes 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 1979.

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." 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% 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 monies 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 monies 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 26

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

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 K-12 school districts and community college districts (collectively, "K-14 districts") a minimum share of State General Fund Revenues.

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (a) approximately 40.9% of 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 paid in future years when per capita State General Fund revenue growth exceeds per capita personal income growth.

Proposition 98 permits the 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, and any corresponding reduction in funding for that year will not be paid in subsequent years. However, in determining the funding level for the succeeding year, the formula base for the prior year will be reinstated as if such suspension had not taken place. In certain fiscal years, the State Legislature and the Governor have utilized this provision to avoid having the full Proposition 98 funding paid to support K-14 schools.

Proposition 98 also changes how tax revenues in excess of the State Appropriations Limit are distributed. "Excess" tax revenues are determined based on a two-year cycle, so that the State could avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year were under its limit. After any two-year period, if there are excess State tax revenues, 50% of the excess would be transferred to K-14 schools with the balance returned to taxpayers. Further, any excess State tax revenues transferred to K-14 schools are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit will not be increased by this amount.

Since Proposition 98 is unclear in some details, there can be no assurance that the Legislature or a court might not interpret Proposition 98 to require a different percentage of State General Fund revenues to be allocated to K-14 districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, some fiscal observers expect Proposition 98 to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

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.

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

On November 2, 2004, California voters approved Proposition 1A, which amended the State Constitution to reduce significantly the State's authority over major local government revenue sources. Under Proposition 1A, the State may not (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges,

(iii) change in how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature, or (iv) decrease Vehicle License Fees revenues without providing local governments with equal replacement funding. Beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimums under the first test and the second test described above are dependent on State General Fund revenues. In several recent fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimums.

Proposition 22

Under Proposition 1A, the State no longer has the authority to permanently shift city, county, and special district property tax revenues to schools, or take certain other actions that affect local governments. In addition, Proposition 1A restricts the State's ability to borrow State gasoline sales tax revenues. (See "—Proposition 1A" above). These provisions in the Constitution, however, do not eliminate the State's authority to temporarily borrow or redirect some city, county, and special district funds or the State's authority to redirect local redevelopment agency revenues. However, Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, reduces or eliminates the State's authority: (1) to use State fuel tax revenues to pay debt service on State transportation bonds; (2) to borrow or change the distribution of State fuel tax revenues; (3) to direct redevelopment agency property taxes to any other local government; (4) to temporarily shift property taxes from cities, counties, and special districts to schools; (5) and to use vehicle license fee revenues to reimburse local governments for State mandated costs. As a result, Proposition 22 impacts resources in the State's General Fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to the LAO's analysis of Proposition 22 submitted by the LAO on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 will be approximately $1 billion in fiscal year 2010–11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total General Fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's General Fund costs by approximately $1 billion annually for several decades.

This proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Proposition 30

On November 6, 2012, State voters approved "The Schools and Local Public Safety Protection Act of 2012" ("Proposition 30"). Proposition 30 generally provides for (i) a 0.25 percent increase in the state sales tax over four calendar years, commencing on January 1, 2013 and ending December 31, 2016, and (ii) an increase on personal income taxes on taxpayers with annual earnings over $250,000 (approximately 1% of California personal income tax filers), retroactive to January 1, 2012. The personal income tax rate increase is as follows: (i) 1% for individual filer taxable income over $250,000 but less than $300,000 (joint filers taxable income over $340,000 but less than $408,000); (ii) 2% for individual filer taxable income over $300,000 but less than $500,000 (joint filers taxable income over $408,000 but less than $680,0000); and (iii) 3% for individual filer taxable income over $500,000 (joint filers taxable income over $680,000). Proposition 30 amends the State Constitution by adding Section 36 to Article XIII, providing, among other things for the establishment of the Education Protection Account ("EPA") in the State's General Fund.

The revenues derived from the temporary tax increases will, pursuant to Proposition 30, be deposited in the EPA and will be included in the calculation of Proposition 98 minimum funding guarantee. See "-Propositions 98 and 111" above. Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. Under current law, approximately $6.7 billion from the EPA are schedule to be paid to all K-14 school districts in June 2013.

The governing board of each school district, charter school and community college district is granted sole authority to determine how to spend funds received from the EPA; provided, however, that the governing board is required to make spending determinations in open session, at a public meeting. Furthermore, such entities may not use any funds from the EPA for salaries or benefits of administrators or any other administrative costs. Each school district, charter school and community college district must annually publish on its Internet web site an accounting of how much money was received from the EPA and how that money was spent.

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.

STATE OF CALIFORNIA FISCAL ISSUES

The following information concerning the State's budget has been extracted and summarized from publicly available information which the District believes to be reliable, including information provided by the State's Department of Finance, by the Governor's Office and by the Legislative Analyst's Office (the "LAO"); however, neither the District, nor the Underwriters guarantee the accuracy or completeness of this information and none of such entities has independently verified such information. Additional information regarding the State budgets and fiscal issues is available at various State-maintained websites, including www.dof.ca.gov. The websites addresses, if any, are provided for convenience only and none of the information contained therein is incorporated by reference neither the District, nor the Underwriters independently verified any of the information or content of such websites.

As a result of State budget shortfalls in recent years, the District has received significantly less revenue from the State and has had to reduce expenditures. See "APPENDIX A—DISTRICT FINANCIAL AND OPERATING INFORMATION - Comparative Financial Statements."

General Overview

State Budget Process. The State's fiscal year currently begins on July 1 and ends on June 30. The State Constitution requires the Governor to propose a budget to the State Legislature no later than January 10 of each year. Under State law, the proposed budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. A final budget must be adopted by a simple majority vote of each house of the State Legislature no later than June 15. Upon the Governor's signature the adopted final budget becomes law (the "State Budget"). State law requires that the State Budget be signed into law by no later than June 30.

Money may be drawn from the State Treasury only through an appropriation made by law. Most appropriations are made through the State Budget, but appropriations bills may also be separately submitted. Bills appropriating funds must be approved by a two-thirds majority vote in each house of the State Legislature (except for bills containing K-14 education appropriations, which require only a simple majority vote) and be signed by the Governor. Subject to override by two-thirds vote of each house of the State Legislature, when an appropriation bill or final budget is submitted for signature, the Governor may reduce or eliminate specific line items without vetoing the entire document. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution. Revenues may be appropriated in anticipation of their receipt and actual funds need not be in the State Treasury at the time an appropriation is enacted. However, delays in the adoption of a final State budget in any fiscal year may affect payments of State funds during a budget impasse.

Recent State Budgets

Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website. *The references to Internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget," includes the text of proposed and adopted State Budgets.
- The State Legislative Analyst's Office ("LAO") prepares analyses of the proposed and adopted State Budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov, under the heading "Products."

2013-14 State Budget. The Governor signed the fiscal year 2013-14 State Budget (the "2013-14 State Budget") on June 27, 2013. The 2013-14 State Budget represents a multiyear plan that maintains a $1.1 billion reserve and pays down certain budgetary debt. The 2013-14 State Budget provides for $97.1 billion in revenues and transfers for fiscal year 2013-14 (down slightly from the $98.2 billion estimated for fiscal year 2012-13), and $96.3 billion in total expenditures for fiscal year 2013-14 (up slightly from the $95.7 billion estimates for fiscal year 2012-13). However, unlike recent years, the State enters fiscal year 2013-14 with a positive prior year general fund balance, approximately $872 million, as compared to a negative general fund balance of $1.7 billion at the start of fiscal year 2012-13. The 2013-14 State Budget, accordingly, is able to set aside a $1.1 billion reserve in a special fund for economic uncertainties.

The 2013-14 State Budget projects that budgetary debt, which was approximately $35 billion at the end of fiscal year 2010-11 and $27 billion at the end of fiscal year 2012-13, will be reduced to less than $5 billion by the end of fiscal year 2016-17. Although the 2013-14 State Budget is a balanced budget, the 2013-14 State Budget notes that substantial risks, uncertainties and liabilities remain, including the pace of the economic recovery, the State's needs to address its other significant liabilities and the federal budget for federal fiscal year 2014.

With the passage of Proposition 30, the 2013-14 State Budget reinvests in, rather than cuts, education funding. The Proposition 30 increased the personal income tax rates on the State's highest income taxpayers by up to three percent for a period of seven years beginning with the 2012 tax year, and increased the sales tax by one-quarter percent for a period of four years beginning on January 1, 2013. For K-12 education, the 2013-14 State Budget provides $55.3 billion (or $8,220 per student) in Proposition 98 funding in fiscal year 2013-14, which is slightly lower than the $56.5 billion estimated in fiscal year 2012-13 but an increase of more than $8 billion (or $1,045 per student) from fiscal year 2011-12 levels. The 2013-14 State Budget projects $67.1 billion (or $10,010 per student) in Proposition 98 funding in fiscal year 2016-17. Total funding under the 2013-14 State Budget for all K-12 education in fiscal year 2013-14 is approximately $70 billion.

The 2013-14 State Budget also contains a new formula for funding the school finance system (the "Local Control Funding Formula"). The Local Control Funding Formula is designed to increase local control and flexibility, reduce State bureaucracy and better allocate resources based on student needs. The Local

Control Funding Formula would replace the existing revenue limit funding system and most categorical programs. See "*–Local Control Funding Formula*" herein for more information.

Certain budget adjustments for K-12 programs include the following:

- Local Control Funding Formula. An increase of $2.1 billion in Proposition 98 general funds for school districts and charter schools, and $32 million in Proposition 98 general funds for county offices of education, to support first-year funding provided through the Local Control Funding Formula.

- Common Core Implementation. An increase of $1.25 billion in one-time Proposition 98 general funds to support the implementation of the Common Core, which are new standards for evaluating student achievement in English-language arts and mathematics. Such funding will be distributed to local education agencies on the basis of enrollment to support necessary investments in professional development, instructional materials and technology. Local education agencies will be required to develop a plan to spend this money over the next two years and to hold a public hearing on such plan.

- Career Technical Education Pathways Grant Program. An increase of $250 million in Proposition 98 general funds for one-time competitive capacity-building grants for K-12 school districts and community colleges to support programs focused on work-based learning. K-12 schools and community colleges must obtain funding commitments from program partners to support ongoing program costs.

- K-12 Mandates Block Grant. An increase of $50 million in Proposition 98 general funds to reflect the inclusion of the Graduation Requirements mandate within the block grant program. This increase will be distributed to school districts, county offices of education and charter schools with enrollment in grades 9-12.

- K-12 Deferrals. An increase of $1.6 billion in Proposition 98 general funds in fiscal year 2012-13 and an increase of $242.3 million in Proposition 98 general funds in fiscal year 2013-14 for the repayment of inter-year budgetary deferrals. When combined, total funding over such two-year period will reduce K-12 inter-year deferrals to $5.6 billion by the end of fiscal year 2013-14.

- Special Education Funding Reform. The 2013-14 State Budget includes several consolidations for various special education programs in an effort to simplify special education finance and provide Special Education Local Plan Areas with additional funding flexibility.

With respect to the implementation of Proposition 39 (The California Clean Energy Jobs Act), which was approved at the November 6, 2012 election, the 2013-14 State Budget allocates $381 million in Proposition 98 general funds to K-12 local education agencies to support energy efficiency projects approved by the California Energy Commission. Of this amount, 85% will be distributed based on ADA and 15% will be distributed based on free and reduced-price meal eligibility. The 2013-14 State Budget establishes minimum grant levels of $15,000 and $50,000 for small and exceptionally small local education agencies and allows these agencies to receive an advance on a future grant allocation. Other local education agencies would receive the greater of $100,000 or their weighted distribution amount. The 2013-14 State Budget also provides $28 million for interest-free revolving loans to assist eligible energy projects at schools and community colleges.

The complete 2013-14 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District takes no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

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

- A targeted Base Grant for each local education agency is established as follows per unit of ADA in fiscal year 2013-14. Such Base Grant per unit of ADA, adjusted by grade span variation and to be adjusted annually for cost-of-living, is as follows: \$6,845 for grades K-3, \$6,947 for grades 4-6, \$7,154 for grades 7-8 and \$8,289 for grades 9-12. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12. The targeted funded rates are expected to increase year over year. Full funding for targeted rates are expected to be implemented over eight years.

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

- An additional concentration grant of up to 22.5% of a local education agency's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local education agency that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every local education agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of ADA), adjusted for inflation, at full implementation of the Local Control Funding Formula. Upon full implementation, local education agencies would receive the greater of the Base Grant or the ERT.

Of the projected \$25 billion in new funding to be invested through the Local Control Funding Formula over the next eight years, the vast majority of new funding will be provided for Base Grants. Specifically, of every dollar invested through the Local Control Funding Formula, 84 cents will go to Base Grants, 10 cents will go to supplemental grants and 6 cents will go to concentration grants.

Under the new formula, for "basic aid districts" (school districts whose local property tax revenues exceed its base revenue limit which are not entitled to receive State equalization aid, and receive only special categorical aid and the "basic aid" of \$120 per student per year guaranteed by the State Constitution), local property tax revenues would be used to offset up to the entire allocation under the new formula. However, "basic aid districts" would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

All school districts, county offices of education and charter schools will be required to develop and adopt local control and accountability plans, which will identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement and school climate. Such local control and accountability plans are to be developed in accordance with a template to be provided by the State Board of Education. County superintendents will review and provide support to the school districts under their jurisdiction, while the Superintendent of Public Instruction will perform a corresponding role for county offices of education. In addition the 2013-14 State Budget creates the California Collaborate for Education Excellence (the "Collaborative") to advise and assist local education agencies in achieving the goals identified in their plans. For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the Superintendent of Public Instruction would have authority to make changes to a local education agency's plan.

Future Budgets and Actions

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

The District cannot predict how State income or State education funding will vary over the term of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the Department of Finance website at www.dof.ca.gov, under the heading "California Budget" or at www.ebudget.ca.gov. Impartial analysis of the budgets and other information is posted by the LAO at www.lao.ca.gov. Also, 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, may be found at the State Treasurer website at www.treasurer.ca.gov. The information contained in such websites is prepared by the respective entity maintaining each website and not by the District. The District takes no responsibility for the accuracy of any such websites, or their addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Litigation Challenging Method of School Financing

In *Robles-Wong, et al. v. State of California* (Alameda County Superior Court, Case No. RG-10-515768), plaintiffs challenge the state's "education finance system" as unconstitutional. Plaintiffs, consisting of 62 minor school children, various school districts, the California Association of School Administrators and the California School Boards Association, allege the state has not adequately fulfilled its constitutional obligation to support its public schools, and seek an order enjoining the state from continuing to operate and rely on the current financing system and to develop a new education system that meets constitutional standards as declared by the court. On July, 16, 2010, the California Teachers' Association filed a Complaint in Intervention, making the same allegations and seeking the same declaratory and injunctive relief. On January 14, 2011, the court dismissed certain of the causes of action, including causes of action that alleged a constitutional right to a particular level of education funding and violations of equal protection of the law, based on certain State constitutional provisions. On July 26, 2011, the Superior Court rejected the plaintiff's amended complaint as not stating an equal protection claim. On January 25, 2012, the plaintiffs filed an appeal in the 1st Appellate District. In August 2013, the Appellate Court was notified that a significant event had occurred since the filing of the appeal. In particular, the Court was notified of new legislation, LCFF, effective July 1, 2013, which restructures the K-12 finance system. The District cannot predict the outcome of the Robles-Wong litigation.

In a related matter, *Campaign for Quality Education et al. ("CQE") v. State of California* (Alameda County Superior Court, Case No. RG-10-524770), plaintiffs also challenge the constitutionality of the State's education finance system. The court issued a ruling that there was no constitutional right to a particular level of school funding. The court allowed plaintiffs to amend their complaint with respect to the alleged violation of plaintiffs' right to equal protection. Plaintiffs have appealed the court's ruling rather than amending their complaint. In August 2013, the Appellate Court was notified that a significant event had occurred since the filing of the appeal. In particular, the Court was notified of new legislation, LCFF, effective July 1, 2013, which restructures the K-12 finance system. The District cannot predict the outcome of the CQE litigation.

TAX MATTERS

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

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

Bond Counsel's opinion as to the exclusion from gross income of interest on the Bonds (and original issue discount) is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest on the Bonds (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 the interest on the Bonds (and original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a 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 Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS SUCH AS THE BONDS. THE INTRODUCTION OR

ENACTMENT OF ANY SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

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

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

Copies of the proposed forms of opinion of Bond Counsel for the 2012 Series A Bonds and the 2010 Series B Bonds, respectively, are attached hereto as APPENDIX B.

FINANCIAL STATEMENTS

The audited financial statements of the District for the fiscal year ended June 30, 2012, including the reporting of other post-employment benefit costs and obligations of the District as required under Governmental Accounting Standards Board #45, the independent auditor's report and the statement of activities and of cash flows are included as APPENDIX C attached hereto. The financial statements referred to in the preceding sentence have been audited by Crowe Horwath LLP (the "Auditor"), independent certified accountants. 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.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the holders and Beneficial Owners (as defined in the Continuing Disclosure Certificate) 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 each fiscal year (currently ending June 30) commencing with the report for the 2012-13 fiscal year (which is due no later than March 31, 2014) and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the District in searchable PDF or other acceptable electronic form with the Electronic Municipal Market Access system ("EMMA") of the Municipal Securities Rulemaking Board. The notices of certain enumerated 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 a notice of material event is set forth in "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) (the "Rule"). During the last five years, the District has complied in all material respects with its previous undertakings to file annual reports. However, from time to time, the District has failed to timely file notices of enumerated events relating to rating changes resulting from rating downgrades of the bond insurer, although such filings have subsequently been met. In the future, the District intends to file any notices of enumerated events within 10 days of the occurrence of such event as required by the Rule.

MISCELLANEOUS

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Bond Counsel. Copies of the proposed forms of opinion of Bond Counsel are contained in APPENDIX B hereto.

No Litigation

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

Ratings

The Bonds have received ratings of "Aa3" from Moody's Investors Service ("Moody's"), "A+" from Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), and "A+" from Fitch Ratings ("Fitch"). 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, at the following address: Moody's at 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007; or its website at: www.moodys.com; S&P at 55 Water Street, New York, New York 10041; or its website at: www.standardandpoors.com; and Fitch at One State Street Plaza, 31st Floor, New York, New York 10004; or its website at: www.fitchratings.com. The information contained or referenced in such websites or otherwise provided by any rating agency is not incorporated herein by reference.

There is no assurance that any rating will continue for any given period or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. Any such downgrading or withdrawal may have an adverse effect on the market price of the Bonds. The District does not undertake any responsibility to oppose any such downward revision or withdrawal.

Underwriting

The Bonds are being purchased, for offering to the public, by Underwriters pursuant to a Bond Purchase Contract (the "Purchase Contract") by and between the District and Piper Jaffray & Co. (the "Representative"), on its own behalf and as representative of E. J. De La Rosa & Co., Inc. (together with the Representative, the "Underwriters"). The Underwriters have agreed to purchase the 2012 Series A Bonds at a price of $86,918,038.75 (consisting of the principal amount of the 2012 Series A Bonds of $85,000,000, plus net original issue premium of $2,343,038.75, and less the Underwriters' discount of $425,000). The Underwriters have agreed to purchase the 2010 Series B Bonds at a price of $40,002,046.85 (consisting of the principal amount of the 2010 Series B Bonds of $40,000,000, plus net original issue premium of $202,046.85, and less the Underwriters' discount of $200,000. Pursuant to the Purchase Contract, the Underwriters will purchase all of the Bonds, if any are purchased, subject to certain terms and conditions to be satisfied by the District. The Underwriters 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 Underwriters.

The following paragraphs in this Underwriting section have been provided by the respective Underwriters identified below. The District cannot and does not make any representation as to the accuracy or the completeness thereof.

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

De La Rosa & Co. has entered into separate agreements with Credit Suisse Securities USA LLC, and City National Securities, Inc. for retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to such agreements, if applicable to the Bonds, De La Rosa & Co. will share a portion of its underwriting compensation with respect to the Bonds, with Credit Suisse Securities USA LLC or City National Securities, Inc.

Contributions

Piper Jaffray made voluntary contribution(s) to support the election authorizing the 2010 Series B Bonds. The contributions made by Piper Jaffray were reported to the California Secretary of State by the filing of a Major Donor and Independent Expenditure Committee Campaign Statement (California Fair Political Practices Commission Form 461).

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel to the District in connection with the Bonds. Garcia, Hernández, Sawhney & Bermudez, LLP, Oakland, California is acting as Disclosure Counsel to the District in connection with the Bonds. KNN Public Finance, Oakland, California is serving as the Financial Advisor to the District in connection with the Bonds.

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas is serving as paying agent with respect to the Bonds. Bond Counsel, Disclosure Counsel and the Financial Advisor will receive compensation with respect to the Bonds contingent upon the sale and delivery of the Bonds.

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.

Copies of documents referred to herein and information concerning the Bonds are available from the District through the Associate Superintendent, 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.

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, Business Services

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APPENDIX A

DISTRICT FINANCIAL AND OPERATING INFORMATION

The information in this appendix concerning the management, finances and operations of the West Contra Costa Unified School District (the "District"), and the District's revenues and expenditures, is provided as supplementary information only. It should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the General Fund of the District (as defined herein) or from other District revenues. The Bonds are payable solely from the proceeds of an *ad valorem* tax required to be levied by the Board of Supervisors of Contra Costa County in an amount sufficient for the payment of principal and interest on the Bonds. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS—*Ad Valorem* Property Taxation" in the body of this Official Statement. See also "District Debt Structure" and "Statement of Direct and Overlapping Debt" in this appendix for information concerning the District's outstanding general obligation bonds payable from *ad valorem* taxes on a parity with the Bonds.

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 the western portion of Contra Costa County (the "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, Kensington and North Richmond, and certain other unincorporated areas in the County.

The District currently maintains 37 elementary schools, two K-8 school, six middle/junior high schools, six high schools and six alternative/continuation programs, 60 adult education sites, nine operation sites and 17 State-funded preschools. The pupil teacher staffing ratio in the District is approximately 26:1 for transitional kindergarten through third grade, 33:1 for grades 4 through 6 and for grades 6-8 in K-8 schools and 32:1 maximum for middle and high schools.

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 are held every two years, alternating between two and three available positions. The current members of the Board, their respective positions and the expiration of their respective terms are as follows:

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Name	Position	Expiration of Term
Madeline Kronenberg	President	December, 2014
Charles T. Ramsey	Clerk	December, 2014
Randall Enos	Member	December, 2016
Todd A. Groves	Member	December, 2016
Elaine R. Merriweather	Member	December, 2014

Source: West Contra Costa Unified School District.

District Senior Management Team

The District's senior management team is led by the Superintendent who has the authority and is responsible for administering the affairs of the District in accordance with the policies of the Board. Three Associate Superintendents oversee and manage the following divisions: Business Services, K-Adult Education and Operations. Two Assistant Superintendents oversee and manage Education Services and Human Resources, and a Director oversees and manages the Special Education Local Area Plan. The District's senior management team serves at the discretion of the Board. Brief biographical information for each of the principal members of the District's senior management team is provided below.

Dr. Bruce Harter, Superintendent. Dr. Harter was appointed Superintendent of the District in July 2006. Prior to his appointment with the District, Dr. Harter served as superintendent at three other school districts. Dr. Harter earned his Bachelor's degree at the University of Michigan, Ann Arbor, Michigan and his Doctorate at the University of Colorado, Denver, Colorado. Dr. Harter has 41 years of service in public education.

Sheri Gamba, Associate Superintendent, Business Services. Ms. Gamba was appointed Associate Superintendent of Business Services of the District in 2007. Prior to her appointment with the District, Ms. Gamba served as Chief Business Officer at Antioch Unified School District. Ms. Gamba is the Past President (2010-11) of Northern California Section of the California Association of School Business Officials, and represents the District on various Joint Powers Agency (JPA) Boards in the region. Ms. Gamba has over 25 years of service in public education.

Wendell C. Greer, Associate Superintendent, K-Adult Education. Mr. Greer was appointed Associate Superintendent of K–Adult Education of the District in 2006. Prior to his appointment with the District, Mr. Greer worked as a teacher and coach and served as an administrator at other school districts in Southern California. Mr. Greer has over 31 years of service in public education.

William Fay, Associate Superintendent, Operations. Mr. Fay was appointed Associate Superintendent of Operations of the District in 2008, after 10 years with the Los Angeles Unified School District. Prior to his career in education, Mr. Fay held various operations management positions at the Walt Disney Corporation and served as chair to both the Planning Commission and the Design Commission of the Planning and Development Department of the City of Pasadena, California. Mr. Fay has 16 years of service in public education.

Nia Rashidchi, Assistant Superintendent, Education Services. Ms. Rashidchi was appointed Assistant Superintendent of Educational Services of the District in 2008. Prior to her appointment with the District, Ms. Rashidchi served as an Executive Director at a K-12 school district, a state and federal education coordinator and as an Elementary School Principal. Ms. Rashidchi has 19 years of service in public education.

Kenneth Whittemore, Assistant Superintendent, Human Resources. Mr. Whittemore was appointed Assistant Superintendent of Human Resources of the District in 2012. Prior to his appointment with the District, he served as a Teacher, Principal, and Assistant Superintendent in California and Oregon schools. Mr. Whittemore has 27 years of service in public education.

Steve Collins, Director, Special Education Local Plan Area. Mr. Collins was appointed Special Education Local Plan Area (SELPA) Director of the District in 1996. He has dedicated his career to public education and has served the District for 35 years.

DISTRICT FINANCIAL INFORMATION

The District's financial and operational information contained in this Appendix and other sections of this Official Statement is provided as supplementary information only and it should not be inferred that it is a complete description of the District's operations and finances. The information is summarized and excerpted from the District's audited financials, 2012-13 unaudited actuals and 2013-14 adopted budget and other publicly available data, which together with other publicly available District information, can be obtained by visiting the District's website at www.wccusd.net, and clicking on the link "Budget Information." It should not be inferred that any portion of the principal of, or interest on, the Bonds is payable from the General Fund of the District. The Bonds are payable only from the proceeds of ad valorem taxes required to be levied by the County in amounts sufficient for the payment therefor.

State Funding of School Districts

Prior to the 2013-14 State Budget, annual State apportionments of basic and equalization aid to K-12 school districts for general purposes were based on a revenue limit per unit of average daily attendance ("ADA"). The revenue limit was comprised of State general fund moneys and the district's share of the 1% local *ad valorem* property tax. If the district's total revenue limit exceeded its property tax revenue, its annual State apportionments, subject to certain adjustments, amounted to the difference between revenue limit and its *ad valorem* property tax receipts. ADA is determined by school districts three times a year, in December ("First Period ADA"), April ("Second Period ADA") and July ("Annual ADA").

The calculation of the amount of State apportionment a school district was entitled to receive each year was a multiple step process. First, the prior year Statewide revenue limit per ADA was recalculated with certain adjustments for equalization and other factors. Second, this adjusted prior year Statewide revenue limit per ADA was inflated according to formulas based on the implicit price deflator for government goods and services and the Statewide average revenue limit per ADA for each type of ADA (elementary, high school, or adult). This yielded the school district's current year revenue limit per ADA. Third, the current year revenue limit per ADA for each type of ADA was applied to the school district's ADA for either the current or prior year, as the district elected. Fourth, revenue limit adjustments known as "add-ons" were calculated for each school district if the school district qualified for such add-ons. There were, for example, add-ons to adjust for small school district size and for providing meals for needy pupils, among others. Finally, local *ad valorem* property tax revenues were deducted from the total revenue limit calculated for each district to arrive at the amount of State apportionment to which each school district was entitled for the current year.

The State revenue limit was calculated and recalculated three times a year for each school district on the basis of projections submitted by the district on or about December 10, based on First Period ADA, and April 15 and June 30, both based on Second Period ADA. Calculations were reviewed by each county office of education and submitted to the State Department of Education which reviewed the calculations for accuracy, calculated the amount of State apportionment owed to such school district, and notified the State Controller of the amount, which was then distributed to the school districts. The first calculation was performed for the First Principal Apportionment in February, the second calculation for the Second Principal Apportionment in June, and the final calculation for the end of fiscal year Annual Apportionment was made in October of the next fiscal year.

The 2013-14 State Budget established a new funding formula for school districts and county offices of education, the Local Control Funding Formula (the "LCFF"), to increase local control and flexibility, reduce State bureaucracy and to ensure that student needs drive the allocation of resources. The LCFF replaces the prior revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base revenue limit funding grant ("Base Grant") per unit of ADA with additional supplemental funding allocated to local educational agencies that serve English language learners and economically disadvantaged students, provide lower class sizes in grades K-3, or offer career technical education classes in high school. See "STATE OF CALIFORNIA FISCAL ISSUES – 2013-14 State Budget" in the body of the Official Statement for additional information regarding the LCFF. See "DISTRICT FINANCIAL INFORMATION – Revenue Limit and LCFF" in this Appendix A for information in the District's annual revenue limit and LCFF formula funding per ADA.

The District adopted its 2013-14 budget on June 26, 2013 (the "District Budget"). As the Board has an obligation to adopt a budget by June 30 of each fiscal year, the District Budget uses the general operational and revenue assumptions that were in the District's 2012-13 programs and 2012-13 State law relating to school revenues. The District adopted its 2013-14 45-Day Budget Revision on July 24, 2013 (the "2013-14 Budget Revision") to account for the new LCFF revenue. The District Budget and the 2013-14 Budget Revision may be accessed on the District's website as indicated above, or by contacting the District's Business Services Staff at 1108 Bissell Avenue, Richmond, California 94801; Room 106; Phone: (510) 231-1170; Fax: (510) 232-4149. The District may impose a charge for copying, mailing and handling.

The District was a "revenue limit district," which meant that it received some equalization aid. The District computes ADA based on actual attendance only, with no allowances for excused absences. The following table sets forth the funded Second Period ADA for fiscal years 2008-09 through 2012-13 and the estimated funded Second Period ADA for fiscal years 2013-14 through 2015-16:

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
AVERAGE DAILY ATTENDANCE

Fiscal Year	Average Daily Attendance[1]
2008-09	28,094
2009-10	27,614
2010-11	27,589
2011-12	27,598
2012-13	28,037
2013-14	27,971[2]
2014-15	28,401[2]
2015-16	29,018[2]

(1) Includes grade levels K-12 and special education.
(2) Estimated.
Source: West Contra Costa Unified School District.

A school district's enrollment can fluctuate due to factors such as population, competition from private, parochial, and public charter schools, inter-district transfers in or out of the district, and other causes. Losses in enrollment 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.

District Revenues

The District's general operating fund (the "General Fund") is used to account for the day-to-day operations of the District. The General Fund is divided into two sections: unrestricted and restricted. Unrestricted revenue may be spent at the District's discretion. Restricted funds are moneys that can only be used for the purposes allowed by the funding agency.

Other State Revenues. Other State Revenues, or categorical funds, consist primarily of restricted revenues that fund specific items, such as new curriculum and technology, special education programs, instructional materials, and mentor teachers.

Common Core Block Grant. Approved in March 7, 2012 by the California State Board of Education, the Common Core State Standards ("Common Core") requires the adoption of new curriculum and the development of technology. The District has developed its own plan for Common Core systems implementation based on local needs and resources.

The 2013-14 State Budget includes provisions for block grants toward the implementation of Common Core. The Common Core block grants can be used for professional development for teachers and other employees involved in the direct instruction of students, instructional materials and the integration of standards through technology. The District is receiving $5.8 million in funding which must be used over a two year period. To use the Common Core funding the District must develop a plan and present it at a public meeting which, prior to any expenditures, must be adopted by the Board.

Prop 39 Energy Grant. Proposition 39, a voter approved initiative at the November 2012 statewide election, provides for annual transfers from the State General Fund to the Clean Energy Job Creation Fund for a period of five years, 2013-14 through 2017-18. The 2013-14 State Budget appropriated $381 million to K-12 schools with 85 percent of the appropriation to be allocated based on 2012-13 ADA and 15 percent based on 2012-13 free and reduced-priced meals. Proposition 39 funds will be provided to schools to improve energy efficiency and create clean energy jobs. Although the California Department of Education has not completed the Proposition 39 entitlement calculation for the 2013-14 fiscal year, the estimated funding for the District is $1.6 million.

State Lottery. The District receives a portion of the State Lottery (the "Lottery") revenues. Lottery revenues allocated to the District 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. 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. The Lottery revenues for fiscal year 2012-13 were $4,736,711. As reflected in the District Budget, the District expects to receive approximately $4,724,060 in Lottery revenues for fiscal year 2013-14.

Other District Revenues*.* The District receives revenue from State, federal and local sources, including grants and funding for specific programs. The District also collects revenues from other local sources such as parcel taxes, developer fees, support from the City of Richmond and certain assessments.

Developer Fees. As part of its local revenue income, the District collects development fees as provided under Education Code sections 17620 *et.seq*. In order to impose developer fees on new residential construction within the district, the District prepares and adopts a School Facilities Need Analysis annually as required by State law. The law requires all developer fees collected to be applied solely to construction of school facilities and also establishes the maximum fees (adjustable for inflation) which may be collected. Expenditures are restricted by Government Code sections 65970-65981 and are generally limited to those expenditures necessary for the District to provide services to the areas impacted by the development. In prior years, the District collected millions of dollars in developer fees that were applied primarily for capital leases for portable classrooms and as otherwise required by law. Due to the decline in construction and corresponding anticipated decrease in revenue derived from developer fees, the District projects collecting approximately $55,000 in developer fees during fiscal year 2013-14. However, collection depends on development and the District cannot guarantee that these funds will become available. As of the date of the District's Unaudited Actuals, the developer's fees collected were $138,404.

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 and Article XIIID of the California Constitution. This allows the District to levy taxes to support the maintenance and operations of fields and outdoor areas for the purpose of public use. Annual assessments are $72 per single family equivalents. There are approximately 77,502 defined living units within the MRAD, and the District has received approximately $5 million annually in assessment revenue, with approximately $5.6 million estimated in 2013-14. 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.

Parcel Tax. On June 8, 2004, voters within the District approved a parcel tax to maintain reduced class sizes from kindergarten to third grade, 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 annual exemptions (i) for persons who are 65 years of age or older, and, within the passages of Measure G (discussed below) (ii) persons who receive Supplemental Security Income ("SSI") for a disability regardless of age. The Parcel Tax became effective on July 1, 2004 and was scheduled to expire on June 30, 2009. In November 2008, voters renewed the Parcel Tax, extending the current rate for an additional five years, beginning July 1, 2009 and ending June 30, 2014. On November 6, 2012, the voters of the District approved Measure G which renewed the existing Parcel Tax and extends the current tax rate an additional five years to 2018-19. The District Budget projects Parcel Tax to generate approximately $9.8 million for fiscal year 2013-14.

In *Bypass 93 Properties, et al. v. West Contra Costa Unified School District*, (Contra Costa County Superior County Case No. C13-00024) the plaintiffs seek to invalidate the imposition of the District's Parcel Tax approved by the voters through Measure G on November 6, 2012. The lawsuit challenges the 2015-19 collection period. The lawsuit alleges that by imposing (i) an annual tax of 7.2 cents per square foot of total building area of buildings within the District or (ii) a tax of $7.20 per unimproved parcels that Measure G violates Government Code section 50079 by not applying the Parcel Tax uniformly to all parcels in the District. The lawsuit further alleges that Measure G is invalid because the Measure G exemptions for qualified seniors and persons receiving SSI require the taxpayer to own and occupy the parcel, which requirements are not set forth in Government Code section 50079. The District is defending the lawsuit to preserve Measure G. The District is not currently able to predict the outcome of the lawsuit or the collection of the Parcel Tax or its possible impact on the District's financial condition. *It should not be inferred from the inclusion of this information relating to the Parcel Tax litigation in this Official Statement that the principal of, or interest on the Bonds is payable from any portion of the Parcel Tax. The Bonds are payable solely from the proceeds of ad valorem taxes required to be levied by the Board of Supervisors of the County in amounts sufficient for the payment of principal and interest on the Bonds.*

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act (Title 1), No Child Left Behind funding, specialized programs such as Drug Free Schools and Communities Act of 1989, vocational and technology incentives and various other incentives and pass-through federal sources. As reflected in the District Budget, the District expects to receive approximately $21.6 million of restricted federal revenues during fiscal year 2013-14.

Federal Sequestration. On March 26, 2013, the President signed PL113-6 which provides federal funding for the remainder of fiscal year 2013. Federal sequestration reductions are implemented which results in a 5.23% cut as compared to 2012 funding levels. For the District, this cut resulted in a $1.2 million reduction in program services. These cuts were planned for as a part of the 2013-14 budget development process.

District Expenditures

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teachers) and classified (non-instructional) employees. Any changes in salaries and benefits from one year to the next are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits. As of June 30, 2013, the District estimated that it will expend approximately $137 million in salaries and benefits, or approximately 90% of its total unrestricted expenditures.

Labor Relations and Collective Bargaining. As of June 30, 2013, the District employed 1,651 certificated and 1,298 FTE classified employees, including management and confidential employees.

During the last several years, the District has reduced salary and post-retirement expenses through negotiated concessions with employees. In addition, since 2009-10, employee benefits have been reduced through a tiered cap program which the District estimates has reduced expenditures by $9.9 million annually. Other measures taken by the District to reduce expenditures, with the cooperation of employee groups, have been the reduction of the District's long-term liability for post-retirement health care. See "Other Post-Employment Benefits" below for additional discussion concerning this issue.

The current collective bargaining agreements with each of the District's four bargaining units are shown in the following table. Such contracts are set to expire as indicated below.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
LABOR ORGANIZATIONS

Labor Organization	Number of Employees	Contract Expiration
United Teachers of Richmond	1,454 full-and part-time	June 30, 2015
Public Employees Union, Local 1	1,311 full-and part-time	December 31, 2016
School Supervisors Association	82 full-and part-time	June 30, 2015
Administrators Association	83 full-and part-time	June 30, 2015

Source: West Contra Costa Unified School District.

Retirement Programs. The District participates in the State Teachers Retirement System ("STRS"). The plan provides retirement, disability and survivor benefits to beneficiaries. This plan covers all full-time certificated employees. Pursuant to Education Code sections 22950 and 22951, the District's contribution rate is 8.25% of the total creditable compensation earned by each employee enrolled in STRS. 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 contributions to STRS for the fiscal years ending June 30, 2010, 2011 and 2012 were $8,846,010, $8,409,803 and $8,544,399, respectively, totaling 100% of the required contributions for each year. In the District Budget, the District estimates that its contribution to STRS for fiscal year 2013-14 will be approximately $8,644,437.

The District also participates in the State Public Employees Retirement System ("PERS"). The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. This plan covers all classified personnel who are employed more than four hours per day. Unlike the STRS employer contribution rate, which is fixed by statute, the PERS rate varies. PERS implemented a rate hike of an average of 9.6% (which became effective in January 2013) of the total creditable compensation earned by each employee enrolled in PERS. 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 annual contributions to PERS for the fiscal years ending June 30, 2010, 2011and 2012 were $3,343,635, $3,775,389 and $4,213,692, respectively, totaling 100% of the required contributions for each year. In the District Budget, the District estimates that its contribution to PERS for fiscal year 2013-14 will be approximately $4,523,115.

At its April 17, 2013 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The new amortization and smoothing policy will be used for the first time in the June 30, 2013 actuarial valuations. These valuations will be performed in the fall of 2014 and will set employer contribution rates for the fiscal year 2015-16. The District cannot predict how this change in amortization and smoothing policies will affect its contribution levels.

Both STRS and PERS are operated on a statewide basis and, based on available information, both STRS and PERS have unfunded liabilities. 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. 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 www.calstrs.com or by written request mailed to STRS, P.O. Box 15275, Sacramento, California 95851-0275, and copies of the PERS annual financial report may be obtained from www.calpers.ca.gov or by written request mailed to the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in those reports is not incorporated by reference in this Official Statement.

Pension Reform Act of 2013 (Assembly Bill 340). On September 12, 2012, Governor Brown signed AB 340, a bill that will enact the California Public Employees' Pension Reform Act of 2013 ("PEPRA") which will amend various sections of the California Education and Government Codes. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual PERS and STRS pension benefit payouts, (iii) addresses abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA will apply to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on that date and after; existing employees who are members of employee associations, including employee associations of the District, will have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could require employees to pay their half of the costs of PERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

PERS has predicted that the impact of AB 340 on employers, including the District and other employers in the STRS system, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in lower retirement benefits than employees currently earn. Additionally, PERS has noted that AB 340 changes may have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

With respect to STRS, for employees hired after January 1, 2013, future members will pay the greater of either (1) at least 50 percent of the cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by current members. The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Public employers will pay at least the normal cost rate, after subtracting the member's contribution. The District is unable to predict the amount of future contributions it will make to STRS as a result of the implementation of AB 340 (being its future contributions for the normal costs of new employees), and as a result of negotiations with its employee associations, or, notwithstanding the adoption of AB 340, resulting from any legislative changes regarding STRS employer contributions that may be adopted in the future.

More information about AB 340 can be accessed through the PERS's web site at www.calpers.ca.gov. and through the STRS website at www.calstrs.com. The references to these internet websites are shown for reference and convenience only; the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.

The District is unable to predict what the amount of liabilities will be in the future, or the amount of future contributions that the District may be required to pay. See "APPENDIX C—DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2012" for additional information concerning STRS and PERS contained in the notes to said financial statements.

Other Post-Employment Benefits. Pursuant to its post-employment retirement program, as set forth in its employee contracts prior to 2007, the District is obligated to provide certain post-employment health benefits to employees that were either (i) hired prior to January 1, 2007 and have attained five years of continuous PERS/STRS creditable service or (ii) hired after January 1, 2007 and 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 is dependent on the retirement date for the qualifying employee. For employees that retired prior to January 1, 2007, the District pays 100% of medical and dental costs (subject to certain limitations) for the employee and his or her qualified dependents. For employees retiring after January 1, 2007, the District pays medical and dental benefits based on the negotiated terms as of the employee's retirement date.

Commencing in 2007, the District negotiated stricter upper limits and eligibility requirements for post-employment benefits in its employment agreements including the four collective bargaining agreements described above. See "—Labor Relations and Collective Bargaining." Under said agreements: (i) employees retiring prior to June 30, 2010 with ten years of continuous PERS/STRS creditable service with the District are 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 with the District ($450 per month for employees with ten years or more of continuous PERS/STRS creditable service, and $750 per month for employees with twenty years or more of continuous PERS/STRS creditable service); and (iii) employees hired after January 1, 2007 and retiring with 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's minimum allowable monthly unequal contribution with no payments for prescription, vision, or dental coverage.

During the last several years, the Board has taken action, with the cooperation of employee groups, to reduce the District's long term liability for post-employment health care. In the District's 2008 actuarial study it was determined that the Governmental Accounting Standards Board ("GASB 45") liability was $495 million. However, according to the most recent actuarial study completed in 2012, with the implementation of several negotiated retiree benefit provisions, the District's GASB 45 liability has been reduced to $369 million. This reduction results in a long term savings to the District of $181 million. To offset its annual GASB 45 liability, the District maintains an irrevocable trust fund in the amount of $13.9 million. The District estimated GASB 45 annual required contribution for fiscal years 2012-13 and 2013-14 are approximately $23.4 million and $24.5 million respectively.

Annual OPEB Cost and Net OPEB Obligation. The District's most recent actuarial valuation report (the "Actuarial Report") of post-employment benefits is dated July 1, 2012. The Actuarial Report is available on the website. The information on the website and/or in the Actuarial Report is of incorporated herein by reference. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (the "ARC"), an amount actuarially determined in accordance with GASB 45. The ARC consists of the Normal Cost (defined below) plus the current year amortization of the Unfunded Actuarial Accrued Liability ("UAAL"). The amortization method used in the Actuarial Report is the level percentage of projected payroll method. The District elected to amortize the UAAL over a closed 30-year period. Five years of amortization have occurred; 25 years remain.

Normal Cost is the portion of the actuarial present value of future benefits that is allocated to a particular year. Another interpretation is that the Normal Cost is the present value of future benefits that are "earned" by employees for service rendered during a current year. This valuation is based on the Entry Age Normal actuarial cost method. Under the Entry Age Normal cost method the actuarial present value of projected benefits is allocated on a level basis over the earnings of individuals between entry age and the assumed exit age(s). In the Actuarial Report each individual's attribution period extends from hire date to estimated retirement date. The Actuarial Report attributes the benefit assuming a 3.25% annual increase in payroll.

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The table below presents a five-year projection under the assumptions that the District continues pay-as-you-go funding, the discount rate is 4.50% and the Normal Cost component of the ARC increases by 3.00% per year.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Five-year Projection of Annual OPEB Cost and Net OPEB Obligation[(1)(2)]

	2012-13	2013-14	2014-15	2015-16	2016-17
Actuarial Accrued Liability (AAL)	$364,528,416	$369,355,868	$373,769,413	$378,119,131	$382,322,949
Actuarial Value of Assets at beginning of year	0	0	0	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$364,528,416	$369,355,868	$373,769,413	$378,119,131	$382,322,949
Remaining Amortization Period	25	24	23	22	21
Normal Cost	$ 5,829,048	$ 6,003,919	$ 6,184,037	$ 6,369,558	$ 6,560,645
Amortization of UAAL	17,538,052	18,405,216	19,324,238	20,320,246	21,400,669
Annual Required Contribution (ARC)	$ 23,367,100	$ 24,409,135	$ 25,508,275	$26,689,804	$ 27,961,314
Annual Required Contribution (ARC)	$ 23,367,100	$ 24,409,135	$ 25,508,275	$ 26,689,804	$ 27,961,314
Interest on net OPEB Obligation	4,037,326	4,310,090	4,586,008	4,881,995	5,196,005
Adjustment to ARC	(4,316,495)	(4,772,762)	(5,268,911)	(5,830,222)	(6,463,296)
Annual OPEB Cost	$ 23,087,931	$ 23,946,463	$ 24,825,372	$ 25,741,577	$ 26,694,023
District Contribution	(17,026,494)	(17,814,962)	(18,247,883)	(18,763,566)	(19,368,431)
Increase in net OPEB Obligation	$ 6,061,437	$ 6,131,501	$ 6,577,489	$ 6,978,011	$ 7,325,592
Net OPEB Obligation – Beginning of year	$ 89,718,345	$ 95,779,782	$101,911,283	$108,488,772	$115,466,783
Net OPEB Obligation – End of year	95,779,782	101,911,283	108,488,772	115,466,783	122,792,375
Projected pay-as-you-go Retiree Cost	$ 17,026,494	$ 17,814,962	$ 18,247,883	$ 18,763,566	$ 19,368,431

(1) The ARC adjustment is calculated by dividing the beginning of year net OPEB obligation by the same amortization factor used to amortize the Unfunded Actuarial Accrued Liability.
(2) Table assumes funding equal to projected retiree premium costs.
Source: West Contra Costa Unified School District.

For fiscal year 2011-12 information on annual OPEB cost and obligations, see APPENDIX C DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2012-Note 9.

Health Care Reform. The District expects the Federal Health Care Reform or the Affordable Care Act will have enactment provisions during the 2013-14 school year. Federal law provides that in January 2014 the District must comply with new regulations regarding the availability and affordability of health care programs for all employees. It has been reported that there will be a one year delay in the penalty component of the new law. The Affordable Care Act requires employers to ascertain the eligibility of employees through a "measurement period" defined in federal law. There are multiple measures depending upon hire date and stability of hours worked for employees. During the 2013-14 school year the District expects to work with a consultant to perform the required study to determine the costs to the District of the Affordable Care Act.

Insurance. The District is self-insured for property and liability claims. For accounting and reporting purposes, the District has established a Self-Insurance Fund for the payment of claims. For Fiscal year ended June 30, 2012, the District provided 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 in the Self-Insurance Fund. For additional information relating to the District's insurance coverage see "APPENDIX C – DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2012 – Note 5 and Note 10."

School District Budget Process

The District is required by provisions of the State Education Code to maintain a balanced budget in each fiscal year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

School districts must adopt a budget no later than June 30 of each year. The District must submit its budget to the State Superintendent within five days of adoption or by July 1, whichever occurs first. The District follows a single budget adoption cycle, which means its budget is only readopted if it is disapproved or as otherwise needed. The District is under the jurisdiction of the Contra Costa County Superintendent of Schools. The District's Adopted Budget for Fiscal Year 2013-14 was adopted by the Board on June 26, 2013.

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.

At minimum, school districts file with their County Superintendent and the State Department of Education a First Interim Financial Report by December 15 covering financial operations from July 1 through October 31 and a Second Interim Financial Report by March 15 covering financial operations from November 1 through January 31. Section 42131 of the Education Code requires that each interim report be certified by the school board as either (a) "positive," certifying that the district, "based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years," (b) "qualified," certifying that the district, "based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years," or (c) "negative," certifying that the district, "based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year." A certification by a school board may be revised by the County Superintendent. If either the first or second interim report is not "positive," the County Superintendent may require the district to provide a third Interim Financial Report covering financial operations from February 1 through April 30 by June 1. If not required, a third interim report is not prepared. Each interim report shows fiscal year to date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point.

Information concerning the District's operations and financials is provided as supplementary information only, and it should not be inferred from its inclusion in this Official Statement that debt service on the Bonds is payable from or in any way secured by the District's general fund. Furthermore, the general fund and operating data provided is excerpted from the District's adopted audited financials and interim financial reports, complete copies of which are available on the District's website at www.wccusd.net, under the link "Budget Information."

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Current Budget and Projections. The following table shows the 2012-13 Adopted Budget, the 2012-13 Unaudited Actuals, the 2013-14 Adopted Budget and 2013-14 Budget Revision. The District adopted the 2013-14 Budget on June 26, 2013, adopted the 2013-14 Budget Revision on July 24, 2013 and adopted the 2012-13 Unaudited Actuals on September 11, 2013.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY OF GENERAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEAR 2012-13 BUDGET, 2012-13 UNAUDITED ACTUALS, 2013-14 BUDGET
AND 45 DAY BUDGET REVISION

	Original Adopted Budget 2012-13	Unaudited Actuals 2012-13	Original Adopted Budget 2013-14	45 Day Budget Revision
REVENUES				
Revenue Limit Sources/LCFF	$148,224,578	$149,957,871	$157,125,731	$163,599,020
Federal Revenue	25,780,824	25,624,711	21,628,239	21,628,239
Other State Revenue	56,493,658	60,899,441	56,190,874	56,190,874
Other Local Revenue	20,507,475	22,073,894	20,473,160	20,473,160
Total Revenues[1]	251,006,535	258,555,917	255,418,004	261,891,293
EXPENDITURES				
Certificated Salaries	102,999,261	105,317,912	106,185,882	107,785,882
Classified Salaries	40,963,091	41,534,667	41,344,268	41,344,268
Employee Benefits	62,107,767	61,417,930	62,533,151	62,591,000
Books and Supplies	10,274,961	9,380,887	7,635,705	7,635,705
Contract Services and Operating Expenditures	46,193,996	45,764,340	48,007,987	48,517,987
Capital Outlay	3,869,298	532,720	3,690,450	3,690,450
Other Outgo	974,967	1,187,364	985,867	985,867
Indirect Cost Reimbursement	(638,442)	(527,197)	(667,024)	(667,024)
Total Expenditures[1]	266,744,899	264,608,623	269,716,286	271,884,135
Excess of Revenues Over (Under) Expenditures	(15,738,364)	(6,052,706)	(14,298,282)	(9,992,842)
Other Financing Sources/(Uses)				
Transfers In	5,779,684	3,796,819	5,800,000	--
Transfers Out	–	(1,815,654)	–	(1,312,584)
Total[1]	5,779,684	1,981,165	5,800,000	(1,312,584)
Net Change Fund in Balance	(9,958,680)	(4,071,540)	(8,498,282)	(11,305,426)
Beginning Fund Balance July,1	42,114,159	49,431,513	37,078,214	45,359,972[3]
Ending Fund Balance, June 30	$ 32,155,479	$ 45,359,973	$ 28,579,932	$ 34,054,546
Unrestricted Fund Balance	$ 17,252,548	$ 23,376,078	$ 21,268,419	$ 16,338,025
Reserve for Economic Uncertainty	8,002,347	7,992,728	8,091,489	8,195,901
Special Reserve Fund Balance[2]	$ 10,654,330	$ 11,669,725	$ 6,888,143	$ 11,669,725[3]

(1) Totals may not add due to independent rounding.
(2) Since fiscal year 2011, the District Board managed State of California budget cuts by setting aside additional reserves to prepare for additional State funding cuts. The Special Reserve Fund is the fund in which the Board deposited reserves for cuts threatened by the State.
(3) Fund Balance updated to Unaudited Actuals.
Source: West Contra Costa Unified School District.

District Comparative Financial Statements

Accounting Practices. The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30. All governmental funds and fiduciary funds are maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, that is, both measurable and available to finance expenditures for the current period. For more information on the District's accounting method, see Note 1 of "APPENDIX C – DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2012" attached hereto.

Financial Statements. The District's Audited Financial Statements for the fiscal year ending fiscal year 2011-12 were prepared by Crowe Horwath LLP Sacramento, California (the "Auditor"). Audited financial statements for the District for the fiscal year ended June 30, 2012 and prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office. See Appendix C hereto for the 2011-12 Audited Financial Statements. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to 'the District. The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an Appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the District.

The following table shows the audited general fund revenues, expense and changes for the District for the 2007-08 through 2011-12 fiscal years.

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
GENERAL FUND - REVENUES, EXPENDITURES AND FUND BALANCES
FISCAL YEARS 2007-08 THROUGH 2011-12 (AUDITED)

	2007-08 Actual[1]	2008-09 Actual[1]	2009-10 Actual[1]	2010-11 Actual[1]	2011-12 Actual[1]
REVENUES					
Revenue Limit Sources	$166,817,807	$161,899,365	$142,320,077	$147,914,626	$147,846,255
Federal Revenue	25,621,521	33,497,975	31,062,400	32,744,652	33,510,605
Other State Revenue	71,167,149	66,992,666	63,976,273	63,859,239	63,344,038
Other Local Revenue	21,327,703	20,821,034	20,199,980	22,034,729	22,418,641
Total Revenues[2]	284,934,180	283,211,040	257,558,730	266,553,246	267,119,539
EXPENDITURES					
Certificated Salaries	121,060,184	120,290,735	110,694,305	105,990,977	106,626,682
Classified Salaries	44,592,168	41,418,183	37,823,881	38,983,802	41,184,114
Employee Benefits	66,089,445	69,075,209	60,199,786	58,161,626	61,331,324
Books and Supplies	12,340,626	8,843,494	9,912,409	11,369,314	10,708,520
Contract Services and Operating Expenditures	41,425,355	39,283,607	43,130,953	41,059,033	42,511,674
Capital Outlay	889,702	457,520	1,248,554	331,905	575,432
Other Outgo	51,834	41,903	33,137	51,428	29,617
Indirect Cost Reimbursement	(802,241)	–	–	–	–
Debt Service					
Principal	790,000	1,415,000	2,374,214	3,070,914	6,201,110
Interest and Other	–	–	241,250	686,475	366,167
Total Expenditures[2]	286,437,073	280,825,651	265,658,489	259,705,474	269,534,640
Excess of Revenues Over/(Under) Expenditures	(1,502,893)	2,385,389	(8,099,759)	6,847,772	(2,415,101)
Other Financing Sources/(Uses)					
Transfers In	2,839,820	916,428	1,731,887	2,700,512	8,446,212
Transfers Out	(3,551,157)	(794,836)	(926,928)	–	–
Proceeds from the issuance of long-term liabilities	–	–	–	–	–
Total[2]	(711,337)	121,592	804,959	2,700,512	8,446,212
Net Change in Fund Balance	(2,214,230)	2,506,981	(7,294,800)	9,548,284	6,031,111
Beginning Fund Balance July,1	48,053,996	45,839,766	48,346,747	47,354,945	56,903,229
Ending Fund Balance, June 30	$45,839,766	$48,346,747	$41,051,947	$56,903,229	$62,934,340

[1] Excerpted from the District’s respective Audited Financial Reports.
[2] Totals may not add due to independent rounding.
Source: West Contra Costa Unified School District.

Revenue Limit and LCFF

Since Fiscal Year 1973-74, California public school districts have operated under general purpose revenue limits established by the State Legislature. In general, the revenue limits were calculated for each school district by multiplying (1) the ADA for each such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all school districts in the State of the same type. See “DISTRICT FINANCIAL INFORMATION – State Funding of School Districts” in this Appendix A. The 2013-14 State Budget established a new funding formula, the LCFF, for school districts and county offices of education to increase local control and flexibility, reduce State bureaucracy and to ensure that student needs drive the allocation of resources. The LCFF replaces the prior revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a Base Grant per unit of ADA with additional supplemental funding allocated to local educational agencies that serve English language learners and economically disadvantaged students, provide lower class sizes in grades K-3, or offer career technical education classes in high school. The District has estimated additional revenue of about $21.4 million it will receive pursuant the LCFF compared to the prior revenue limit funding model see “STATE OF CALIFORNIA FISCAL ISSUES – Local Control Funding Formula” in the body of this Official Statement for additional information regarding the LCFF.

The following table sets forth the District’s funded revenue limits per ADA for the Fiscal Years 2008-09 through 2013-14. For Fiscal Year 2011-12 and 2012-13 the District’s base funded revenue limit per unit of ADA were $5,167 and $5,223, respectively. For Fiscal Year 2013-14, the District estimates that its LCFF funding revenue limit per unit of ADA is $6,810.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Funded Revenue Limit/LCFF Funding Formula per ADA
Fiscal Years 2008-09 through 2013-14

Fiscal Year	Funded Revenue Limit/ LCFF Funding Formula
2008-09	$5,428
2009-10	5,216
2010-11	5,309
2011-12	5,167
2012-13	5,223[1]
2013-14 (LCFF)	6,810[1][2]

(1) Estimated.
(2) The Local Control Funding Formula per ADA amount includes dollars that were previously provided to the District in the form of grants and accounted for in the restricted categories. Therefore the per ADA figure is higher than the traditional Funded Revenue Limit model.

In Fiscal Year 2011-12, the District received approximately $147.8 million from revenue limit sources, accounting for approximately 55.3% of its total General Fund revenues. For Fiscal Years 2012-13, the District estimates $150 million of revenue limit source income which is approximately 58% of its total estimated General Fund revenues. Beginning in Fiscal Year 2013-14, the funding is determined pursuant to the LCFF and comprised of (1) local property tax, (2) Education Protection Account (“EPA”) receipts and (3) State aid. Utilizing the LCFF transition funding formula, in Fiscal Year 2013-14, the District expects to receive approximately $59 million in local property tax, approximately $27 million in EPA receipts and approximately $105 million in State aid for a total of approximately $190 million of LCFF funding formula revenues, which is approximately 75% of total budgeted General Fund revenues.

District Debt Structure

General Obligation Bonds. The District has outstanding general obligation bonds issued under five different voter-approved authorizations. Following the issuance of the Bonds described in the body of the Official Statement and in this Appendix A, the District will have outstanding general obligation bonds under six voter-approved authorizations, as further described in the paragraphs below. Since 1998, voters have authorized the District to issue up to $1.63 billion of general obligation bonds. Moreover, in November 2012 the voters authorized an additional $360 million aggregate principal amount of general obligation bonds, a portion of which will be issued and sold via this Official Statement. The District has approximately $776.7 million of general obligation bonds currently outstanding, including bonds issued to refund all or portions of certain series of bonds.

On June 2, 1998, the District received voter approval, through a bond measure known as Measure E, which required two-thirds percent voter approval by a vote of 75% approval, to issue up to $40 million in general obligation bonds to fund various capital improvement programs and to construct a middle school (the "1998 Authorization"). The bonds of the 1998 Authorization were issued in four separate series and were refunded with proceeds of the District's 2001 General Obligation Refunding Bonds, Series A and Series B (the "2001 Refunding Bonds, Series A" and the "2001 Refunding Bonds, Series B").

On November 7, 2000, the District received voter approval, through a bond measure known as Measure M, which required 55% approval, by a vote of 77.5% approval, to issue up to $150 million in general obligation bonds to renovate elementary schools (the "2000 Authorization"). The bonds of the 2000 Authorization were issued in three series (the "Series 2000A Bonds," "Series 2000B Bonds" and "Series 2000C Bonds"). In September of 2009, the District issued its 2009 General Obligation Refunding Bonds (the "2009 Refunding Bonds") to refund a portion of the then outstanding (i) Series 2000A Bonds, (ii) Series 2000B Bonds, (iii) Series 2005A Bonds (described below) and (iv) Series 2005B Bonds (described below). A portion of the Series 2000C Bonds was refunded in 2011, as further described in the paragraph below.

On March 5, 2002, the District received voter approval, through a bond measure known as Measure D, which required 55% approval, by a vote of 71.8% approval, to issue up to $300 million in general obligation bonds to continue renovating the District's elementary schools and to renovate secondary schools (the "2002 Authorization"). The bonds of the 2002 Authorization were issued in four series (the "Series 2002A Bonds," "Series 2002B Bonds," "Series 2002C Bonds," and "Series 2002D Bonds"). In August 2011, the District issued its 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds") to refund a portion of the then outstanding (i) Series 2000C Bonds, (ii) Series 2002A Bonds, and (iii) Series 2002B Bonds.

On November 8, 2005, the District received voter approval, through a bond measure known as Measure J, which required 55% approval, by a vote of 56.7% approval, to issue up to $400 million in general obligation bonds to continue repairing all District facilities and to improve classroom safety and technology (the "2005 Authorization"). The District has issued approximately $322,409,708.50 of the bonds of the 2005 Authorization in six series (the "Series 2005A Bonds," "Series 2005B Bonds," "Series 2009C-1 Bonds," "Series 2009C-2 Bonds," "Series D-1 Bonds," and "Series D-2 Bonds"). The Series 2009C-2 Bonds were issued as Build America Bonds authorized under the American Recovery and Reinvestment Act of 2009. The Series 2009D-1 Bonds were issued as Qualified School Construction Bonds and the District expects to receive on or about February 1 and August 1 of each year, a cash subsidy from the United States Department of the Treasury ("Treasury") relative to the interest payable on such bonds by the District, until the last of the Series 2009D-1 Bonds matures on August 1, 2024. A portion of the proceeds of the District's 2009 Refunding Bonds was used to refund a portion of the Series 2005A Bonds and the Series 2005B Bonds. Approximately $77.6 million remains authorized and unissued under the 2005 Authorization.

On June 8, 2010, the District received voter approval, through a bond measure known as Measure D, which required 55% approval, by a vote of 62.6% approval, to issue up to $380 million in general obligation bonds to continue renovating and rebuilding the District's elementary and secondary schools (the "2010 Authorization"). On November 22, 2011, the District issued $100 million of bonds under the 2010 Authorization, consisting of its Series 2010A Bonds and its Series 2010A-1 Bonds. The Series 2010A-1 Bonds were issued as Qualified School Construction Bonds and the District expects to receive on or about February 1 and August 1 of each year, a cash subsidy from the Treasury relative to the interest payable on such bonds by the District, until the last of the Series 2010A-1 Bonds matures on August 1, 2030. Proceeds of the sale of the 2010 Series B Bonds under the 2010 Authorization in the amount of $40 million will be issued to continue repairing all District facilities.

On November 6, 2012, the District received voter approval, through a bond measure known as Measure E, which required 55% approval, by a vote of 64.4% approval to issue up to $360 million in general obligation bonds to continue renovating and rebuilding the District's elementary and secondary schools (the "2012 Authorization"). The issuance of the $85 million aggregate principal amount of West Contra Costa Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2012, Series A will be the first series of bonds issued under the 2012 Authorization.

The bonds issued under each of the Authorizations described above, including refunding bonds, are issued on a parity basis payable from an unlimited tax upon all property subject to taxation within the District. The County Board of Supervisors is empowered and obligated to levy such tax for the repayment of such bonds. No assurance can be given with respect to the future financial condition of the District or any actions that may or may not be taken in connection with any future financial condition. The financial condition of the District, however, does not impact the obligation of the Board of Supervisors of the County to levy *ad valorem* taxes for the payment of amounts due in connection with the Bonds. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS - *AD VALOREM* Property Taxation" in the body of this Official Statement.

Under Education Code section 15106, with respect to bonds under the 1998 Authorization and the 2000 Authorization, and under Education Code section 15270, with respect to bonds under the 2002 Authorization, 2005 Authorization, 2010 Authorization and the 2012 Authorization the amount of general obligation bond indebtedness that the District, as a unified school district, can issue is limited to 2.5% of the assessed value of all taxable property within the District. However, the District has requested and been granted three waivers of this limit by the California State Board of Education (the "SBE"). In May 2009, the SBE granted a waiver (the "2009 Waiver") allowing the District to issue general obligation bonds in an amount not to exceed 3.5% of the assessed value of taxable property within the District. The 2009 Waiver is authorized for a period beginning May 7, 2009 and ending May 7, 2014. On March 11, 2011, the SBE granted a second waiver (the "2011 Waiver"), thereby allowing the District to issue general obligation bonds in an amount not to exceed 5% of the assessed value of taxable property within the District. The 2011 Waiver applies only to bonds issued pursuant to the 2010 Authorization between March 11, 2011 and December 31, 2021. In May 2013, the SBE granted a third wavier (the "2013 Waiver"), thereby allowing the District to issue general obligation bonds in an amount not to exceed 5% of the assessed value of taxable property within the District. The 2013 Waiver applies only to bonds issued pursuant to the 2012 Authorization between May 9, 2013 and December 31, 2025.

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The following table reflects the District's outstanding general obligation bonds, as of October 1, 2013.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
OUTSTANDING GENERAL OBLIGATION BONDS
AS OF OCTOBER 1, 2013

Authorization / Series Name	Issue Date	Final Maturity (August 1)	Original Issue Amount	Principal Outstanding
1998 Authorization ($40 million)				
2001 Refunding Bonds, Series A[(1)]	Nov. 6, 2001	2025	$28,610,000	$17,255,000
2001 Refunding Bonds, Series B[(1)]	Nov. 6, 2001	2024	10,255,000	6,375,000
2000 Authorization ($150 million)				
2009 Refunding Bonds[(2)]	Sept. 3, 2009	2018	47,215,000	31,135,000
2011 Refunding Bonds[(3)]	Aug. 25, 2011	2024	33,960,000	28,635,000
2012 Refunding Bonds[(5)]	July 10, 2012	2032	40,370,000	40,370,000
2002 Authorization ($300 million)				
Series 2002C Current Interest Bonds	Aug. 11, 2004	2034	40,000,000	24,640,000
Series 2002C Capital Appreciation Bonds[(4)]	Aug. 11, 2004	2034	29,999,377	26,783,541
Series 2002D Capital Appreciation Bonds[(4)]	Oct. 19, 2005	2034	99,998,106	88,289,681
2011 Refunding Bonds[(3)]	Aug. 25, 2011	2024	51,605,000	48,705,000
2012 Refunding Bonds[(5)]	July 10, 2012	2032	57,830,000	57,830,000
2005 Authorization ($400 million)				
Series 2005A Bonds[(2)]	May 17, 2006	2035	70,000,000	60,735,000
Series 2005B Bonds[(2)]	July 15, 2008	2035	120,000,000	115,025,000
Series 2005C Capital Appreciation Bonds[(4)]	Sept. 3, 2009	2033	52,084,759	52,084,759
Series 2005C Build America Bonds	Sept. 3, 2009	2034	52,825,000	52,825,000
2009 Refunding Bonds[(3)]	Sept. 3, 2009	2031	10,645,000	10,645,000
Series D-1 Qualified School Construction Bonds	June 24, 2010	2024	25,000,000	25,000,000
Series D-2 Capital Appreciation Bonds[(4)]	June 24, 2010	2036	2,499,949	2,499,949
2010 Authorization ($380 million)				
Series 2010A Bonds	Nov. 22, 2011	2041	79,000,000	66,845,000
Series 2010A-1 Qualified School Construction Bonds	Nov. 22, 2011	2030	21,000,000	21,000,000
TOTAL			**$999,697,191**	**$776,677,930**

(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) The 2009 Refunding Bonds were issued to fully refund the Series 2000A Bonds and Series 2000B Bonds and partially refund the Series 2005A Bonds and Series 2005B Bonds.
(3) The 2011 Refunding Bonds were issued to partially refund the Series 2000C Bonds, Series 2002A Bonds, and the Series 2002B Bonds.
(4) The outstanding capital appreciation bonds are expressed in terms of original denominational amount; the accreted interest amount is not included.
(5) The 2012 Refunding Bonds were issued to refund four series of bonds in the initial aggregated principal amount of $98,200,000.
Source: West Contra Costa Unified School District.

Certificates of Participation. On August 24, 2005, the District caused the execution and delivery of 2005 Taxable Refunding Certificates of Participation (the "Certificates") in the aggregate principal amount of $10,600,000. Proceeds of the Certificates were used to (i) defease the District's then outstanding 1994 Certificates of Participation, originally issued in the aggregate principal amount of $11,150,000 and (ii) defease to maturity certain certificates of participation issued by the District in 1988 (under the District's previous name, the Richmond Unified School District) and with respect to which the District had incurred certain payment defaults. The District has timely made all base rental payments on the Certificates.

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
CERTIFICATES

Year Ending June 30	Principal	Interest	Total
2014	$525,000	$400,867	$925,867
2015	555,000	375,352	930,352
2016-2020	3,205,000	1,434,204	4,639,204
2021-2024	3,630,000	511,395	4,141,395
Total	**$7,915,000**	**$2,721,818**	**$10,636,818**

Source: West Contra Costa Unified School District

Statement of Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. for debt issued as of October 1, 2013. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the 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.

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

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT
As of October 1, 2013

2013-14 Assessed Valuation: $22,225,132,320

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 10/1/13	
Bay Area Rapid Transit District	4.228%	$ 17,262,648	
East Bay Municipal Utility District, Special District No. 1	5.583	1,035,926	
Contra Costa Community College District	15.172	52,183,680	
West Contra Costa Unified School District	**100.**	**776,677,930**	(1)
East Bay Regional Park District	6.527	13,248,510	
City of El Cerrito Parcel Tax Obligations	100.	2,170,000	
West Contra Costa Healthcare District Parcel Tax Obligations	90.708	54,374,911	
Richmond Redevelopment Community Facilities District No. 1998-1	100.	3,155,000	
City and County 1915 Act Bonds	100.	25,060,570	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$945,169,175	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	15.112%	$ 42,672,987	
Contra Costa County Pension Obligations	15.112	46,863,185	
Contra Costa Fire Protection District Pension Obligations	4.859	4,856,328	
Alameda-Contra Costa Transit District Certificates of Participation	9.978	2,809,368	
Contra Costa Community College District Certificates of Participation	15.172	118,342	
West Contra Costa Unified School District General Fund Obligations	**100.**	**7,915,000**	
City of El Cerrito General Fund Obligations	100.	8,805,000	
City of Hercules Certificates of Participation	94.522	16,059,288	
City of Pinole Pension Obligations	100.	4,757,334	
City of Richmond General Fund Obligations	100.	132,515,000	
City of Richmond Pension Obligations	100.	100,860,133	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$368,231,965	
Less: Contra Costa County obligations supported by revenue funds		15,866,287	
City of Richmond obligations supported by port revenues		47,339,300	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$305,026,378	
OVERLAPPING TAX INCREMENT DEBT:		$368,593,359	
GROSS COMBINED TOTAL DEBT		$1,681,994,499	(2)
NET COMBINED TOTAL DEBT		$1,618,788,912	

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:
Direct Debt ($776,677,930) 3.49%
Total Direct and Overlapping Tax and Assessment Debt........................4.25%
Combined Direct Debt ($784,592,930)..3.53%
Gross Combined Total Debt..7.57%
Net Combined Total Debt 7.28%

Ratios to 2012-13 Redevelopment Incremental Valuation ($4,889,767,349):
Total Overlapping Tax Increment Debt...7.54%

Source: California Municipal Statistics, Inc.

APPENDIX B-1

FORMS OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the 2012 Series A Bonds substantially in the following form:

October 31, 2013

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 $85,000,000 West Contra Costa Unified School District (Contra Costa County, California) Election of 2012 General Obligation Bonds, Series A (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, a greater than fifty-five percent vote of the qualified electors of the West Contra Costa Unified School District (the "District") voting at an election held on November 6, 2012, and a resolution adopted by the Board of Education of the District (the "Resolution").

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

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

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

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

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

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

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

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

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

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

Respectfully submitted,

APPENDIX B-2

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the 2010 Series B Bonds substantially in the following form:

October 31, 2013

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 $40,000,000 West Contra Costa Unified School District (Contra Costa County, California) Election of 2010 General Obligation Bonds, Series B (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, a greater than fifty-five percent vote of the qualified electors of the West Contra Costa Unified School District (the "District") voting at an election held on June 8, 2010, and a resolution adopted by the Board of Education of the District (the "Resolution").

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

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

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

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

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

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

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

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

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

Respectfully submitted,

APPENDIX C

DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2012

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Richmond, California

FINANCIAL STATEMENTS
June 30, 2012

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2012

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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, 2012

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Crowe Horwath

Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

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, 2012, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of West Contra Costa Unified School District as of June 30, 2012, 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 13, 2012 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis from pages 3 to 14, and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule on page 58 and the Schedule of Other Postemployment Benefits Funding Progress on page 59 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Contra Costa Unified School District's basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other supplemental information listed in the table of contents, except for the Schedule of Financial Trends and Analysis, have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other supplemental information listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated in all material respects in relation to the financial statements as a whole. The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 13, 2012

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

Management's 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, 2012. 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 has strengthened over the past year. Overall revenues of $365.9 million exceeded expenditures by $19.3 million. Total net assets increased by 9.91% over the course of the year.

The 2011-12 financial statements cap off another year of uncertainty as it relates to the State and National economy. The economic downturn has caused the District to be funded at lower levels than 2004-05. In spite of this challenge, the District was able to pay off debt and maintain prudent reserves in case of future economic volatility.

Within the District this meant a constant need to track and revise estimates of an ever-changing funding stream from our State. State Revenue deficits were a net 20.6% on the per pupil revenues. In addition to the funding reductions, the State also continued the revenue deferral program so at the close of 2011-12 the District was owed millions by the State for programs operated during 2011-12.

As the District prepares for the 2012-13 school year it is faced the major challenge of a State budget which is again facing deficits and instability due to the uncertainty of the outcome of a State Proposition designed to maintain funding for schools. The District has implemented and maintained budget reductions and has kept pace with rising costs. The community continues to show strong support for education and the District through the passage of a parcel tax in 2008 and a general obligation bond authorization for capital improvement in 2010. The District has tackled the difficult task of managing a budget in order to remain solvent during these tough times.

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 cash flows	Statement of changes in fiduciary net assets
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 higher on June 30, 2012 than they were the year before—increasing by $19.3 million to $213.9 million as reflected on the next page.

Net Assets

	GOVERNMENTAL ACTIVITIES	
	2012	2011
Current Assets	$ 304,687,783	$ 276,903,173
Capital Assets	971,032,972	886,771,971
Total Assets	1,275,720,755	1,163,675,144
Current Liabilities	52,541,526	68,375,925
Long-term Liabilities	1,009,279,010	900,689,681
Total Liabilities	1,061,820,536	969,065,606
Net Assets:		
Invested in Capital Assets, net of related debt	134,455,424	141,750,782
Restricted For:		
Capital Projects	50,488,711	45,800,912
Debt Service	47,714,715	42,321,459
Educational Programs	26,055,436	27,130,217
Other Purposes	8,811,871	18,390,402
Unrestricted	(53,625,938)	(80,784,234)
Total Net Assets	$ 213,900,219	$ 194,609,538

The District's financial position is the product of many factors. However, three 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.

- The Board was able to increase District reserves and now maintains $13 million in the Districts Special Reserve Fund as insurance toward potential cuts that may be enacted by the State due to the mid-year trigger language adopted along with the State's budget for 2012-13.

- The District was able to pay off the State loan six years early, and paid off other long term debt from the 1990's, releasing the District from the oversight of a State Trustee.

Changes in Net Assets – The District's total revenues exceeded its expenditures by $19.3 million. Property taxes, State Aid and other general sources accounted for most of the District's revenues contributing approximately 66 cents per every dollar of revenue received while Federal, State and local grants and contributions for specific purposes provided approximately 34 cents of every dollar of revenue.

	GOVERNMENTAL ACTIVITIES	
	2012	2011
Revenues:		
Program revenues:		
Charges for Services	$ 1,018,569	$ 1,094,319
Operating Grants and Contributions	90,954,406	92,093,881
Capital Grants and Contributions	15,847,349	20,406,400
Total Program Revenues	107,820,324	113,594,600
General Revenues:		
Property Taxes	128,963,108	115,691,726
Federal and State Aid	124,022,794	123,569,138
Interest and Investment Earnings	706,458	624,924
Interagency revenues:		
Miscellaneous	4,366,687	4,038,401
Total General Revenues	258,059,047	243,924,189
Total Revenues	365,879,371	357,518,789
Expenses:		
Instruction	166,712,977	164,958,093
Support Services:		
Administrative	43,025,262	40,490,286
Student Support	41,317,106	36,463,241
Non-Student Support	16,304,857	18,240,340
Plant Services	30,790,480	34,559,467
Ancillary Services	7,829,975	7,663,001
Transfers between agencies	2,802,547	922,296
Community Services	155,465	135,887
Interest on long-term debt	37,650,021	42,094,551
Total Expenses	346,588,690	345,527,162
Change in Net Assets	$ 19,290,681	$ 11,991,627

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 $346.6 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 $107.8 million. The balance of the District's expenditures was paid for by State apportionments for ADA and by local property taxes. Property taxes comprised of $128,963,108 of this amount while Federal and State education aid formulas contributed the remaining $124,022,794.

	Total Cost 2012	Net (Expense) Revenue 2012	Total Cost 2011	Net (Expense) Revenue 2011
Instruction	$ 166,712,977	$ (106,595,668)	$ 164,958,093	$ (103,189,205)
Support Services	100,647,225	(60,184,844)	95,193,867	(58,101,561)
Facilities and Plant	30,790,480	(29,400,850)	34,559,467	(26,097,581)
Ancillary Services	7,829,975	(2,269,491)	7,663,001	(1,986,159)
Other	40,608,033	(40,317,513)	43,152,734	(42,558,056)
Total	$ 346,588,690	$ (238,768,366)	$ 345,527,162	$ (231,932,562)

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 $249 million, above last year's combined ending fund balance of $227 million. This increase is due to activities in the District's 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 $274.2 million against appropriated expenditures of $297.7 million thus anticipating a decrease of $23.5 million in overall fund balance. This variance is due to potential expenditure of prior year restricted grant fund balances and spending some of the special reserve fund balance.

Actual revenues were less than anticipated while actual expenditures were also less than anticipated. The combination of these variances resulted in a higher $21 million than projected ($23.5 million) in 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, 2012, and the increase and decrease (in amount and percentage) in relations to prior year amounts.

	2012 Fiscal Year	Percent of Total	Increase (Decrease) From Prior Fiscal Year	Percent Increase (Decrease) From Prior Fiscal Year
Revenue Limit Sources	$ 147,846,255	40%	$ (68,371)	(.05%)
Federal	50,777,415	14%	4,817,976	10.48%
Other State	87,358,547	24%	(9,371,454)	(9.69%)
Other Local	81,062,365	22%	14,241,562	21.31%
Total Revenues	$ 367,044,582	100%	$ 9,619,713	2.69%

The following schedule represents a summary of the general operating fund, special revenue fund, capital projects fund, and bond interest & redemption fund expenditures for the fiscal year ended June 30, 2012, and the increase and decrease (in amount and percentage) in relations to prior year amounts.

Summary of Expenditures by Object Code

	2012 Fiscal Year	Percent of Total	Increase (Decrease) From Prior Fiscal Year	Percent Increase (Decrease) From Prior Fiscal Year
Certificated salaries	$ 109,161,301	24.42%	$ 668,284	0.62%
Classified salaries	47,932,113	10.73%	2,818,924	6.25%
Employee benefits	64,502,797	14.43%	3,669,852	6.03%
Books and supplies	21,427,287	4.80%	2,477,401	13.07%
Services, other operation expenses	52,448,731	11.74%	2,289,965	4.57%
Capital outlay	91,707,558	20.52%	(2,890,523)	-3.06%
Debt service:				
Principal	27,357,086	6.12%	7,242,818	36.01%
Interest	32,297,154	7.23%	335,858	1.05%
Other outgo	29,617	0.01%	(338,678)	-91.96%
Total Expenditures	$ 446,863,644	100%	$ 16,273,901	3.78%

CAPITAL ASSET AND DEBT ADMINISTRATION

By June 30, 2012, the District had invested $1.2 billion 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 $19.9 million while additions to net capital assets amounted to approximately $104.2 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, 2011	**Additions**	**Reductions**	**Balance, June 30, 2012**
Governmental activities:				
Land	$ 52,371,291	$ -	$ -	$ 52,371,291
Site Improvements	61,980,429	-	-	61,980,429
Buildings	803,423,280	166,527	-	803,589,807
Machinery and Equipment	12,838,502	1,367,911	212,663	13,993,750
Construction In Progress	201,049,921	102,671,344	-	303,721,265
Totals at historical cost	1,131,663,423	104,205,782	212,663	1,235,656,542
Less: accumulated depreciation				
Site Improvements	(39,520,162)	(1,526,023)	-	(41,046,185)
Buildings	(198,590,935)	(17,458,815)	-	(216,049,750)
Machinery and Equipment	(6,780,355)	(919,324)	(172,044)	(7,527,635)
Total accumulated depreciation	(244,891,452)	(19,904,162)	(172,044)	(264,623,570)
Governmental activities, capital Assets, Net	$ 886,771,971	$ 84,301,620	$ 40,619	$ 971,032,972

Long-Term Liabilities

In recent years the District has received approval from the voters to issue $1.2 billion 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. Measure J was approved for $400 million in November 2005 to continue repairing all school facilities, improve classroom safety and technology. Finally, Measure D was approved for $380 million in 2010 and will be used toward the continued renovation and rebuilding program for elementary and secondary schools. 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.

Long-Term Liabilities (continued)

At year end the District had $1,009.3 million in general obligation bonds and other long-term liabilities outstanding, an increase over the prior year of $90.9 million.

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.

Governmental Activities

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Amounts Due Within One Year
Emergency Apportionment Loan	$ 9,368,387	$ -	$ 9,368,387	$ -	$ -
General Obligation Bonds	741,276,968	185,565,000	105,263,143	821,578,849	115,128,713
Accreted Interest	50,779,461	9,983,201	-	60,762,662	
GO Bond Premium	15,857,512	11,036,159	1,540,467	25,353,204	905,290
1994 Certificates of Participation	8,890,000	-	475,000	8,415,000	500,000
Voluntary Integration Program	872,000	-	872,000	-	-
Computer equipment acquisition	3,576,032	-	3,576,032	-	-
Compensated absences	3,490,764	-	68,637	3,422,127	-
OPEB Obligation	84,111,607	5,606,738	-	89,718,345	-
Child care facilities loan	126,347	-	97,524	28,823	28,823
Total Long-term liabilities	$ 918,349,102	$ 212,191,098	$ 121,261,190	$ 1,009,279,010	$ 116,562,826

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 two waivers of this limit by the California State Board of Education, one for Measure J and one for Measure D 2010. These waivers allow the District to issue bonds up to an amount not to exceed 3.5% of assessed value for the Measure J and 5.0% of assessed value for the Measure D 2010 bond authorization.

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

The State of California continues to experience budget difficulties due to the economic crisis. The State Budget for 2012-13 includes trigger reductions that are authorized to be implemented in the event the voters do not approve Proposition 30 in November. The District has prepared for mid-year triggers by setting aside additional reserves. However, since the majority of District revenue comes from the State, we will most certainly continue to experience budget challenges in this year and in the coming years if the mid-year triggers become ongoing cuts. The State's current cash deferral program puts an additional strain on the District resources, which become a greater concern if the District is forced to use its reserves due to the economic crisis. The passage of Proposition 30 would help mitigate the cash flow concerns and provide stability to the District's revenue.

BASIC FINANCIAL STATEMENTS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 230,746,874
Receivables	62,248,996
Prepaid expenditures	10,850,644
Stores inventory	841,269
Non-depreciable capital assets (Note 4)	356,092,556
Depreciable capital assets, net of accumulated depreciation (Note 4)	614,940,416
Total assets	1,275,720,755
LIABILITIES	
Accounts payable	50,330,681
Unpaid claims and claim adjustment expenses (Note 5)	500,000
Deferred revenue	1,710,845
Long-term liabilities (Note 6):	
Due within one year	116,562,826
Due after one year	892,716,184
Total liabilities	1,061,820,536
NET ASSETS	
Invested in capital assets, net of related debt	134,455,424
Restricted (Note 7)	133,070,733
Unrestricted	(53,625,938)
Total net assets	$ 213,900,219

See accompanying notes to financial statements.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets: Governmental Activities
Governmental activities (Note 4):					
Instruction	$ 166,712,977	$ -	$ 44,269,960	$ 15,847,349	(106,595,668)
Instruction-related services:					
Supervision of instruction	22,852,002	-	14,755,051	-	(8,096,951)
Instructional library, media and technology	3,367,479	-	522,710	-	(2,844,769)
School site administration	16,805,781	-	211,976	-	(16,593,805)
Pupil services:					
Home-to-school transportation	8,358,682	-	2,031,350	-	(6,327,332)
Food services	14,004,061	966,949	12,961,875	-	(75,237)
All other pupil services	18,954,363	-	6,932,788	-	(12,021,575)
General administration:					
Data processing	3,967,066	-	44,460	-	(3,922,606)
All other general administration	12,337,791	40,836	1,994,386	-	(10,302,569)
Plant services	30,790,480	10,784	1,378,846	-	(29,400,850)
Ancillary services	7,829,975	-	5,560,484	-	(2,269,491)
Community services	155,465	-	1,651	-	(153,814)
Other outgo	2,802,547	-	288,869	-	(2,513,678)
Interest on long-term liabilities	37,650,021	-	-	-	(37,650,021)
Total governmental activities	$ 346,588,690	$ 1,018,569	$ 90,954,406	$ 15,847,349	$ (238,768,366)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	58,184,313
Taxes levied for debt service	55,005,390
Taxes levied for other specific purposes	15,773,405
Federal and state aid not restricted to specific purposes	124,022,794
Interest and investment earnings	706,458
Miscellaneous	4,366,687
Total general revenues	258,059,047
Change in net assets	19,290,681
Net assets, July 1, 2011	194,609,538
Net assets, June 30, 2012	$ 213,900,219

See accompanying notes to financial statements.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 31,216,697	$ 55,843,525	$ 46,763,535	$ 12,931,234	$ 146,754,991
Cash awaiting deposit	1,554	-	-	1,353	2,907
Cash on hand and in banks	15,252	-	-	27,815	43,067
Cash in revolving fund	70,000	-	-	-	70,000
Cash with Fiscal Agent	-	11,399,707	-	1,042,373	12,442,080
Investments	1,729	67,000,002	-	2,080,058	69,081,789
Receivables	57,061,180	149,283	30,807	5,007,726	62,248,996
Due from other funds	-	-	-	13,200,000	13,200,000
Stores inventory	267,465	-	-	573,804	841,269
Total assets	$ 88,633,877	$ 134,392,517	$ 46,794,342	$ 34,864,363	$ 304,685,099
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 11,070,429	$ 28,424,528	$ -	$ 1,547,283	$ 41,042,240
Due to other funds	13,000,000	-	-	200,000	13,200,000
Deferred revenue	1,629,108	-	-	81,737	1,710,845
Total liabilities	25,699,537	28,424,528	-	1,829,020	55,953,085
Fund balances:					
Nonspendable	337,465	-	-	573,804	911,269
Restricted	26,055,436	105,967,989	46,794,342	32,461,539	211,279,306
Assigned	14,368,392	-	-	-	14,368,392
Unassigned	22,173,047	-	-	-	22,173,047
Total fund balances	62,934,340	105,967,989	46,794,342	33,035,343	248,732,014
Total liabilities and fund balances	$ 88,633,877	$ 134,392,517	$ 46,794,342	$ 34,864,363	$ 304,685,099

See accompanying notes to financial statements.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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

June 30, 2012

Total fund balances - Governmental Funds		$ 248,732,014
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 $1,235,656,542 and the accumulated depreciation is $264,623,570 (Note 4).		971,032,972
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, 2012 consisted of (Note 6):		
General Obligation Bonds and premium	$ (846,932,053)	
Accreted interest	(60,762,662)	
Certificates of Participation	(8,415,000)	
Child care facilities loan	(28,823)	
Other Postemployment Benefits (OPEB) (Note 9)	(89,718,345)	
Compensated absences	(3,422,127)	
		(1,009,279,010)
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:		1,820,990
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.		(9,257,391)
Costs associated with the issuance of long-term liabilities are not financial resources and, therefore, are not reported as assets in governmental funds.		10,850,644
Total net assets - governmental activities		$ 213,900,219

See accompanying notes to 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, 2012

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Revenue limit sources:					
State apportionment	$ 92,770,030	$ -	$ -	$ -	$ 92,770,030
Local sources	55,076,225	-	-	-	55,076,225
Total revenue limit	147,846,255	-	-	-	147,846,255
Federal sources	33,510,605	906,437	3,114,276	13,246,097	50,777,415
Other state sources	63,344,038	-	675,182	23,339,327	87,358,547
Other local sources	22,418,641	617,357	55,605,009	2,421,358	81,062,365
Total revenues	267,119,539	1,523,794	59,394,467	39,006,782	367,044,582
Expenditures:					
Certificated salaries	106,626,682	-	-	2,534,619	109,161,301
Classified salaries	41,184,114	796,557	-	5,951,442	47,932,113
Employee benefits	61,331,324	317,694	-	2,853,779	64,502,797
Books and supplies	10,708,520	4,313,933	-	6,404,834	21,427,287
Contract services and operating expenditures	42,511,674	8,796,944	-	1,140,113	52,448,731
Capital outlay	575,432	88,220,843	-	2,911,283	91,707,558
Other outgo	29,617	-	-	-	29,617
Debt service:					
Principal retirement	6,201,110	-	12,968,143	8,187,833	27,357,086
Interest	366,167	-	31,656,184	274,803	32,297,154
Total expenditures	269,534,640	102,445,971	44,624,327	30,258,706	446,863,644
(Deficiency) excess of revenues (under) over expenditures	(2,415,101)	(100,922,177)	14,770,140	8,748,076	(79,819,062)
Other financing sources (uses):					
Proceeds from issuance of general obligation bonds	-	100,000,000	85,565,000	-	185,565,000
Defeasement of general obligation bonds	-	-	(92,295,000)	-	(92,295,000)
Other proceeds from debt issuance	-	1,930,040	9,106,119	-	11,036,159
Other financing uses	-	-	(2,376,119)	-	(2,376,119)
Operating transfers in	8,446,212	-	-	-	8,446,212
Operating transfers out	-	(5,700,000)	-	(2,746,212)	(8,446,212)
Total other financing sources (uses)	8,446,212	96,230,040	-	(2,746,212)	101,930,040
Net changes in fund balances	6,031,111	(4,692,137)	14,770,140	6,001,864	22,110,978
Fund balances, July 1, 2011	56,903,229	110,660,126	32,024,202	27,033,479	226,621,036
Fund balances, June 30, 2012	$ 62,934,340	$ 105,967,989	$ 46,794,342	$ 33,035,343	$ 248,732,014

See accompanying notes to 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, 2012

Net changes in fund balances - Total Governmental Funds		$ 22,110,978
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).	$ 104,205,782	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(19,904,162)	
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).	(40,619)	
In governmental funds, if debt is issued at a premium or at 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).	1,540,467	
Repayment or refunding 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).	119,652,086	
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.	738,606	
In governmental funds, proceeds from debt are recognized as Other Financing Sources, but in the statement of net assets as an increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium, were (Note 6)	(196,601,159)	
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.	3,089,865	
Accreted interest on capital appreciation bonds is not recorded in the governmental funds, but increases the long-term liabilities in the statement of net assets (Note 6).	(9,983,201)	
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.	20,139	

(Continued)

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
(Continued)
For the Year Ended June 30, 2012

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 (Notes 6 and 9).	$ (5,606,738)	
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).	68,637	$ (2,820,297)
Change in net assets of governmental activities		$ 19,290,681

See accompanying notes to financial statements.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND

June 30, 2012

ASSETS	
Cash and investments:	
Cash in County Treasury	$ 2,351,989
Cash with Fiscal Agent	51
Total assets	2,352,040
LIABILITIES	
Accounts payable	31,050
Unpaid claims and claim adjustment expenses	500,000
Total liabilities	531,050
NET ASSETS	
Restricted	$ 1,820,990

See accompanying notes to 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, 2012

Operating revenues:	
Self-insurance premiums	$ 2,361,163
Operating expenses:	
Classified Salaries	62,344
Employee Benefits	33,196
Books and supplies	48,366
Contract services	2,197,118
Total operating expenses	2,341,024
Operating income	20,139
Total net assets, July 1, 2011	1,800,851
Total net assets, June 30, 2012	$ 1,820,990

See accompanying notes to financial statements.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

SELF-INSURANCE FUND

For the Year Ended June 30, 2012

Cash flows from operating activities:	
Cash received from self-insurance premiums	$ 2,361,163
Cash paid for salaries and benefits	(95,540)
Cash paid for books and supplies	(48,366)
Cash paid for claims	(1,350,572)
Cash paid for contract services	(1,063,164)
Net cash used in operating activities	(196,479)
Cash and investments, July 1, 2011	2,548,519
Cash and investments, June 30, 2012	$ 2,352,040
Reconciliation of operating income to net cash used in operating activities:	
Operating income	$ 20,139
Adjustments to reconcile operating income to net cash used in operating activities:	
Decrease in accounts payable	(216,618)
Net cash used in operating activities	$ (196,479)

See accompanying notes to financial statements.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2012

	Trust Fund	Agency Funds		
	Retiree Benefits Trust	Payroll Clearing Fund	Student Body Funds	Total
ASSETS				
Cash in County Treasury (Note 2)	$ 5,637,392	$ 3,176,081	$ -	$ 8,813,473
Cash on hand and in banks (Note 2)	-	-	848,354	848,354
Investments (Note 2)	7,173,359	-	-	7,173,359
Receivables	9,124	42,611	-	51,735
Total assets	12,819,875	3,218,692	848,354	16,886,921
LIABILITIES				
Accounts payable	-	3,218,692	-	3,218,692
Due to student groups	-	-	848,354	848,354
Total liabilities	-	3,218,692	848,354	4,067,046
NET ASSETS				
Held in trust for retiree benefits (Note 7)	$ 12,819,875	$ -	$ -	$ 12,819,875

See accompanying notes to financial statements.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

RETIREE BENEFITS TRUST FUND

For the Year Ended June 30, 2012

Revenues:	
Other local sources	$ 20,160,858
Expenditures:	
Contract services and operating expenditures (Note 9)	19,055,392
Change in net assets	1,105,466
Net assets, July 1, 2011	11,714,409
Net assets, June 30, 2012	$ 12,819,875

See accompanying notes to 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. 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 Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, 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, 2012, 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

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 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 Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

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. For financial reporting purposes, the current year activity and year end balance of the Special Reserve for Other than Capital Outlay Projects Fund is combined with 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 and Deferred Maintenance 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, Capital Facilities, County School Facilities and Special Reserve for Capital Outlay Projects 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 accumulation of funds for the District's defined post-employment healthcare plan.

2. Agency Funds:

Agency Funds are used to account for assets held by the District as trustee. This classification includes the Payroll Clearing Fund and Student Body Funds. In the Payroll Clearing Fund, the "due to regulatory agencies" account is used to hold dedicated funds for payroll and related expenses. The Student Body Funds include all cash activity, assets and liabilities of the various student bodies of the District.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Stores Inventory

Inventories in the General and Cafeteria Funds are valued at average cost. Stores 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 $3,422,127 are recorded as a liability of the District. The liability is for the earned but unused benefits.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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.

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 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 capital projects represents the portion of net assets restricted for capital projects. The restriction for debt service repayments represents the portion of net assets which the District plans to expend on debt repayment. 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. It is the District's policy to first use restricted net assets when allowable expenditures are incurred.

Fund Balance Classifications

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications (Continued

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net assets as reported in the government-wide, proprietary fund, and fiduciary trust fund statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2012, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2012, no such designation has occurred.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policy

The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2012, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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. All encumbrances are liquidated at June 30.

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.

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, 2012 consisted of the following:

	Governmental Activities			
	Governmental Funds	Proprietary Fund	Total	Fiduciary Activities
Pooled Funds:				
Cash in County Treasury	$146,754,991	$ 2,351,989	$149,106,980	$ 8,813,473
Cash awaiting deposit	2,907	-	2,907	-
Deposits:				
Cash on hand and in banks	43,067	-	43,067	848,354
Cash in revolving fund	70,000	-	70,000	-
Total pooled funds and deposits	146,870,965	2,351,989	149,222,954	9,661,827
Investments:				
Cash with Fiscal Agent	12,442,080	51	12,442,131	-
Local Agency Investment Fund	69,081,789	-	69,081,789	7,173,359
Total investments	81,523,869	51	81,523,920	7,173,359
Total	$228,394,834	$ 2,352,040	$230,746,874	$ 16,835,186

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.

In accordance with applicable state laws, the Contra Costa County Treasurer may invest in derivative securities. However, at June 30, 2012, the Contra Costa County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

2. CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Under Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, through December 31, 2012 interest-bearing cash balances held in banks are insured up to $250,000 and non-interest bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2012, the carrying amount of the District's accounts was $961,421, and the bank balance was $896,543, all of which was insured.

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 Special Reserve for Capital Outlay Projects, 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, 2012, 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, 2012, 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 fund interfund receivable and payable balances at June 30, 2012 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ -	$ 13,000,000
Non-Major Funds:		
Cafeteria	-	200,000
Capital Facilities	200,000	-
County School Facilities	13,000,000	-
Totals	$ 13,200,000	$ 13,200,000

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 2011-2012 fiscal year were as follows:

Transfer from the Building Fund to the General Fund to offset legal costs related to refunding of general obligation bonds.	$ 3,500,000
Transfer from the Building Fund to the General Fund to cover costs associated with the purchase of the Munis accounting system.	2,200,000
Transfer from the Adult Education Fund to the General Fund for indirect cost support.	104,744
Transfer from the Adult Education Fund to the General Fund for Tier III flexibility provisions of SBX3 4.	1,000,000
Transfer from the Child Development Fund to the General Fund for indirect cost support.	93,822
Transfer from the Cafeteria Fund to the General Fund for indirect cost support.	547,646
Transfer from the Deferred Maintenance Fund to the General Fund for Tier III flexibility provisions of SBX3 4.	1,000,000
	$ 8,446,212

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2012 is shown below:

	Balance July 1, 2011	Transfers and Additions	Transfers and Deductions	Balance June 30, 2012
Governmental Activities				
Non-depreciable:				
Land	$ 52,371,291	$ -	$ -	$ 52,371,291
Work-in-process	201,049,921	102,671,344	-	303,721,265
Depreciable:				
Buildings	803,423,280	166,527	-	803,589,807
Site improvements	61,980,429	-	-	61,980,429
Equipment	12,838,502	1,367,911	212,663	13,993,750
Totals, at cost	1,131,663,423	104,205,782	212,663	1,235,656,542
Less accumulated depreciation:				
Buildings	(198,590,935)	(17,458,815)	-	(216,049,750)
Site improvements	(39,520,162)	(1,526,023)	-	(41,046,185)
Equipment	(6,780,355)	(919,324)	(172,044)	(7,527,635)
Total accumulated depreciation	(244,891,452)	(19,904,162)	(172,044)	(264,623,570)
Capital assets, net	$ 886,771,971	$ 84,301,620	$ 40,619	$ 971,032,972

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 10,820,181
Supervision of instruction	1,484,063
Instructional library, media and technology	218,518
School site administration	1,090,416
Home to school transportation	542,402
Food services	923,134
All other pupil services	1,229,964
Ancillary services	508,093
Community services	10,088
All other general administration	816,275
Data processing	258,865
Plant services	2,002,163
Total depreciation expense	$ 19,904,162

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, 2012, 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, 2012	June 30, 2011
Unpaid claim and claim adjustment expenses, beginning of year	$ 500,000	$ 500,000
Total incurred claims and claim adjustment expenses	708,587	1,340,237
Total payments	(708,587)	(1,340,237)
Total unpaid claims and claim adjustment expenses at end of year	$ 500,000	$ 500,000

6. LONG-TERM LIABILITIES

General Obligation Bonds

Bond	Interest Rate %	Date of Issuance	Maturity Date August 1,	Amount of Original Issuance	Outstanding July 1, 2011	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2012
Measure E, Refunding Series A	4.15% - 5.7%	2001	2025	$ 28,610,000	$ 19,605,000	$ -	$ 1,110,000	$ 18,495,000
Measure E, Refunding Series B	4.3% - 6.0%	2001	2024	10,255,000	7,190,000	-	380,000	6,810,000
Measure M, Series C	2.5% - 5.0%	2003	2012	95,000,000	82,345,000	-	39,230,000	43,115,000
Measure D, Series A	4.25% - 7.0%	2002	2012	30,000,000	24,850,000	-	13,335,000	11,515,000
Measure D, Series B	4.1% - 5.0%	2003	2012	100,000,000	84,260,000	-	43,800,000	40,460,000
Measure D, Series C, Current Interest	4.0% - 5.0%	2004	2034	40,000,000	36,445,000	-	820,000	35,625,000
Measure D, Series C, Capital Appreciation	2.4% - 5.8%	2004	2034	29,999,377	28,746,812	-	567,683	28,179,129
Measure D, Series D, Capital Appreciation	3.15% - 5.05%	2006	2034	99,998,106	95,250,472	-	2,105,460	93,145,012
Measure J, Series A	4.0% - 5.0%	2006	2035	70,000,000	61,280,000	-	-	61,280,000
Measure J, Series B	5.0% - 6.0%	2009	2035	120,000,000	115,025,000	-	-	115,025,000
Measure J, Series C1	6.24% - 12.0%	2010	2033	52,084,759	52,084,759	-	-	52,084,759
Measure J, Series C2	8.46%	2010	2034	52,825,000	52,825,000	-	-	52,825,000
2009 Refunding	3.0% - 5.38%	2010	2031	57,860,000	53,870,000	-	3,915,000	49,955,000
Measure J, Series D1	6.56%	2010	2024	25,000,000	25,000,000	-	-	25,000,000
Measure J, Series D2	6.80% - 6.81%	2010	2036	2,499,949	2,499,949	-	-	2,499,949
2011 Refunding	3.0% - 5.25%	2011	2024	85,565,000	-	85,565,000	-	85,565,000
2010 Measure D, Series A	3.0% - 5.0%	2011	2041	79,000,000	-	79,000,000	-	79,000,000
2010 Measure D, Series A-1	3.0% - 5.0%	2011	2030	21,000,000	-	21,000,000	-	21,000,000
				$ 999,697,191	$ 741,276,992	$ 185,565,000	$ 105,263,143	$ 821,578,849

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, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 1,160,000	$ 1,011,441	$ 2,171,441
2014	1,225,000	953,335	2,178,335
2015	1,295,000	890,880	2,185,880
2016	1,355,000	823,560	2,178,560
2017	1,435,000	751,653	2,186,653
2018-2022	8,515,000	2,486,928	11,001,928
2023-2026	3,510,000	328,491	3,838,491
	$ 18,495,000	$ 7,246,288	$ 25,741,288

The annual requirements to amortize the 2001 Refunding Measure E, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 395,000	$ 399,844	$ 794,844
2014	425,000	378,785	803,785
2015	445,000	355,855	800,855
2016	475,000	331,400	806,400
2017	500,000	303,000	803,000
2018-2022	3,030,000	1,022,400	4,052,400
2023-2025	1,540,000	139,800	1,679,800
	$ 6,810,000	$ 2,931,084	$ 9,741,084

The annual requirements to amortize the 2003 Measure M, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 43,115,000	$ 1,077,875	$ 44,192,875

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2002 Measure D, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 11,515,000	$ 287,875	$ 11,802,875

The annual requirements to amortize the 2003 Measure D, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 40,460,000	$ 1,011,500	$ 41,471,500

The annual requirements to amortize the 2005 Measure D, Series C, Current Interest General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 860,000	$ 1,716,198	$ 2,576,198
2014	905,000	1,680,898	2,585,898
2015	950,000	1,642,610	2,592,610
2016	990,000	1,602,623	2,592,623
2017	1,035,000	1,561,605	2,596,605
2018-2022	5,970,000	7,072,144	13,042,144
2023-2027	7,665,000	5,342,713	13,007,713
2028-2032	9,925,000	3,123,125	13,048,125
2033-2035	7,325,000	562,123	7,887,123
	$ 35,625,000	$ 24,304,039	$ 59,929,039

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, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 656,115	$ 363,885	$ 1,020,000
2014	739,473	475,527	1,215,000
2015	814,828	600,172	1,415,000
2016	882,657	737,343	1,620,000
2017	948,557	891,443	1,840,000
2018-2022	4,805,003	6,404,997	11,210,000
2023-2027	6,481,794	13,258,206	19,740,000
2028-2032	7,301,094	21,913,906	29,215,000
2033-2035	5,549,608	22,150,392	27,700,000
	$ 28,179,129	$ 66,795,871	$ 94,975,000

The annual requirements to amortize the 2006 Measure D, Series D, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 2,327,598	$ 717,402	$ 3,045,000
2014	2,527,733	952,267	3,480,000
2015	2,719,715	1,215,285	3,935,000
2016	2,904,482	1,520,519	4,425,001
2017	3,054,074	1,880,926	4,935,000
2018-2022	19,188,132	17,306,868	36,495,000
2023-2027	20,807,563	31,332,437	52,140,000
2028-2032	22,942,784	51,677,215	74,619,999
2033-2035	16,672,931	50,017,067	66,689,998
	$ 93,145,012	$156,619,986	$249,764,998

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, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ -	$ 2,959,003	$ 2,959,003
2014	545,000	2,948,103	3,493,103
2015	1,710,000	2,903,003	4,613,003
2016	1,775,000	2,832,415	4,607,415
2017	1,850,000	2,757,871	4,607,871
2018-2022	10,450,000	12,492,213	22,942,213
2023-2027	12,950,000	9,675,000	22,625,000
2028-2032	16,165,000	6,051,875	22,216,875
2033-2036	15,835,000	1,628,123	17,463,123
	$ 61,280,000	$ 44,247,606	$105,527,606

The annual requirements to amortize the 2009 Measure J, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ -	$ 6,656,375	$ 6,656,375
2014	-	6,656,375	6,656,375
2015	-	6,656,375	6,656,375
2016	1,225,000	6,625,750	7,850,750
2017	1,900,000	6,538,125	8,438,125
2018-2022	11,400,000	30,917,625	42,317,625
2023-2027	24,000,000	26,015,625	50,015,625
2028-2032	37,100,000	16,425,938	53,525,938
2033-2036	39,400,000	5,754,375	45,154,375
	$115,025,000	$112,246,563	$227,271,563

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2010 Measure J, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2017	$ 324,003	$ 400,998	$ 725,001
2018-2022	8,631,415	16,243,585	24,875,000
2023-2028	12,192,309	21,322,692	33,515,001
2028-2032	23,785,458	70,909,542	94,695,000
2032-2034	7,151,574	29,868,423	37,019,997
	$ 52,084,759	$138,745,240	$190,829,999

The annual requirements to amortize the 2010 Measure J, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ -	$ 4,468,995	$ 4,468,995
2014	-	4,468,995	4,468,995
2015	-	4,468,995	4,468,995
2016	-	4,468,995	4,468,995
2017	-	4,468,995	4,468,995
2018-2022	-	22,344,975	22,344,975
2023-2027	-	22,344,975	22,344,975
2028-2032	-	22,344,975	22,344,975
2033-2035	52,825,000	9,404,348	62,229,348
	$ 52,825,000	$ 98,784,248	$151,609,248

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2009 Measure J and M, General Obligation Bonds Refund outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 3,600,000	$ 2,019,906	$ 5,619,906
2014	4,575,000	1,878,331	6,453,331
2015	5,120,000	1,690,656	6,810,656
2016	7,070,000	1,457,256	8,527,256
2017	8,505,000	1,154,163	9,659,163
2018-2022	13,220,000	2,548,681	15,768,681
2023-2027	3,440,000	1,625,016	5,065,016
2028-2032	4,425,000	614,513	5,039,513
	$ 49,955,000	$ 12,988,522	$ 62,943,522

The annual requirements to amortize the 2010 Measure J, Series D1, General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ -	$ 286,250	$ 286,250
2014	-	286,250	286,250
2015	-	286,250	286,250
2016	-	286,250	286,250
2017	-	286,250	286,250
2018-2022	-	1,431,250	1,431,250
2023-2025	25,000,000	518,113	25,518,113
	$ 25,000,000	$ 3,380,613	$ 28,380,613

The annual requirements to amortize the 2010 Measure J, Series D2, General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2036-2037	$ 2,499,949	$ 31,320,051	$ 33,820,000

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2011 Refunding General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 4,425,000	$ 3,957,288	$ 8,382,288
2014	3,800,000	3,814,913	7,614,913
2015	6,285,000	3,595,838	9,880,838
2016	6,150,000	3,320,913	9,470,913
2017	5,900,000	3,060,263	8,960,263
2018-2022	36,080,000	10,673,463	46,753,463
2023-2025	22,925,000	1,641,803	24,566,803
	$ 85,565,000	$ 30,064,481	$115,629,481

The annual requirements to amortize the 2010 Measure D, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 6,615,000	$ 3,726,325	$ 10,341,325
2014	5,540,000	3,544,000	9,084,000
2015	-	3,460,900	3,460,900
2016	-	3,460,900	3,460,900
2017	-	3,460,900	3,460,900
2018-2022	490,000	17,280,000	17,770,000
2023-2027	2,160,000	16,945,200	19,105,200
2028-2032	6,625,000	16,160,425	19,105,200
2033-2037	23,340,000	12,111,331	19,105,200
2038-2042	34,230,000	4,691,757	38,921,757
	$ 79,000,000	$ 84,841,738	$143,815,382

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2010 Measure D, Series A-1, General Obligation Bonds Payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ -	$ 281,400	$ 281,400
2014	-	281,400	281,400
2015	-	281,400	281,400
2016	-	281,400	281,400
2017	-	281,400	281,400
2018-2022	-	1,407,000	1,407,000
2018-2022	-	1,407,000	1,407,000
2023-2031	21,000,000	984,900	21,984,900
	$ 21,000,000	$ 5,205,900	$ 26,205,900

Certificates of Participation

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%.

Scheduled payments for the COPs are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 500,000	$ 424,967	$ 924,967
2014	525,000	400,867	925,867
2015	555,000	375,352	930,352
2016	585,000	348,157	933,157
2017	605,000	318,731	923,731
2018-2022	3,530,000	1,103,097	4,633,097
2022-2024	2,115,000	175,613	2,290,613
	$ 8,415,000	$ 3,146,784	$ 11,561,784

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, 2012 is $28,823. 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
2013	$ 28,823

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2012 is shown below:

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 741,276,992	$ 185,565,000	$ 105,263,143	$ 821,578,849	$ 115,128,713
General Obligation Bonds Premium	15,857,512	11,036,159	1,540,467	25,353,204	905,290
Accreted interest	50,779,461	9,983,201	-	60,762,662	-
Certificates of Participation	8,890,000	-	475,000	8,415,000	500,000
Emergency Apportionment Loan	9,368,387	-	9,368,387	-	-
Voluntary Integration Plan	872,000	-	872,000	-	-
Computer equipment acquisition loan	3,576,032	-	3,576,032	-	-
Child care facilities loan	126,347	-	97,524	28,823	28,823
OPEB obligation (Note 9)	84,111,607	5,606,738	-	89,718,345	-
Compensated absences	3,490,764	-	68,637	3,422,127	-
Total	$ 918,349,102	$ 212,191,098	$ 121,261,190	$1,009,279,010	$ 116,562,826

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation, Emergency Apportionment Loan, 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 the OPEB obligation are made from the Retiree Benefits Trust Fund. Payments on compensated absences are made from the fund for which the related employee worked.

7. NET ASSETS / FUND BALANCES

Restricted net assets consisted of the following at June 30, 2012:

	Governmental Activities	Fiduciary Funds
Restricted for unspent categorical program revenues	$ 26,055,436	$ -
Restricted for future payment of self-insured claims	1,820,990	-
Restricted for special revenues	6,990,881	-
Restricted for capital projects	50,488,711	-
Restricted for debt service	47,714,715	-
Restricted for retiree benefits	-	12,819,875
Total restricted net assets	$133,070,733	$ 12,819,875

Fund balances, by category, at June 30, 2012 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 70,000	$ -	$ -	$ -	$ 70,000
Stores inventory	267,465	-	-	573,804	841,269
Subtotal nonspendable	337,465	-	-	573,804	911,269
Restricted:					
Unspent categorical revenues	26,055,436	-	-	-	26,055,436
Adult education	-	-	-	2,055,110	2,055,110
Child Development	-	-	-	113,795	113,795
Deferred Maintenance	-	-	-	1,296,996	1,296,996
Cafeteria	-	-	-	2,951,176	2,951,176
Capital projects	-	105,967,989	-	24,081,716	130,049,705
Debt service	-	-	46,794,342	1,962,746	48,757,088
Subtotal restricted	26,055,436	105,967,989	46,794,342	32,461,539	211,279,306
Assigned:					
Tier III flexibility	14,368,392	-	-	-	14,368,392
Unassigned:					
Designated for economic uncertainty	8,168,653	-	-	-	8,168,653
Undesignated	14,004,394	-	-	-	14,004,394
Subtotal unassigned	22,173,047	-	-	-	22,173,047
Total fund balances	$ 62,934,340	$ 105,967,989	$ 46,794,342	$ 33,035,343	$ 248,732,014

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).

<u>Plan Description and Provisions</u>

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 Q Street, Sacramento, California 95811.

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 2011-2012 was 10.923% 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, 2010, 2011 and 2012 were $3,343,635, $3,775,389 and $4,213,692, 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.

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2011-2012 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, 2010, 2011 and 2012 were $8,846,010, $8,409,803 and $8,544,399, 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, 2012, a total of 2,437 retirees met the health care benefit requirement.

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.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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	$ 24,679,091
Interest on net OPEB obligation	3,785,022
Adjustment to annual required contribution	(3,913,446)
Annual OPEB cost	24,550,667
Contributions made	(18,943,929)
Increase in net OPEB obligation	5,606,738
Net OPEB obligation - beginning of year	84,111,607
Net OPEB obligation - end of year	$ 89,718,345

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, 2012 and preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 44,531,861	56.4%	$ 78,915,248
June 30, 2011	$ 23,606,113	28.1%	$ 84,111,607
June 30, 2012	$ 24,550,667	72.2%	$ 89,718,345

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial liability for benefits was $385,520,762 and the actuarial value of assets was $0, resulting in a unfunded actuarial accrued liability (UAAL) of $385,520,762. However, the District has set aside $12,819,875 in the Retiree Benefits Trust Fund for future payment of these benefits. No current employees are covered by the Plan. The OPEB plan is currently operated as a pay-as-you-go plan.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

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, 2010 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, 2012, was 26 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, 2011 (most recent information available):

Total assets	$	92,712,198
Total liabilities	$	74,926,034
Total net assets	$	17,786,164
Total revenues	$	41,257,160
Total expenses	$	48,048,482
Change in net assets	$	(6,791,322)

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, 2011 (most recent information available):

Total assets	$	60,461,646
Total liabilities	$	34,033,515
Total net assets	$	26,428,131
Total revenues	$	37,118,988
Total expenses	$	36,392,464
Change in net assets	$	726,524

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. 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 financial position or results of operations of the District.

12. SUBSEQUENT EVENT

General Obligation Bonds

On July 10, 2012, the District issued 2012 General Obligation Refunding Bonds in the total amount of $98,200,000. The bonds are were issued to refund all of the District's outstanding Election 2002 Series C, Election 2002 Series A, Election 2002 Series B and to advance refund a portion of the District's outstanding Election 2002 Series C Bonds. The Board of Supervisors of Contra Costa County is empowered and obligated to annually levy and collect ad valorem property taxes without limitation as to rate or amount on all taxable property in the District for the repayment of interest, principal, and premium, if any. The Bonds bear interest at rates ranging from 3.00% to 5.25% and are schedule to mature through August 1, 2032.

REQUIRED SUPPLEMENTARY INFORMATION

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2012

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Revenue limit sources:				
State apportionment	$ 93,216,540	$ 92,770,030	$ 92,770,030	$ -
Local sources	54,778,297	55,076,225	55,076,225	-
Total revenue limit	147,994,837	147,846,255	147,846,255	-
Federal sources	27,810,811	40,798,264	33,510,605	(7,287,659)
Other state sources	59,872,698	63,029,006	63,344,038	315,032
Other local sources	19,363,564	22,525,991	22,418,641	(107,350)
Total revenues	255,041,910	274,199,516	267,119,539	(7,079,977)
Expenditures:				
Certificated salaries	104,344,459	109,874,942	106,626,682	3,248,260
Classified salaries	39,475,080	42,322,114	41,184,114	1,138,000
Employee benefits	61,395,153	62,948,097	61,331,324	1,616,773
Books and supplies	7,986,189	16,560,875	10,708,520	5,852,355
Contract services and operating expenditures	40,853,144	55,657,772	42,511,674	13,146,098
Capital outlay	2,846,099	3,785,085	575,432	3,209,653
Other outgo	52,000	52,000	29,617	22,383
Debt service:				
Principal retirement	3,867,078	5,867,078	6,201,110	(334,032)
Interest	591,101	591,101	366,167	224,934
Total expenditures	261,410,303	297,659,064	269,534,640	28,124,424
(Deficiency) excess of revenues (under) over expenditures	(6,368,393)	(23,459,548)	(2,415,101)	21,044,447
Other financing sources (uses):				
Operating transfers in	2,577,835	13,318,212	8,446,212	(4,872,000)
Operating transfers out	-	(4,872,000)	-	4,872,000
Total other financing sources (uses)	2,577,835	8,446,212	8,446,212	-
Net change in fund balance	(3,790,558)	(15,013,336)	6,031,111	21,044,447
Fund balance, July 1, 2011	56,903,229	56,903,229	56,903,229	-
Fund balance, June 30, 2012	$ 53,112,671	$ 41,889,893	$ 62,934,340	$ 21,044,447

See accompanying notes to required supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS

For the Year Ended June 30, 2012

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll*	UAAL as a Percentage of Covered Payroll*
6/30/2008	June 30, 2007	$0	$496 million	$496 million	0%	$0	0%
6/30/2009	June 30, 2007	$0	$496 million	$496 million	0%	$0	0%
6/30/2010	June 30, 2007	$0	$496 million	$496 million	0%	$0	0%
6/30/2011	July 1, 2010	$0	$386 million	$386 million	0%	$0	0%
6/30/2012	July 1, 2010	$0	$386 million	$386 million	0%	$0	0%

* No current employees are covered by the Plan.

See accompanying notes to required supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

SUPPLEMENTARY INFORMATION

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2012

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Corporation Debt Service Fund	Debt Service Fund	Total
ASSETS										
Cash in County Treasury	$ 774,736	$ 246,115	$ 41,617	$ 1,295,306	$ 802,405	$ 2,856,953	$ 6,914,072	$ -	$ 30	$ 12,931,234
Cash awaiting deposit	-	-	1,353	-	-	-	-	-	-	1,353
Cash on hand and in banks	26,001	-	1,814	-	-	-	-	-	-	27,815
Cash with Fiscal Agent	-	-	-	-	-	-	-	1,042,373	-	1,042,373
Investments	3,215	-	-	-	1,161,285	-	-	-	915,558	2,080,058
Receivables	1,441,182	20,500	3,496,836	1,690	2,746	4,383	35,604	-	4,785	5,007,726
Due from other funds	-	-	-	-	200,000	13,000,000	-	-	-	13,200,000
Stores inventory	-	-	573,804	-	-	-	-	-	-	573,804
Total assets	$ 2,245,134	$ 266,615	$ 4,115,424	$ 1,296,996	$ 2,166,436	$ 15,861,336	$ 6,949,676	$ 1,042,373	$ 920,373	$ 34,864,363
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	$ 190,024	$ 71,083	$ 390,444	$ -	$ 856,479	$ -	$ 39,253	$ -	$ -	$ 1,547,283
Deferred revenue	-	81,737	-	-	-	-	-	-	-	81,737
Due to other funds	-	-	200,000	-	-	-	-	-	-	200,000
Total liabilities	190,024	152,820	590,444	-	856,479	-	39,253	-	-	1,829,020
Fund balances:										
Nonspendable	-	-	573,804	-	-	-	-	-	-	573,804
Restricted	2,055,110	113,795	2,951,176	1,296,996	1,309,957	15,861,336	6,910,423	1,042,373	920,373	32,461,539
Total fund balances	2,055,110	113,795	3,524,980	1,296,996	1,309,957	15,861,336	6,910,423	1,042,373	920,373	33,035,343
Total liabilities and fund balances	$ 2,245,134	$ 266,615	$ 4,115,424	$ 1,296,996	$ 2,166,436	$ 15,861,336	$ 6,949,676	$ 1,042,373	$ 920,373	$ 34,864,363

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, 2012

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Corporation Debt Service Fund	Debt Service Fund	Total
Revenues:										
Federal sources	$ 303,891	$ 485,904	$ 12,456,302	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,246,097
Other state sources	3,311,459	2,172,463	935,933	1,093,275	-	15,826,197	-	-	-	23,339,327
Other local sources	384,100	136,345	1,040,743	7,264	226,420	21,183	574,703	-	30,600	2,421,358
Total revenues	3,999,450	2,794,712	14,432,978	1,100,539	226,420	15,847,380	574,703	-	30,600	39,006,782
Expenditures:										
Certificated salaries	1,423,213	1,111,406	-	-	-	-	-	-	-	2,534,619
Classified salaries	626,569	758,369	4,559,595	-	-	-	6,909	-	-	5,951,442
Employee benefits	466,814	670,940	1,715,215	-	-	-	810	-	-	2,853,779
Books and supplies	33,594	67,212	6,257,800	-	-	-	46,228	-	-	6,404,834
Contract services and operating expenditures	235,264	97,459	357,994	-	213,528	-	235,868	-	-	1,140,113
Capital outlay	-	-	221,898	-	2,171,352	-	518,033	-	-	2,911,283
Debt service:										
Principal retirement	-	97,524	-	-	-	-	-	-	8,090,309	8,187,833
Interest	-	-	-	-	-	-	-	234,504	40,299	274,803
Total expenditures	2,785,454	2,802,910	13,112,502	-	2,384,880	-	807,848	234,504	8,130,608	30,258,706
Excess (deficiency) of revenues over (under) expenditures	1,213,996	(8,198)	1,320,476	1,100,539	(2,158,460)	15,847,380	(233,145)	(234,504)	(8,100,008)	8,748,076
Other financing uses:										
Operating transfers out	(1,104,744)	(93,822)	(547,646)	(1,000,000)	-	-	-	-	-	(2,746,212)
Net change in fund balances	109,252	(102,020)	772,830	100,539	(2,158,460)	15,847,380	(233,145)	(234,504)	(8,100,008)	6,001,864
Fund balances, July 1, 2011	1,945,858	215,815	2,752,150	1,196,457	3,468,417	13,956	7,143,568	1,276,877	9,020,381	27,033,479
Fund balances, June 30, 2012	$ 2,055,110	$ 113,795	$ 3,524,980	$ 1,296,996	1,309,957	$ 15,861,336	$ 6,910,423	$ 1,042,373	$ 920,373	$ 33,035,343

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

ORGANIZATION

June 30, 2012

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, two kindergarten through eight, six middle, one middle/high and five high schools. The District also maintains two alternative high schools, an elementary community day school and a school for continuing adult education.

BOARD OF EDUCATION

Name	Office	Term Expires
Mr. Charles Ramsey	President	December 3, 2014
Mr. Antonio Medrano	Clerk	December 7, 2012
Ms. Madeline Kronenberg	Member	December 3, 2014
Ms. Elaine Merriweather	Member	December 3, 2014
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

Anne Reinhagen
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, 2012

	Original Second Period Report	Annual Report
Elementary:		
Kindergarten	2,320	2,322
First through Third	6,921	6,915
Fourth through Eighth	9,899	9,868
Home and Hospital	8	10
Special Education	835	847
Non Public Schools	38	53
Community Day School	12	15
Total Elementary	20,033	20,030
Secondary:		
Regular Classes	6,706	6,662
Special Education	216	203
Compulsory Continuation Education	515	506
Community Day School	18	16
Home and Hospital	24	24
Non Public Schools	86	116
Total Secondary	7,565	7,527
	27,598	27,557

See accompanying notes to supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2012

Grade Level	1986-87 Minutes Requirement	1982-83 Actual Minutes	2011-12 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	55,455	180	In Compliance
Grade 8	54,000	45,160	55,455	180	In Compliance
Grade 9	64,800	52,898	65,040	180	In Compliance
Grade 10	64,800	52,898	65,040	180	In Compliance
Grade 11	64,800	52,898	65,040	180	In Compliance
Grade 12	64,800	52,898	65,040	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, 2012

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 - Passed through California Department of Education			
	Special Education Cluster:		
84.027	Special Education IDEA: Basic Local Assistance Entitlement, Part B, Sec. 611 (Formerly 94-142)	13379	$ 5,716,466
84.027	Special Education IDEA: Local Assistance Part B, Sec 611 Private School ISPs	10115	63,019
84.027	Special Education - Alternative Dispute Resolution, Part B, Sec. 611	13007	15,000
84.027	Special Education - Steta Performance Plan Facilitated Review	13693	27,905
84.027A	Special Education IDEA: Preschool Local Entitlement, Part B, Sec. 611 (Age 3-5)	13682	530,965
84.027A	Special Education IDEA: Local Staff Development Grants, Part B, Sec. 611	13613	3,228
84.027A	Special Education IDEA: Mental Health Services, Part B, Sec. 611	14468	254,061
84.173	Special Education IDEA: Preschool Grant, Part B, Sec 619 (Age 3-4-5)	13430	315,009
84.391	Special Ed: ARRA IDEA Part B, Sec 611, Basic Local Assistance	15003	100,000
84.391	Special Ed: ARRA IDEA Part B, Sec 611, Preschool Local Entitlement	15002	19,044
84.392	Special Ed: ARRA IDEA Part B, Sec 619, Preschool Grants	15000	6,612
	Subtotal Special Education Cluster		7,051,309
	Title I, Part A Cluster:		
84.010	NCLB: Title I, Part A, Basic Grants Low Income and Neglected	14329	11,986,753
84.389	NCLB: ARRA Title I, Part A, Basic Grants Low Income and Neglected	15005	1,479,553
	Subtotal Title I, Part A Cluster		13,466,306
	NCLB: Title I, School Improvement Grants:		
84.377	NCLB: Title I, School Improvement Grant (SIG) for Elementary and Secondary	15127	212,336
84.377	NCLB: Title I, School Improvement Grant (SIG) for Elementary and Secondary	15020	1,105,832
	Subtotal NCLB: Title I, School Improvement Grants		1,318,168

(Continued)

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2012

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 - Passed through California Department of Education (Continued)		
	Education Technology State Grants Cluster:		
84.318	NCLB: Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants	14334	$ 14,542
84.386	NCLB: ARRA Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants	15019	108,165
84.386	NCLB: ARRA Title II, Part D, Enhancing Education Through Technology (EETT), Competitive Grants	15126	212,207
	Subtotal Education Technology State Grants Cluster		334,914
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education and ESL	13973	232,368
84.002A	Adult Education: Adult Secondary Education	13978	31,557
84.002A	Adult Education: English Literacy and Civics Education	14109	39,233
84.002A	Adult Education: Voc. and Applied Tech Education	14109	733
	Subtotal Adult Education Programs:		303,891
	NCLB: Title II Programs:		
84.367	NCLB: Title II, Part A, Improving Teacher Quality Local Grants	14341	1,501,385
84.367	NCLB: Title II, Part D, Administrator Training (Formerly Principal Training)	14344	39,000
	Subtotal NCLB: Title II Programs:		1,540,385
	NCLB: Title III Programs:		
84.365	NCLB: Title III, Limited English Proficiency (LEP) Student Program	10084	1,552,257
84.365	NCLB: Title III, Imigrant Education Program	15146	19,735
	Subtotal NCLB: Title III Programs:		1,571,992
	Fund for the Improvement of Education:		
84.215X	Teaching American History	10128	260,370
84.215E	Readiness and Emergency Management	14377	271,110
	Subtotal Fund for the Improvement of Education:		531,480

(Continued)

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2012

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 - Passed through California Department of Education (Continued)		
84.216	NCLB: Title I, Capital Expenses/Private Schools	13953	$ 12,641
84.184	Safe and Supportive Schools Programmatic Intervention (S3)	15164	100,520
84.287	NCLB: Title IV, 21st Century Community Centers Learning Program	14350	1,558,299
84.181	Special Education IDEA: Early Intervention Grants, Part C	23761	83,664
84.048	Vocational Programs: Voc. and Applied Tech. Prep, Title II, Sec. 203 (Carl Perkins Act)	13920	233,081
84.125A	Rehabilitation Services - Vocational Rehabilitation	N/A	207,139
84.196	Homeless Children Education (Stewart McKinney) Grants	13697	38,401
84.410	Education Jobs Fund (SB 847)	25152	5,451,628
84.394	ARRA: State Fiscal Stabilization Fund	25008	219,834
	Total U.S. Department of Education		34,023,652
	U.S. Department of Health and Human Services - Passed through California Department of Education		
93.778	Department of Health Services: Medi-Cal Billing Option (DHS)	10013	623,615
VARIOUS	Other ARRA Programs - Dept of Rehabilitation	10130	113
	Total U.S. Department of Health and Human Services		623,728
	U.S. Department of Agriculture - Passed through California Department of Education		
	Child Nutrition Cluster:		
10.555	School Programs (NSL Sec. 4)	13391	12,109,132
10.559	School Programs (Summer Food Service)	13004	347,170
	Subtotal Child Nutrition Cluster		12,456,302
	Total Federal Programs		$ 47,103,682

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, 2012

There were no adjustments proposed to any 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, 2012
(In Thousands)

(UNAUDITED)

	(Budget) 2013	2012	2011	2010
General Fund				
Revenues and other financing sources	$ 256,786	$ 275,556	$ 269,254	$ 265,299
Expenditures	266,745	269,535	259,706	265,658
Other uses and transfers out	-	-	-	927
Total outgo	266,745	269,535	259,706	266,585
Change in fund balance	$ (9,959)	$ 6,021	$ 9,548	$ (1,286)
Ending fund balance	$ 52,965	$ 62,924	$ 56,903	$ 47,355
Available reserves	$ 19,773	$ 22,173	$ 18,071	$ 15,109
Designated for economic uncertainties	$ 8,002	$ 8,169	$ 7,860	$ 7,976
Undesignated fund balance	$ 11,771	$ 14,004	$ 10,211	$ 7,133
Available reserves as percentages of total outgo	11.86%	8.22%	6.96%	5.67%
All Funds				
Total long-term liabilities	$ 892,716	$ 1,009,279	$ 918,349	$ 921,907
Average daily attendance at P-2 (not in thousands)	27,482	27,598	27,589	27,614

The General Fund fund balance has increased by $14,283,000 over the past three years. The fiscal year 2012-2013 budget projects a decrease of $9,959,000. 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 an operating surplus in the fiscal year 2011-2012, and anticipates incurring an operating deficit during the 2012-2013 fiscal year.

Total long-term liabilities have increased by $87,372,000 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 increased by 16 over the past two years. The District anticipates a decrease of 116 ADA for the 2012-2013 fiscal year.

See accompanying notes to supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2012

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 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.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2012.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 50,777,415
Add: State Fiscal Stabilization Funds spent from prior year awards	84.394	219,834
Less: Federal reimbursement of interest paid on Build America Bonds	N/A	(3,114,276)
Medi-Cal Billing Funds not spent	93.778	(180,435)
FEMA Funds not spent	N/A	(906,437)
Write off of prior year federal receivables	Various	307,581
Total Schedule of Expenditure of Federal Awards		$ 47,103,682

1. PURPOSE OF SCHEDULES (Continued)

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 - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2012-2013 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

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, 2012, the District did not adopt this program.

Crowe Horwath

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITORS' 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, 2012. 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
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, See below
Instructional Materials:		
General requirements	12	Yes
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
Public Hearing Requirement - Receipt of Funds	1	Yes
Juvenille Court Schools	8	Yes
Exclusion of Pupils - Pertussis Immunization	2	Yes
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

Description	Audit Guide Procedures	Procedures Performed
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	No, See below
Contemporaneous Records of Attendance, for charter schools	3	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	4	No, See below

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

The 2011-2012 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, 2012. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2011-2012 Audit Guide relating to the comparison of tested data from the 2011-2012 fiscal year to the 2011-2012 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.

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, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2012. 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.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 13, 2012

INDEPENDENT AUDITORS' 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, 2012, and have issued our report thereon dated December 13, 2012. 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

Management of West Contra Costa Unified School District is responsible for establishing and maintaining effective 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, as described in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2012-01, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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*.

West Contra Costa Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

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.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 13, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 West Contra Costa Unified School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Contra Costa Unified School District's major federal programs for the year ended June 30, 2012. West Contra Costa Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants 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. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of West Contra Costa Unified School District is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 13, 2012

FINDINGS AND RECOMMENDATIONS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' 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)? __X__ Yes ______ 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 auditors' 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, 84.389	NCLB: Title I, Part A Cluster (Includes ARRA)
84.377	NCLB: Title I, School Improvement Grants
84.287	NCLB: Title IV, 21st Century Community Centers Learning Program
84.365	NCLB: Title III, Limited English Proficiency (LEP) Student Program
84.365	NCLB: Title III, Immigrant Education Program
84.027, 84.027A, 84.173, 84.391 84.392	Special Education Cluster (Includes ARRA)
84.410	Education Jobs Fund (SB 847)

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,413,110

Auditee qualified as low-risk auditee? ______ Yes __X__ No

STATE AWARDS

Type of auditors' report issued on compliance for state programs: Unqualified

SECTION II - FINANCIAL STATEMENT FINDINGS

2012-01 SIGNIFICANT DEFICIENCY - ASSOCIATED STUDENT BODY (30000)

Criteria

Internal Controls - Safeguarding of Assets

Condition

Chavez Elementary School:

- Receipts are not used to document the receipt of funds by the student body accountant.
- Checks for disbursement of funds require a single signer to approve the disbursement with no other means of approval documented.
- Bank reconciliations could not be provided to evidence they had been prepared, and that an independent review of the reconciliation had been completed.

De Anza High School:

- Receipts are not used to document the receipt of funds by the student body accountant/ secretary.
- When receipts are given to the ASB accountant/secretary there is no sign-off by the depositor to indicate he or she agrees with the amount recorded as deposited.
- There is no documentation of formal approval for revenue producing activities in the sample of transactions reviewed.
- Bank reconciliations are not completed on a timely basis.

DeJean Middle School:

- Receipts are not used to document the receipt of funds by the student body accountant.
- Cash count forms are not signed by the Office Manager or the Individual depositing the funds.
- Funds received are not deposited into the Bank account in a timely manner.
- Vendor invoices are not obtained for support in the cash disbursement cycle.
- No record of approval over revenue producing activities is documented or retained.
- Bank reconciliations are not completed on a timely basis.

Gompers High School:

- Bank reconciliations are not completed on a timely basis.

Bank Reconciliations:

- Testing of associated student body cash balances as of June 30, 2012 indicate that nearly all bank reconciliations for the District's elementary sites had not been completed timely, or did not evidence review by an individual independent of the preparation.

The internal control deficiencies at the site level and regarding proper and timely preparation and approval of bank reconciliations aggregate to a significant deficiency in internal controls over associate student body accounting.

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2012-01 SIGNIFICANT DEFICIENCY - ASSOCIATED STUDENT BODY (30000)

Effect

There is a risk that ASB funds could be misappropriated.

Cause

Effective internal controls have not been designed and implemented at the school site level.

Fiscal Impact

Not determinable.

Recommendation

All sites:

- Receipts should be issued and signed by both the depositor and the ASB accountant/secretary as evidence that the funds were deposited and both parties agreed to the amount noted as turned in by the depositor.
- Sites should maintain a log to track receipts books issued to clubs. All receipt books which have not been isued to a club should be stored in a safe which is maintained under dual control.
- Funds received by the ASB accountant/secretary should be deposited to the bank account on a timely manner. For sites that do not experience a high volume of ASB activity, any funds received to the ASB office should deposited during the week received.
- The District should develop and implement a process for ensuring that all revenue producing activities and expenditures are properly approved by all three relevant parties: Principal, ASB Advisor, and Student Representative (for an organized ASB). This approval should be evidenced by their signatures on a disbursement and/or fundraising approval form. Revenue producing activities should also include evidence of approval by the student government.
- All disbursement checks should have two authorized signers required. At least one individual should be someone separate from the normal day to day activity in the ASB account.
- All disbursements should be supported by a vendor invoice, receipt, or other supporting documentation.

Corrective Action Plan

Management agrees with this finding and has been working to implement recommended controls through in-service training of individuals with associated student body responsibility.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2012

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2012

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2011-01 During the current year, District management identified capital assets which had not been transferred from work-in-process since the project's completion in March of 2003. The accumulated depreciation of project from the date placed into service through June 30, 2010 has not been recorded in the District's financial statements. District management should implement procedures to ensure that work-in-process is appropriately reconciled to supporting capital asset reports regularly, but at least annually.	Implemented.	
2011-02 The District sites which have Student Body accounts are not reported in the District's audited financial statements. The District should include the Student Body Accounts in the audited financial statements.	Implemented.	
2011-03 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.	Implemented.	
2011-04 The District did not submit interest earned on federal funds for the first and second quarter promptly. The District should implement procedures to ensure that the interest on all federal awards is being remitted to the federal agency at least quarterly.	Implemented.	

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 and delivery of its $85,000,000 aggregate principal amount of West Contra Costa Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2012, Series A (the "2012 Series A Bonds") and the $40,000,000 aggregate principal amount of West Contra Costa Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2010, Series B (the "2010 Series B Bonds," and together with the 2012 Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to two resolutions adopted by the Board of Education of the District on September 25, 2013 (collectively, the "Resolution").

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 Underwriters in complying with the Rule.

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.

"Disclosure Representative" shall mean the Superintendent or Associate Superintendent of Business Services or either of their designees, or such other officer or employee as the District shall designate in writing from time to time.

"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 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.

"MSRB" 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 purpose of the Rule in the future.

"Participating Underwriters" shall mean Underwriters as the original Underwriters of the Bonds required to comply with the Rule in connection with offering the Bonds.

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent upon written direction to, not later than nine months following the end of the District's fiscal year (presently ending on June 30), commencing with the report for the 2012-13 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report shall be provided to the MSRB in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

(b) If the Dissemination Agent is a person or entity other than the District then, not later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall file a notice with the MSRB, in the form required by the MSRB.

(d) The Dissemination Agent shall:

(i) confirm the electronic filing requirements of the MSRB for the Annual Reports; and

(ii) promptly after receipt of the Annual Report, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided the MSRB. The Dissemination Agent's duties under this clause (ii) shall exist only if the District provides the Annual Report to the Dissemination Agent for filing.

(e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

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

(a) 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.

(b) 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):

1. State funding received by the District for the last completed fiscal year;
2. average daily attendance of the District for the last completed fiscal year;
3. assessed value of taxable property in the District as shown on the most recent equalized assessment roll;
4. property tax levies, collections and delinquencies for the District for the most recently completed fiscal year;
5. top ten property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value, and their respective taxable value, and their percentage of total secured assessed value;
6. outstanding District indebtedness; and

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

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The 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 in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. tender offers;
7. defeasances;
8. ratings changes; and
9. bankruptcy, insolvency, receivership or similar proceedings.

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

(b) 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. unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
3. appointment of a successor or additional trustee or the change of the name of a trustee;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Bonds; and

6. notices of redemption.

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

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) business days after the event.

(e) The District hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the District and that the Dissemination Agent shall not be responsible for determining whether the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(f) Any of the filings required to be made under this Section 5 shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 6. Termination of Reporting Obligation. The obligation of the District and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of 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.

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, notice of such change shall be given in the same manner as for a Listed Event under Section 5and the Annual Report for the year in which the change is made should present a comparison 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 Underwriters, 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 Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: October 31, 2013

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

By: [FORM ONLY]
Associate Superintendent of
Business Services

Dissemination Agent:
KNN PUBLIC FINANCE

By: [FORM ONLY]
Authorized Officer

EXHIBIT A-1

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of District: WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Name of Bond Issue: West Contra Costa Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2012, Series A

Date of Issuance: October 31, 2013

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 _____________, 20___.

Dated: _________________

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

By: ___________[FORM ONLY]____________________
Authorized Officer

EXHIBIT A-2

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of District:	WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Name of Bond Issue:	West Contra Costa Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2010, Series B
Date of Issuance:	October 31, 2013

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 _____________, 20___.

Dated: _________________

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

By: ___________[FORM ONLY]___________________
Authorized Officer

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in numbered paragraphs 1-10 of this Appendix E, concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners(a) payments of interest or principal with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix E. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this Appendix E, "Securities" means the Bonds, "Issuer" means the District and "Agent" means the Paying Agent.

1. 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.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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. The information on each website is not incorporated by reference as part of this Official Statement.

3. 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.

4. 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.

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

6. 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.

7. 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 MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from 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.

9. 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 applicable Resolution.

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

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

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 applicable 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 I 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 applicable 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

CERTAIN ECONOMIC DATA FOR CONTRA COSTA COUNTY

The following information concerning Contra Costa County (the "County") is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the County.

The information in this section regarding economic activity within the general area in which the West Contra Costa Unified School District (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 County was incorporated in 1850 with the City of Martinez as the County Seat. 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 central section of the County is developing from a suburban area into a commercial and financial headquarters center. The eastern part of the County is developing 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 areas comprising the County with Alameda County and San Francisco.

The District is located in the western portion of the County. The District serves the cities of El Cerrito, Hercules, Pinole, Richmond and San Pablo; and several unincorporated areas, including the communities of El Sobrante, Kensington and North Richmond. Since the west portion of the County, wherein the District is located, has access to the San Francisco Bay and the San Pablo Bay, it contains much of the County's heavy industry. The City of Richmond, which is located within the boundaries of the District, is one of three cities within the County that had increased assessed values for fiscal year 2011-12. The increase in assessed values is largely due to the rehabilitation and modernization of many areas of the City of Richmond.

Population

The following table summarizes the population statistics for the County and cities within the District for the last five calendar years.

POPULATION OF CONTRA COSTA 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
2009	1,060,435	23,440	24,480	19,383	104,513	31,808
2010	1,047,948	23,538	24,051	18,383	103,661	29,143
2011	1,056,306	23,649	24,153	18,461	104,382	28,931
2012	1,065,117	23,774	24,272	18,560	104,887	29,105
2013	1,074,702	23,910	24,403	18,664	105,562	29,266

(1) Excludes population statistics of unincorporated territory within the District.
Source: *California Department of Finance,* estimates as of January 2013.

Employment

The following table summarizes historical employment and unemployment in the County during the last five calendar years.

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

	2009	2010	2011	2012	2013[4]
Civilian Labor Force[1]					
Employment	471,300	463,700	469,600	487,600	499,500
Unemployment	53,500	58,700	54,500	48,200	39,100
Total[2]	524,800	522,400	524,100	535,800	538,500
Unemployment Rate[3]	10.2%	11.2%	10.4%	9.0%	7.3%

(1) Based on place of residence.
(2) Totals may not add due to rounding.
(3) The unemployment rate is calculated using unrounded data.
(4) As of June 2013.
Source: *California Employment Development Department, Labor Market Information Division*.

The following table summarizes the number of workers by industry in the County for calendar years 2008 through 2012.

CONTRA COSTA COUNTY
FREMONT-HAYWARD-OAKLAND METROPOLITAN DIVISION
Estimated Number of Wage and Salary Workers by Industry[1]

	2008	2009	2010	2011	2012
Farm	1,400	1,400	1,400	1,500	1,500
Manufacturing	93,100	82,800	79,700	80,500	80,300
Wholesale Trade	47,600	43,700	41,800	42,100	43,200
Retail Trade	109,400	102,100	100,300	101,100	102,900
Transportation & Public Utilities	35,900	33,200	31,500	32,200	32,900
Information	27,800	25,300	23,600	22,600	22,000
Financial Activities	52,700	48,000	48,200	47,700	48,400
Professional and Business Services	163,300	151,100	152,100	157,300	165,100
Education and Health	132,800	135,600	136,400	137,200	141,000
Leisure and Hospitality	89,100	85,100	85,800	88,200	92,000
Other Services	36,100	34,700	34,900	35,700	36,200
Government	177,200	172,500	165,300	163,900	162,900
Total All Industries[2]	1,032,500	970,300	949,800	958,700	981,100

(1) 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.
(2) Including those not listed above.
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 July 2013.

CONTRA COSTA COUNTY
CIVILIAN LABOR FORCE UNEMPLOYMENT RATES
(As of July 2013)(1)

Contra Costa County	7.7%
City of El Cerrito	6.8
City of Hercules	5.5
City of Pinole	5.3
City of Richmond	12.5
City of San Pablo	15.6
State of California	9.3
United States	7.7

(1) As of July 2013 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 10 largest employers in Alameda and Contra Costa Counties.

EAST BAY: ALAMEDA AND CONTRA COSTA COUNTIES
LARGEST EMPLOYERS

Employer	Products/Services	Number of East Bay Employees
AT&T Corp	Information	14,407
University of California	Educational Services	13,624
Alameda County	Public Administration	9,611
Contra Costa County	Public Administration	8,707
Safeway Inc.	Retail Trade	7,378
Lawrence Livermore National Laboratory	Professional, Scientific and Technical Services	7,000
Wells Fargo Home Mortgage Inc.	Finance and Insurance	6,889
Kaiser Foundation Hospitals	Health Care and Social Assistance	6,492
Oakland Unified School District	Educational Services	5,570
Lawrence Berkeley National Laboratory	Professional, Scientific and Technical Services	5,000

Source: *East Bay Employers*, as published in 2010 in the Harris InfoSource of Lists.

The following table lists the largest employers within Contra Costa County, including city location and industry.

CONTRA COSTA COUNTY
MAJOR EMPLOYERS

Employer	Location	Industry
BART	Richmond	Transit Lines
Bayer Health Care Phrmctcls	Richmond	Laboratories-Pharmaceutical (Mfrs)
Bio-Rad Laboratories Inc	Hercules	Biological Products (Mfrs)
California State Auto Assn	Walnut Creek	Automobile Clubs
Chevron Corp	San Ramon	Oil Refiners (Mfrs)
Chevron Global Downstream LLC	San Ramon	Marketing Programs & Services
Concord Naval Weapons Station	Concord	Federal Government-National Security
Contra-Costa Regional Med Ctr	Martinez	Hospitals
Department of Veterans Affairs	Martinez	Clinics
Doctors Medical Ctr	San Pablo	Hospitals
John Muir Health Physical Rhb	Concord	Physical Therapists
John Muir Medical Ctr-Walnut	Walnut Creek	Hospitals
Kaiser Permanente	Walnut Creek	Hospitals
Kaiser Permanente	Martinez	Clinics
Kaiser Permanente Martinez Med	Concord	Hospitals
La Raza Market	Richmond	Grocers-Retail
Muirlab	Walnut Creek	Laboratories-Medical
Nordstrom	Walnut Creek	Department Stores
Richmond City Offices	Richmond	Government Offices-City, Village & Twp
San Ramon Regional Medical Ctr	San Ramon	Hospitals
Shell Oil Prod	Martinez	Oil Refiners (Mfrs)
St Mary's College of Ca	Moraga	Schools-Universities & Colleges Academic
Sutter Delta Medical Ctr	Antioch	Hospitals
Tesoro Golden Eagle Refinery	Pacheco	Oil Refiners (Mfrs)
Va Outpatient Clinic	Martinez	Surgical Centers

Source: *State of California Employment Development Department*, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2013, 2nd Edition

The following table summarizes the 10 principal employers in the City of Richmond, California.

CITY OF RICHMOND
PRINCIPAL EMPLOYERS
(As of June 30, 2011)

Employer	Number of Employees	Rank	Percentage of Total City Employment
Chevron Refinery	1,950	1	1.8%
West Contra Costa Unified School District	1,500	2	1.4
City of Richmond	911	3	0.9
Kaiser Permanente	786	4	0.7
Sun Power	600	5	0.6
Inovis Inc.	499	6	0.5
Richmond Health Center	350	7	0.3
Macy's	300	8	0.3
California Autism Foundation, Inc.	270	9	0.3
Galaxy Desserts	250	10	0.2
Subtotal	7,416		7.0%
Total City Day Population	105,630		

Source: *City of Richmond Community Development Department.*

Commercial Activity

The following table summarizes historical taxable transactions within the County for the most recent calendar years for which such data is available, 2007 to 2011.

CONTRA COSTA COUNTY
TAXABLE TRANSACTIONS
(Dollars in Thousands)

Year	Sales Tax Permits	Taxable Transactions
2007	23,181	$14,086,295
2008	23,149	13,307,681
2009	21,395	11,883,049
2010	21,784	11,953,846
2011	21,153	12,799,857

Source: *California State Board of Equalization*.

The following table summarizes historical taxable transactions in the District for calendar years 2007 to 2011.

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

City	2007	2008	2009	2010	2011
El Cerrito	$338,603	$308,414	$278,014	$246,574	$253,036
Hercules	124,879	128,453	116,921	114,753	119,322
Pinole	303,589	286,289	250,977	259,846	273,341
Richmond	1,228,740	1,160,972	1,016,242	1,069,512	1,124,265
San Pablo	151,789	155,280	139,345	142,225	152,982

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

Median Household Income

The table below reflects recent historical median household income within the County for calendar years 2007 through 2011. Data for calendar year 2012 is not yet available.

CONTRA COSTA COUNTY
OAKLAND-FREMONT METROPOLITAN AREA
MEDIAN HOUSEHOLD INCOME

Year	Contra Costa County
2007	83,000
2008	86,100
2009	89,300
2010	90,300
2011	92,300

Source: *RAND California*.

APPENDIX G

COUNTY INVESTMENT POLICY AND EXCERPTS FROM TREASURER'S QUARTERLY INVESTMENT REPORT AS OF JUNE 30, 2013

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CONTRA COSTA COUNTY

TREASURER'S

ANNUAL INVESTMENT POLICY

FISCAL YEAR 2013-2014

APPROVED BY THE BOARD OF SUPERVISORS
JUNE 2013

The Contra Costa County Treasurer will annually present to both the Board of Supervisors (Board) and the Treasury Oversight Committee (Committee) a statement of investment policy, which the Board shall review and approve at a public meeting. Any changes in the policy shall also be reviewed and approved by the Board at a public meeting (Gov't Code §53646(a)(1)).

OFFICE OF COUNTY TREASUER-TAX COLLCTOR
625 COURTS STREET, ROOM 100
MARTINEZ, CALIFORNIA 94553

Table of Contents

CONTRA COSTA COUNTY

TREASURER'S ANNUAL INVESTMENT POLICY

1.0 PURPOSE

The purpose of this Investment Policy (Policy) is to establish cash management and investment guidelines of surplus funds entrusted to the care of the Contra Costa County Treasurer's Office (Treasurer's Office) in accordance with applicable sections of California Government Code. All portfolio activities will be judged by the standards of the Policy and its ranking of investment objectives.

2.0 SCOPE

This Policy applies to all funds over which the Treasurer's Office has been granted fiduciary responsibility and direct control for their management.

3.0 PARTICIPANTS

This Policy restricts deposits to those agencies mandated by California Government Code as treasury deposits. However, subject to the consent of the Treasurer's Office and in accordance with section 53684, exemptions may be granted to non-mandatory depositing agencies, if it is determined that the additional deposit provides a benefit to the investment pool as a whole while not creating unmanageable liquidity risk.

4.0 IMPLEMENTATION

In order to provide direction to those responsible for management of surplus funds, the County Treasurer has established this Policy and presented it to the Treasury Oversight Committee and the Board of Supervisors, and has made available the report to the legislative body of local agencies that participates in the County Treasurer's investment program.

The Policy explains investable funds; authorized instruments; credit quality required; maximum maturities and concentrations; collateral requirements; qualifications of broker-dealers and financial institutions doing business with, or on behalf of, the County; limits on gifts and honoraria; the reporting requirements; the Treasury Oversight Committee; the manner of appropriating costs; and the criteria to request withdrawal of funds.

5.0 OBJECTIVES

Gov't Code §53600.5: When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its controls.

5.1 Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and market risk.

5.1.a *Credit Risk*

The Treasurer will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

1. Limiting investments to the safest type of securities

2. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Treasurer's Office will do business
3. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

5.1.b *Market Risk*

The Treasurer's Office will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
2. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

5.2 Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio also may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

5.3 Yield: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities may be sold prior to maturity when deemed prudent and necessary. Reasons of selling include but not limited to:

1. **A security with declining credit may be sold early to minimize loss of principal.**
2. **A security swap would improve the quality, yield, or target duration in the portfolio.**
3. **Liquidity needs of the portfolio require that the security be sold.**
4. **Portfolio rebalancing would bring the portfolio back into compliance.**

Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

5.4 Public Trust: All investments will be in conformance with state law and county ordinances and policies. The investment of public funds is a task that must maintain the public trust.

6.0 GENERAL STRATEGY

6.1 Buy and Hold: The Treasurer will generally use the passive investment strategy known as BUY AND HOLD whereas securities are purchased with the intent of holding them to maturity. Interest income and the reinvestment of interest income usually are the only sources of return in the portfolio.

The investment program will focus on purchasing securities that will limit or reduce the potential default risk and ensure the reliability of cash flows from interest income. Generally, purchases will be laddered throughout the portfolio in order to minimize the number and cost of investment transactions.

6.2 Directed Investment: Local agencies may direct the investment, exchange, liquidation and reinvestment of their assets, but must meet the provisions of the investment objectives of this policy. The withdrawal of funds in the Treasury shall coincide with investment maturities or authorized sales of securities by the local agency's legislative or governing body.

7.0 STANDARD OF CARE

The following policies are designed in accordance with Government Code to provide transparency to the investment program while enhancing portfolio controls:

7.1 Prudent Investor Standard: "Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part to an overall strategy, investments may be acquired as authorized by law." (Gov't Code §53600.3.1)

7.2 Limits on Honoraria, Gifts, and Gratuities

In accordance with California Government Code Section 27133(d), this Policy establishes limits for the Director of Finance; individuals responsible for management of the portfolios; and members of the Investment Group and Review Group who direct individual investment decisions, select individual investment advisors and broker/dealers, and conduct day-to-day investment trading activity. The limits also apply to members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of $50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation is $420 for the period January 1, 2011, to December 31, 2012. Any violation must be reported to the State Fair Political Practices Commission.

Please refer to the Contra Costa County Treasurer-Tax Collector's Conflict of Interest Code for further explanation of the prohibited activities, and their enforcements and exceptions.

7.3 Delegation of Authority

7.4.a Subject to Section 53607, the board of supervisors may, by ordinance, delegate to the county treasurer the authority to invest or reinvest the funds of the county and the funds of other depositors in the county treasury, pursuant to Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5. The county treasurer shall thereafter assume full responsibility for those transactions until the board of supervisors either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided in Section 53607 (Gov't Code §27000.1).

7.4.b The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year (Gov't Code §53607).

7.4.c Responsibility for the operation of the investment program is hereby delegated to the County Treasurer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the County Treasurer.

7.5 Treasury Oversight Committee: In compliance with a Board Order of the Contra Costa County Board of Supervisors, the County Contra Costa County Treasury Oversight Committee was established in November 6 of 1995. The intent of the Committee is to allow local agencies, including school districts, as well as the public, to participate in reviewing the policies that guide the investment of public funds. The mandate for the existence of the Committee was suspended in 2004 by the State of California; however, the Committee serves an important function and the Treasurer's Office has elected to continue the program.

7.5.a The Committee shall annually review and monitor the County's Investment Policy.

7.5.b The Committee shall cause an annual audit to determine the County Treasurer's compliance with the Investment Policy and all investment funds in the county Treasury.

8.0 SAFEKEEPING AND CUSTODY

8.1 Delivery vs. Payment: All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the County Treasurer's safekeeping institution prior to the release of funds.

8.2 Third-party Safekeeping: Securities will be held by an independent third-party safekeeping institution selected by the County Treasurer. All securities will be evidenced by safekeeping receipts in the County's name or in a name designated by the County Treasurer. The safekeeping institution shall annually provide a copy of its most recent report on internal controls - Service Organization Control Reports (formerly 70, or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011.)

8.2.a A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered or non-registered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisors, consultants or managers using the agency's funds, by book entry, physical delivery or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book-entry account may be used for book-entry delivery. For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term of remaining maturity at the time of the investment, no investment shall be made in any security other than a security underlying a repurchase or reverse repurchase agreement authorized by this section.

8.2.b In compliance with this section, the securities of Contra Costa County and its agencies shall be in safekeeping at The Bank of New York Trust Company, N. A., a counterparty bank's trust department or as defined in the debt indenture and contract.

8.3 Internal Controls: The County Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Treasurer are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in an investment procedures manual that shall be reviewed and updated periodically by the County Treasurer.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

9.0 AUTHORIZED BROKERS/DEALERS AND FINANCIAL INSTITUTIONS

9.1 All transactions initiated on behalf of the Pooled Investment Fund and Contra Costa County shall be executed only through either of the following:

1. Government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York;
2. Banks and financial institutions that directly issue their own securities which have been placed on the Approved List of Broker/Dealers and Financial Institutions;
3. Brokers/dealers in the State of California approved by the County Treasurer based on the reputation and expertise of the company and individuals employed.

Broker/dealers and financial institutions which have exceeded the political contribution limits as contained in Rule G-37 of the Municipal Securities Rulemaking Board within a four year period to the County Treasurer or an member of the governing board of a local agency or any candidate for those offices, are prohibited from the Approval List of Broker/Dealers and Financial Institutions.

9.2 Qualifications: All financial institutions and broker/dealers who desire to become qualified for investment transactions must complete Contra Costa County Treasurer's Office Broker/Dealer Due Diligence Questionnaire which can be obtained at www.cctax.us. An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Treasurer's Office.

9.3 List of Approved Financial Institutions, Security Brokers and Dealers
A list will be maintained of financial institutions authorized to provide investment services. In addition, a list also will be maintained of approved security broker/dealers selected by creditworthiness and qualifications stated in section 9.2. However, the County Treasury will not be limited to the financial institutions and brokers/dealers on the list. Others will be included as long as conditions for authorized financial institutions and brokers/dealers set forth in this Policy are met. Additionally, deletions and additions are based on the maintenance of required credit quality as rated by a nationally recognized statistical-rating organization (NRSRO) or reliable financial sources.

10.0 SUITABLE AND AUTHORIZED INVESTMENTS

10.1 Authorized Investment Types: (Gov't Code §53601 et seq.) The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

10.1.a **Bonds issued by the local agencies**, including bonds payable solely out of the revenues from a revenue-producing property, owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.

10.1.b **United States Treasury notes, bonds, bills or certificates of indebtedness**, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

10.1.c **Registered state warrants or treasury notes or bonds of this state**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency or authority of the state.

10.1.d **Registered treasury notes or bonds of any of the other 49 states** in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

10.1.e **Bonds, notes, warrants or other evidences of indebtedness of any local agency within this state**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency, or by a department, board, agency or authority of the local agency.

10.1.f **Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments**, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

10.1.g **Bankers acceptances otherwise known as bills of exchange or time drafts** drawn on and accepted by a commercial bank. Purchases of banker's acceptances may not exceed 180 days' maturity or 40 percent of the agency's money that may be invested pursuant to this section. However, no more than 30 percent of the agency's money may be invested in the banker's acceptances of any one commercial bank pursuant to this section. This subdivision does not preclude a municipal utility district from investing any money in its treasury in any manner authorized by the Municipal Utility District Act (Division 6, commencing with Section 11501, of the Public Utilities Code).

10.1.h **Commercial paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (i) or paragraph (ii):

1. The entity meets the following criteria:

A. Is organized and operating in the United States as a general corporation.

B. Has total assets in excess of five hundred million dollars ($500,000,000).

C. Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).

2. The entity meets the following criteria:

A. Is organized within the United States as a special purpose corporation, trust, or limited liability company.

B. Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.

C. Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635:

i. Not more than 40 percent of the local agency's money may be invested in eligible commercial paper.

ii. Not more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.

10.1.i **Negotiable certificates of deposit** issued by a nationally- or state-chartered bank or a savings association or federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's money that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposits do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the money are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or any person with investment decision making authority in the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

10.1.j Repurchase and reverse repurchase agreements

1. Investments in ***repurchase agreements*** or ***reverse repurchase agreements*** of any securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

2. Investments in repurchase agreements may be made on any investment authorized in this section when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

3. Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

   A. The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

   B. The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

   C. The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

   D. Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

4. Prior approval of the governing body; only with primary dealers:

   A. Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

   B. For purposes of this policy, "significant banking relationship" means any of the following activities of a bank:

      i. Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

ii. Financing of a local agency's activities.

iii. Acceptance of a local agency's securities or funds as deposits.

5. Definitions and terms of repos, securities and securities lending:

A. "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

B. "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

C. "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

D. "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

E. For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

F. For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

10.1.k **Medium-term notes**, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

10.1.l **Shares of beneficial interest**

1. Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

2. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (l5 U.S.C. Sec. 80a-1 et seq.).

3. If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

A. Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

B. Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and with assets under management in excess of five hundred million dollars ($500,000,000).

4. If investment is in shares issued pursuant to paragraph (2), the company shall have met the following criteria:

A. Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

B. Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and with assets under management in excess of five hundred million dollars ($500,000,000).

5. The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency’s money that may be invested pursuant to this section. However, no more than 10 percent of the agency’s funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

10.1.m **Moneys held by a trustee or fiscal agent** and pledged to the payment of security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are not specific statutory provision, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

10.1.n **Notes, bonds, or other obligations that are at all times secured by a valid first-priority security interest** in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

10.1.o **Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond** of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.

10.1.p **Shares of beneficial interest issued by a joint power authority** organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (n), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing shares shall have retained an investment adviser that meets all of the following criteria:

1. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
2. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (n) inclusive.
3. The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

11.0 RESTRICTIONS AND PROHIBITIONS

11.1 Restrictions set by the Treasurer

11.1.a All investments purchased by the Treasurer's Office shall be of investment grade. The minimum credit rating of purchased investments shall be as defined by Government Code 53600 et. seq.

11.1.b All legal securities issued by a tobacco-related company are prohibited. A tobacco-related company is defined as 1) an entity that makes smoking products from tobacco used in cigarettes, cigars and/or snuff, or for smoking in pipes or 2) a company that has total revenues of 15 percent or more from the sale of such tobacco products. The tobacco-related issuers restricted from any investment are Alliance One, Altria Group, Inc., Auri Inc., British American Tobacco PLC, Imperial Tobacco Group PLC, Kirin International Holding Inc., Lorillard, Philip Morris International, Reynolds American, Inc., Schweitzer-Mauduit International Inc., Smokefree Innotec Inc., Star Scientific Inc., Universal Corp., and Vector Group, Ltd. Annually the Treasury staff will update the list of tobacco-related companies.

11.1.c Financial futures or financial option contracts will each be approved on a per trade basis by the County Treasurer.

11.1.d Reverse repurchase agreements will be used strictly for the purpose of supplementing income with a limit of 10 percent of the total portfolio with prior approval of the Treasurer.

11.1.e SBA loans require prior approval of the Treasurer in every transaction.

11.1.f Securities purchased through brokers will be held in safekeeping at The Bank of New York Trust Company, N.A. or as designated by the specific contract(s) for government securities and tri-party repurchase agreements.

11.1.g Swaps and Trades will each be approved on a per-trade basis by Treasurer or Assistant Treasurer.

11.1.h Bank CDs or non-negotiable CDs will be collateralized at 110 percent by government securities or 150 percent by current mortgages. There will be no waiver of the first $100,000 collateral except by special arrangement with the Treasurer.

11.2 Prohibitions by Government Code (§53601.6)

11.2.a A local agency shall not invest any funds pursuant to this Article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes or interest-only strips that are derived from a pool of mortgages.

11.2.b A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1,et seq.) that are authorized for investment pursuant to subdivision (l) of Section 53601.

12.0 INVESTMENT PARAMETERS

12.1 Diversification: Investments shall be diversified so as to minimize the risk of loss and to maximize the rate of return by:

1. Limiting investment to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
2. Limiting investment in securities that have higher credit risks,
3. Investing in securities with varying maturities, and
4. Continuously investing a portion of the portfolio in readily available funds such as investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

12.2 Maximum Maturities: To the extent possible, the County Treasurer shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances. The Treasurer shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as LAIF, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

12.3 Exception to Maximum Maturity: In accordance with Government Code §53601 the County Treasurer retains the right to petition the Board of Supervisors for approval to invest in securities with a final maturity in excess of five years. The Board of Supervisors adoption of any resolution allowing maturities beyond five years shall be considered an allowed modification to this policy and any investments made in accordance with the modification shall be allowable under this policy.

12.4 Investment Criteria[1]: All limitations set forth in this Policy are applicable only at the time of purchase. The County Treasurer has the full discretion to rebalance the portfolio when it is out of compliance owing to various reasons, such as market fluctuation.

INVESTMENT TYPE	MAXIMUM % of PORTFOLIO	MAXIUM MATURITY	MAXIMUM % of ISSUE	OTHER RESTRICTIONS
Bonds issued by local agencies, §53601 (a)	100%	5 years	100%	
U.S. Treasury Obligations, §53601 (b)	100%	5 years	100%	
Registered State Warrants, and CA Treasury Notes and bonds, §53601 (c)	100%	5 years	100%	
Bonds and Notes issued by other local agencies in California, §53601 (e)	100%	5 years	100%	
Obligations of U.S. Agencies or government sponsored enterprises, §53601 (f) U.S. Agencies Callables	100% 100%	5 years 5 years	100% 25%	
Bankers Acceptances), §53601 (g) *Domestic: ($5B min. assets) *Foreign: ($5B min. assets)	40% 40%	180 days 180 days	30% Aggregate 5% Aggregate	
Commercial paper, §53601 (h) and §53635 (a)	40%	270 days or less	10% Aggregate	No more than 10 % of the local agency's money may be invested in the outstanding commercial paper of any single issuer.
Negotiable Certificates of Deposit ($5 billion minimum assets), §53601 (i)	30%	5 years	10% Aggregate	
Repurchase Agreements secured by U.S. Treasury or agency obligation (102% collateral), §53601 (j)	100%	1 year	See limitations for Treasuries and Agencies above	Generally limited to Wells Fargo Bank, Bank of America or other institutions with whom the County treasury has executed tri-party agreements. Collateral will be held by a third party to the transaction that may include the trust department of particular banks. Collateral will be only securities that comply with Government Code 53601.
Reverse Repurchase Agreements and Securities Lending Agreements, §53601 (j)	20%	92 days	See limitations for Treasuries and Agencies above	
Corporate bonds, Medium Term Notes & Covered, §53601 (k)	30%	5 years	5% Aggregate	
Shares of beneficial interest issued by diversified mgt. companies §53601 (l)	20%	N/A	10% Aggregate	
Moneys held by a trustee or fiscal agent, §53601 (m)	20%	N/A		
Collateralized Time Deposits	15%	5 years	5% Aggregate	Collateralized at 110 % by gov't securities or 150 % by current mrtgs. (§53652).
Mrtg Backed Securities/CMO's: Asset Backed Securities §53601 (o)	20% 20%	5 Years 5 Years	5% Aggregate	No Inverse Floaters No Range Notes No Interest only strips derived from a pool of mortgages

[1] The rating requirement for each investment type is referenced in the relevant sections of California Government Code.

INVESTMENT TYPE	MAXIMUM % of PORTFOLIO	MAXIUM MATURITY	MAXIMUM % of ISSUE	OTHER RESTRICTIONS
Joint Powers Authority, CalTRUST, §53601 (P)	As limited by CalTRUST	N/A	As limited by CalTRUST	
Local Agency Investment Fund (LAIF), §16429.1	As Limited by LAIF	N/A	As limited by LAIF	

13.0 CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF)

13.1 General Information (Gov't Code §16305.9).

13.1.a All money in the Local Agency Investment Fund shall be held in trust in the custody of the State Treasurer.

13.1.b All money in the Local Agency Investment Fund is nonstate money. That money shall be held in a trust account or accounts. The Controller shall be responsible for maintaining those accounts to record the Treasurer's accountability, and shall maintain a separate account for each trust deposit in the Local Agency Investment Fund.

13.1.c That money shall be subject to audit by the Department of Finance and to cash count as provided for in Sections 13297, 13298, and 13299. It may be withdrawn only upon the order of the depositing entity or its disbursing officers. The system that the Director of Finance has established for the handling, receiving, holding, and disbursing of state agency money shall also be used for the money in the Local Agency Investment Fund.

13.1.d All money in the Local Agency Investment Fund shall be deposited, invested, and reinvested in the same manner and to the same extent as if it were state money in the State Treasury.

13.2 Investment and Distribution of Deposits (§16429.1).

13.2.a There is in trust in the custody of the Treasurer the Local Agency Investment Fund, which fund is hereby created. The Controller shall maintain a separate account for each governmental unit having deposits in this fund.

13.2.b Notwithstanding any other provisions of law, a local governmental official, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

13.2.c Notwithstanding any other provisions of law, an officer of any nonprofit corporation whose membership is confined to public agencies or public officials, or an officer of a qualified quasi-governmental agency, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

13.2.d Notwithstanding any other provision of law or of this section, a local agency, with the approval of its governing body, may deposit in the Local Agency Investment Fund proceeds of the issuance of bonds, notes, certificates of participation, or other evidences of indebtedness of the agency pending expenditure of the proceeds for the authorized purpose of their issuance. In connection with these deposits of proceeds, the Local Agency Investment Fund is authorized to receive and disburse moneys, and to provide information, directly with or to an authorized officer of a trustee or fiscal agency engaged by the local agency, the Local Agency Investment

Fund is authorized to hold investments in the name and for the account of that trustee or fiscal agent, and the Controller shall maintain a separate account for each deposit of proceeds.

13.2.e The local governmental unit, the nonprofit corporation, or the quasi-governmental agency has the exclusive determination of the length of time its money will be on deposit with the Treasurer.

13.2.f The trustee or fiscal agent of the local governmental unit has the exclusive determination of the length of time proceeds from the issuance of bonds will be on deposit with the Treasurer.

13.2.g The Local Investment Advisory Board shall determine those quasi-governmental agencies which qualify to participate in the Local Agency Investment Fund.

13.2.h The Treasurer may refuse to accept deposits into the fund if, in the judgment of the Treasurer, the deposit would adversely affect the state's portfolio.

13.2.i The Treasurer may invest the money of the fund in securities prescribed in Section 16430. The Treasurer may elect to have the money of the fund invested through the Surplus Money Investment Fund as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2.

13.2.j Money in the fund shall be invested to achieve the objective of the fund, that is to realize the maximum return consistent with safe and prudent treasury management.

13.2.k All instruments of title of all investments of the fund shall remain in the Treasurer's vault or be held in safekeeping under control of the Treasurer in any federal reserve bank, or any branch thereof, or the Federal Home Loan Bank of San Francisco, with any trust company, or the trust department of any state or national bank.

13.2.l Immediately at the conclusion of each calendar quarter, all interest earned and other increment derived from investments shall be distributed by the Controller to the contributing governmental units or trustees or fiscal agents, nonprofit corporations, and quasi-governmental agencies in amounts directly proportionate to the respective amounts deposited in the Local Agency Investment fund and the length of time the amounts remained therein. An amount equal to the reasonable costs incurred in carrying out the provisions of this section, not to exceed a maximum of one-half of one percent of the earnings of this fund, shall be deducted from the earnings prior to distribution. The amount of this deduction shall be credited as reimbursements to the state agencies having incurred costs in carrying out the provisions of this section.

13.2.m The Treasurer shall prepare for distribution a monthly report of investments made during the preceding month.

14.0 PORTFOLIO MANAGEMENT ACTIVITY

14.1 Passive Portfolio Management:

(See Section 6.0., General Strategy)

14.2 Competitive Bidding:

Investments will be purchased in the most cost effective and efficient manner by using a competitive bidding process for the purchase of securities. Competitive bidding is required from a pre-approved list of broker/dealers on all investment transactions except for new issue securities.

14.3 Reviewing and Monitoring of the Portfolio:

Monthly reports will review portfolio investments to ensure they are kept track of in a timely manner. The reports will also monitor the County Treasurer's investment practices and the results of such practices.

14.4 Portfolio Adjustments:

Certain actions may be taken if the portfolio becomes out of compliance. For instance, should a concentration limitation be exceeded due to an incident such as a fluctuation in portfolio size, the affected securities may be held to maturity to avoid losses; however, the County Treasurer may choose to rebalance the portfolio earlier to bring it back into compliance if the portfolio will not suffer any losses for selling the investment prior to maturity.

14.5 Performance Standards:

The investment portfolio will be managed in accordance with the parameters specified within this Policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis.

15.0 REPORTING

15.1 Methodology: The County Treasurer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the County Treasurer to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report shall be provided to the Chief Administrative Officer, the County Auditor, the Board of Supervisors, Treasury Oversight Committee and any pool participants [Government Code 27133(e), and 53646(b)]. The report will include the following:

1. The type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the County Treasurer
2. A description of any of the local agency's funds, investments, or programs that are under the management of contracted parties, including lending programs.
3. A current market value as of the date of the report of all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, and the source of this same valuation.
4. A statement that the portfolio is in compliance with the investment policy, or the manner in which the portfolio is not in compliance.
5. A statement denoting the ability of the County Treasurer to meet its pool's expenditure requirements for the next six months, or an explanation as to why sufficient money shall, or may, not be available.
6. Listing of individual securities by type and maturity date held at the end of the reporting period.

   A. PLEDGE REPORT: Any securities that are pledged or loaned for any purpose shall be reported in the Quarterly Investment Report. The transaction detail will be provided, including purpose, beginning and termination dates and all parties to the contract. The security descriptions as to type, name, maturity date, coupon rate, CUSIP and other material information will be included.

B. REVERSE REPURCHASE AGREEMENTS REPORT: All reverse repurchase agreements entered into, whether active or inactive by the end of each quarter, shall be reported in the Treasurer's Quarterly Investment Report.

7. Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity.

8. Average maturity and duration of portfolio on investments as well as current and cumulative performance of the portfolio, by yield and by total return, as compared to applicable benchmarks.

9. Percentage of the total portfolio which each type of investment represents.

10. Whatever additional information or data may be required by the legislative body of the local agency.

15.2 Marking to Market: The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed on a regular basis.

16.0 COMPENSATION

In accordance with Government Code §§27013 and 53684, the County Treasurer will charge all pool participants for administrative and overhead costs. Costs include, but are not limited to, employee salaries and benefits, portfolio management, bank and custodial fees, software maintenance fees and other indirect costs incurred from handling and managing funds. In addition, when applicable, the costs associated with the Treasury Oversight provisions of Government Code §§ 27130-27137 shall be included as administrative costs. Costs will be deducted from interest earnings on the pool prior to apportioning and payment of interest. The County Treasurer shall annually prepare a proposed budget providing a detailed itemization of all estimated costs which comprise the administrative fee charged in accordance with Government Code §27013. The administrative fee will be subject to change. Fees will be deducted from interest earnings.

16.1 Deduction of Costs: The County Treasurer deducts actual costs and makes any adjustments from the interest earning and apportions the remaining earnings to all participants based on the positive average daily balance.

17.0 CALCULATING AND APPORTIONING POOL EARNINGS

The Investment Pool Fund is comprised of monies from multiple units of the County, agencies, school districts and special districts. Each entity has unique cash flow demands, which dictate the type of investments the Treasurer's Office may purchase. To ensure parity among the pool members when apportioning interest earnings, the following procedures have been developed:

1. Interest is apportioned on at least a quarterly basis in accordance with Government Code §53684.

2. Interest is apportioned to pool participants based on the participant's average daily fund balance and the total average daily balance of deposits in the investment pool.

3. Interest is calculated on an accrual basis for all investments in the County Treasurer's investment pool and reported to the Auditor-Controller for distribution into the funds of the participants.

4. Specific fee schedules are as follow:

   A. Regular and Routine Investments[2]

   $20 per investment transaction; i.e., $20 at placement and $20 at maturity.

   .00333 of interest income; i.e., $3.33 per $1,000 of interest income.

   The above is charged quarterly by journal entry.

   B. Special Reports and Research: Actual staff time and materials.

   C. Special Bank Transactions: Actual bank fee schedule, staff time and materials.

5. Negative average daily fund balance will be charged interest at the rate of interest that is being apportioned.

18.0 NON-MANDATED DEPOSITS AND WITHDRAWALS IN THE TREASURY

18.1 Deposit by Resolution

Following are the terms and conditions for deposit of funds for investment purposes by entities that are not legally required to deposit their funds in the County Treasury.

18.1.a Resolution by the County Board of Supervisors authorizing the acceptance of outside participants by the County Treasury.

18.1.b Resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to Government Code 53684.

18.1.c Treasury investments will be directed transactions. For each transaction, the local agency must indicate the fund source, the amount to be invested and the duration of the investment.

18.2 Withdrawal Request

18.2.a Statutory Participants

The withdrawal of mandated deposits in the County Treasury Investment Pool will coincide with investment maturities and/or authorized sale of securities by authorized personnel of the local agency. Except for funds in the California State Local Agency Fund, a five-business-days notification may be required when authorized sale of securities is involved. However, the following section on evaluation of request for withdrawal of funds for use outside the County treasury pool by both statutory and voluntary participants shall also apply.

Evaluation of Request for Withdrawal of Funds for Use Outside the County Treasury Investment Pool by Both Mandated and Non-Mandated Treasury Pool Participants

Pursuant to Section 27136(a), "Notwithstanding any other provisions of law, any local agency, public agency, public entity or public official that has funds on deposit in the County treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the County treasury pool shall first submit the request for withdrawal to the County Treasurer before withdrawing funds from the County treasury pool."

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[2] Applies to directed investments as described in Section 6.2 of the Policy.

The County Treasurer shall evaluate each proposed withdrawal and may require up to 30 days in order to assess the effect of the proposed withdrawal on the stability and predictability of the investments in the Treasury Pool and that the interests of the other depositors will not be adversely affected.

18.2.b Voluntary Participants

For outside participants who utilize Government Code section 53684, where the County Treasurer does not serve as the agency's treasurer, any withdrawal of funds from the Treasury shall coincide with investment maturities or authorized sale of securities by the legislative or governing body of the local agency. Except for funds in the California State Local Agency Investment Fund, a five-business-days notification may be required when authorized sale of securities is involved. However, the above section on evaluation of request for withdrawal of funds for use outside the County treasury pool by both mandated and non-mandated treasury pool participants shall also apply.

19.0 TEMPORARY BORROWING OF POOL FUNDS

Section 6 of Article XVI of the California Constitution provides in part that "the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office."

The County Auditor-Controller and the County Treasurer shall make a temporary transfer of funds to the requesting agency, not to exceed 85% of the amount of money which will accrue to the agency during the fiscal year, provided that the amount of such transfer has been determined by the County Auditor-Controller to be transferable under the constitutional and statutory provisions cited in Article XVI and has been certified by the County Treasurer-Tax Collector to be available. Such temporary transfer of funds shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year.

20.0 INVESTMENT OF BOND PROCEEDS

The County Treasurer shall invest bond proceeds using the standards of this Investment Policy. The bond proceeds will be invested in securities permitted by the bond documents. If the bond documents are silent, the bond proceeds will be invested in securities permitted by this Policy.

21.0 DISASTER RECOVERY PLAN

The Contra Costa County Treasurer's Disaster Recovery Plan includes critical phone numbers and addresses of key personnel as well as active bankers and brokers/dealers. Laptops, iPads and BlackBerry phones shall be issued to key personnel for communicating between staff, bank and broker/dealers. Copies of the plan shall be distributed to the investment staff: Assistant County Treasurer, the Treasurer's Investment Officer, and the Investment Operations Analyst. The investment staff shall interact with one another by home phone, cell phone, or e-mail to decide an alternate location from which to conduct daily operations.

In the event investment staff is unable to conduct normal business operations, the custodial bank will automatically sweep all uninvested cash into an interest bearing account at the end of the business day. Until normal business operations have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this investment policy.

22.0 POLICY CONSIDERATIONS

22.1 Exemption

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

22.2 Amendments

This policy shall be reviewed on an annual basis. Any changes must be approved by the County Treasurer and any other appropriate authority.

C.67

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA

and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 04/03/2012 by the following vote:

AYES:	4	John Gioia Mary N. Piepho Karen Mitchoff Federal D. Glover
NOES:		
ABSENT:	1	Gayle B. Uilkema
ABSTAIN:		
RECUSE:		

Resolution No. 2012/129

Resolution of Contra Costa County an in accordance with California Government Code Section 16429.1 Authorizing Investment of Monies in the Local Agency Investment Fund (Account #99-07-000)

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Supervisors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein as in the best interests of the CONTRA COSTA COUNTY.

NOW THEREFORE, BE IT RESOLVED, that the Board of Supervisors does hereby authorize the deposit and withdrawal of CONTRA COSTA COUNTY monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following CONTRA COSTA COUNTY officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

Russell V. Watts, Treasurer-Tax Collector	Brice Bins, Chief Deputy Treasurer-Tax Collector	Belinda Zhu, Assistant Treasurer
(SIGNATURE)	(SIGNATURE)	(SIGNATURE)

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

Contact: Brice Bins, 925-957-2848

ATTESTED: April 3, 2012
David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

cc:

APPROVED BROKERS

ABN AMRO, Incorporated
Bank of America Merrill Lynch
Bank of the West
Barclays Capital, Incorporated
California Arbitrage Management Program
Citigroup Global Markets
Credit Suisse
Goldman, Sachs & Company
Government Perspectives
JP Morgan Securities LLC
Prudential Securities, Incorporated
Public Financial Management, Incorporated
UBS Financial Services, Inc.
UnionBanc Investment Services
Wells Fargo Securities

Note: The County Treasury will not be limited to the above list. Others will be included as long as all conditions for authorized brokers and/or dealers set forth in this policy are met. Additionally, deletions and additions are based on many factors including the maintenance of required credit quality as rated by Standard and Poor's, Moody's and other recognized rating services and reliable financial sources.

APPROVED ISSUERS

Abbey National NA
American Honda Finance
Australia & New Zealand Banking Group
Bank of Montreal
Bank of Nova Scotia
BNP Paribas
Chevron
Coca-Cola Co
Commonwealth Bank of Australia
Credit Agricole SA
Deer & Company
Exxon Mobil
General Electric Capital Corp
General Electric Co
JPMorgan Chase & Co
John Deere Capital Corporation
Johnson & Johnson
McDonald's Corporation
National Australia Bank
Nestle Capital Corp
Nordea Bank AB
PepsiCo, Inc.
PNC Bank NA
Prudential
Procter & Gamble Company
Rabobank Nederland New York
Royal Bank of Canada
Sciete Generale North America
Standard Chartered Bank
State Street Bank & Trust Co
Svenska Handelsbanken AB
Toronto-Dominion Bank
Toyota Motor Credit Corp
UBS Financial
Union Bank
US Bankcorp
Walmart
Walt Disney Company
Wells Fargo Bank NA
Westpac Banking Corp
Westamerica Bank

Note: The above approved list is designed to provide general guidance to County Treasury's Investment Staff in making investment decisions. However, it does not prevent Staff from purchasing securities from other issuers. Staff will perform additional due diligence on each investment decision. The list does not reflect the actual portfolio holdings managed by the County Treasury.

APPROVED PRIMARY DEALERS

Bank of Nova Scotia, New York Agency
BMO Capital Markets Corp.
BNP Paribas Securities Corp.
Barclays Capital Inc.
Cantor Fitzgerald & Co.
Citigroup Global Markets, Inc.
Credit Suisse Securities (USA) LLC
Daiwa Capital Markets America Inc.
Deutsche Bank Securities Inc.
Goldman, Sachs & Co.
HSBC Securities (USA) Inc.
Jefferies & Company, Inc.
J.P. Morgan Securities, Inc.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Mizuho Securities USA Inc.
Morgan Stanley & Co. Incorporated
Nomura Securities Inc.
RBC Capital Markets, LLC
RBS Securities Inc.
SG Americas Securities, LLC
UBS Securities LLC.

Note: The above list consists of primary dealers that serve as trading counterparties of the Federal Reserve Bank of New York in its implementation of monetary policy. These primary dealers are required to participate in all auctions of U.S. government debt. Treasury Staff will perform additional due diligence on each investment decision, and hence, may or may not use the primary dealers listed above.

GLOSSARY OF TERMS

ACCRUED INTEREST The accumulated interest due on a bond as of the last interest payment made by the issuer.

AGENCY A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

AMORTIZATION The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

AVERAGE LIFE The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

BANKERS ACCEPTANCES A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank "accepts" such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. The commercial bank assumes primary liability once the draft is accepted.

BASIS POINT A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of one percent of yield. For example, if interest rates increase from 8.25% to 8.50%, the difference is referred to as a 25-basis-point increase.

BENCHMARK A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investment.

BID The indicated price at which a buyer is willing to purchase a security or commodity.

BLUE SKY LAWS Common term for state securities law, which vary from state to state. Generally refers to provision related to prohibitions against fraud, dealer and broker regulations and securities registration.

BOND A bond is essentially a loan made by an investor to a division of the government, a government agency or a corporation. The bond is a promissory note to repay the loan in full at the end of a fixed time period. The date on which the principal must be repaid is called the maturity date or maturity. In addition, the issuer of the bond, that is the agency or corporation receiving the loan proceeds and issuing the promissory note, agrees to make regular payments of interest at a rate initially stated on the bond. Bonds are rated according to many factors, including cost, degree of risk and rate of income.

BOOK VALUE Refers to value of a held security as carried in the records of an investor. May differ from current market value of the security.

BROKER/DEALER Any person engaged in the business of effecting transaction in securities in this state for the account of others or for her/his own account. Broker/dealer also includes a person engaged in the regular business of issuing or guaranteeing options with regard to securities not of her/his own issue.

CALLABLE BOND A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CALL PRICE The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for the loss of income and ownership.

CALL RISK The risk to the bondholder that a bond may be redeemed prior to maturity.

CASH SALE/PURCHASE A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

CERTIFICATES OF DEPOSIT (CD) Certificates issued against funds deposited in a commercial bank for a definite period of time and earning a specified rate of return. They are issued in two forms, negotiable and non-negotiable.

CLEAN UP CALL An action of a debt instrument issuer requiring early redemption of the instrument to reduce its own administrative expenses. This normally occurs when the principal outstanding is significantly reduced to a small amount, e.g., less than 10% of the original issue.

COLLATERALIZATION Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

COMMERCIAL PAPER Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

CONVEXITY A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

COUPON RATE The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

CREDIT QUALITY The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

CREDIT RISK The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CURRENT YIELD (CURRENT RETURN) A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

CUSIP NUMBERS CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

DELIVERY VERSUS PAYMENT (DVP) A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

DERIVATIVE SECURITY Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

DISCOUNT The amount by which the par value of a security exceeds the price paid for the security.

DIVERSIFICATION A process of investing assets among a range of security types by sector, maturity, and quality rating.

DURATION A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

EARNINGS APPORTIONMENT The quarterly interest distribution of the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool

FAIR VALUE The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL FUNDS (FED FUNDS) Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE Interest rate charged by one institution lending federal funds to the other.

FEDERAL OPEN MARKET COMMITTEE (FOMC) This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FIDUCIARY An individual who holds something in trust for another and bears liability for its safekeeping.

FLOATING RATE NOTE A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g., Treasury bills, LIBOR, etc.).

FUTURES Commodities and other investments sold to be delivered at a future date.

GOVERNMENT SECURITIES An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. *See* "Treasury Bills, Notes and Bonds."

INTEREST RATE *See* "Coupon Rate."

INTERNAL CONTROLS An internal control structure designed to ensure that the assets of the Treasurer's Investment Pool are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. Control of collusion—Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. Separation of transaction authority from accounting and record keeping—By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial safekeeping—Securities purchased from a bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of physical delivery securities—Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of authority to subordinate staff members—Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. Written confirmation of transactions for investments and wire transfers—Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. Development of a wire transfer agreement with the lead bank and third-party custodian—The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

INVERSE FLOATERS An adjustable interest rate note keyed to various indices such as LIBOR, commercial paper, federal funds, treasuries and derivative structures. The defined interest rate formula is the opposite or inverse of these indices. Interest rates and pay dates may reset daily, weekly, monthly, quarterly, semi-annually or annually.

INVERTED YIELD CURVE A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

INVESTMENT COMPANY ACT OF 1940 Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

INVESTMENT POLICY A concise and clear statement of the objectives and parameters formulated by the investor or investment manager for a portfolio of investment securities.

INVESTMENT-GRADE OBLIGATIONS An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

LIQUIDITY Usually refers to the ability to convert assets (such as investments) into cash.

LOCAL AGENCY INVESTMENT FUND (LAIF) The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

MAKE WHOLE CALL A type of call provision on a bond allowing the borrower to pay off remaining debt early. The borrower has to make a lump sum payment derived from a formula based on the net present value of future coupon payments that will not be paid because of the call.

MARK TO MARKET Valuing the inventory of held securities at its current market value.

MARKET RISK The risk that the value of a security will rise or decline as a result of changes in market conditions.

MARKET VALUE Price at which a security can be traded in the current market.

MASTER REPURCHASE AGREEMENT A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transaction. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY The date upon which the principal of a security becomes due and payable to the holder.

MEDIUM-TERM NOTES (MTNS) Corporate debt obligations continuously offered in a broad range of maturities. MTNs were created to bridge the gap between commercial paper and corporate bonds. The key characteristic of MTNs is that they are issued on a continuous basis.

MONEY MARKET INSTRUMENTS Private and government obligations of one year or less.

MONEY MARKET MUTUAL FUNDS Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, banker's acceptances, repos and federal funds).

MUTUAL FUND An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.

4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

MUTUAL FUND STATISTICAL SERVICES Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services and Morningstar.

NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD) A self-regulatory organization (SRO) of brokers and dealers in the over-the counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

NEGOTIABLE CERTIFICATES OF DEPOSIT May be sold by one holder to another prior to maturity. This is possible because the issuing bank agrees to pay the amount of the deposit plus interest earned to the bearer of the certificate at maturity.

NET ASSET VALUE The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below)

[(Total assets) – (Liabilities]/(Number of shares outstanding)

NO LOAD FUND A mutual fund which does not levy a sales charge on the purchase of its shares.

NOMINAL YIELD The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

NON-NEGOTIABLE CERTIFICATES OF DEPOSIT For public funds, these certificates are collateralized and are not money market instruments since they cannot be traded in the secondary market. They are issued on a fixed-maturity basis and often pay higher interest rates than are permissible on other savings or time-deposit accounts.

OFFER The price of a security at which a person is willing to sell.

OPTION A contract that provides the right, but not the obligation, to buy or to sell a specific amount of a specific security within a predetermined time period. A call option provides the right to buy the underlying security. A put option provides the right to sell the underlying security. The seller of the contracts is called the writer.

PAR Face value of principal value of a bond, typically $1,000 per bond.

PAR VALUE The stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

POSITIVE YIELD CURVE A chart formation that illustrates short-term securities having lower yields than long-term securities.

PREMIUM The amount by which the price paid for a security exceeds par value, generally representing the difference between the nominal interest rate and the actual or effective return to the investor.

PRIME RATE A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

PRINCIPAL The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

PROSPECTUS A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

PRUDENT PERSON RULE An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

RANGE NOTES A security whose rate of return is pegged to an index. The note defines the interest rate minimum or floor and the interest rate maximum or cap. An example of an index may be federal funds. The adjustable rate of interest is determined within the defined range of the funds.

RATE OF RETURN The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond and the current income return.

REINVESTMENT RISK The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

REPURCHASE AGREEMENT OR RP OR REPO An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO) An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

RULE 2A-7 OF THE INVESTMENT COMPANY ACT Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar ($1.00).

SAFEKEEPING Holding of assets (e.g., securities) by a financial institution.

SECURITIES LENDING A transaction wherein the Treasurer's Pool transfers its securities to a broker/dealer or other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SERIAL BOND A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

SETTLEMENT DATE The date used in price and interest computations, usually the date of delivery.

SINKING FUND Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

SLUGS An acronym for State and Local Government Series. SLUGS are special United States Government securities sold by the Secretary of the Treasury to states, municipalities and other local government bodies through individual subscription agreements. The interest rates and maturities of SLUGS are arranged to comply with arbitrage restrictions imposed under Section 103 of the Internal Revenue Code. SLUGS are most commonly used for deposit in escrow in connection with the issuance of refunding bonds.

STRIPS US Treasury acronym for “separate trading of registered interest and principal of securities." Certain registered Treasury securities can be divided into separate interest and principal components, which may then be traded as separate entities.

SWAP Generally refers to an exchange of securities, with essentially the same par value, but may vary in coupon rate, type of instrument, name of issuer and number of days to maturity. The purpose of the SWAP may be to enhance yield, to shorten the maturity or any benefit deemed by the contracting parties.

TERM BONDS Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

TOTAL RETURN The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period: (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

TREASURY SECURITIES Debt obligations of the United States Government sold by the Treasury Department in the form of bills, notes and bonds:

1. **Bills** Short-term obligations that mature in one year or less and are sold at a discount in lieu of paying periodic interest.
2. **Notes** Interest-bearing obligations that mature between one year and 10 years.
3. **Bonds** Interest-bearing long-term obligations that generally mature in 10 years or more.

UNIFORM NET CAPITAL RULE SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

U.S. AGENCY OBLIGATIONS Federal agency or United States government-sponsored enterprise obligations, participants, or other instruments. The obligations are issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

U.S. TREASURY OBLIGATIONS Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

VOLATILITY A degree of fluctuation in the price and valuation of securities.

"VOLATILITY RISK" RATING A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bond funds. The ratings for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the returns ("aaa" by S&P; "V-1" by Fitch) to those that are highly sensitive with currently identifiable market volatility risk ("ccc-" by S&P, "V-10" by Fitch).

WEIGHTED AVERAGE MATURITY (WAM) The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

WHEN ISSUED (WI) A conditional transaction in which an authorized new security has not been issued. All "when issued" transactions are settled when the actual security is issued.

YIELD The current rate of return on an investment security generally expressed as a percentage of the security's current price.

YIELD-TO-CALL (YTC) The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

YIELD CURVE A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

YIELD-TO-MATURITY The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

ZERO-COUPON SECURITY A security that makes no periodic interest payments but instead is sold at a discount from its face value.

CONTRA COSTA COUNTY

TREASURER'S QUARTERLY INVESTMENT REPORT

AS OF JUNE 30, 2013

TABLE OF CONTENTS

EXECUTIVE SUMMARY

- The Treasurer's investment portfolio is in compliance with Government Code 53600 et. seq..

- The Treasurer's investment portfolio is in compliance with the Treasurer's current investment policy.

- The Treasurer's investment portfolio has no securities lending, reverse repurchase agreements or derivatives.

- As of 06/30/13, the fair value of the Treasurer's investment portfolio was 99.89% of the cost. More than 83 percent of the portfolio or over $1.76 billion will mature in less than a year. 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.

- Treasurer's Investment Portfolio Characteristics

Par	$2,109,251,352.13
Cost	$2,116,282,843.41
Market Value	$2,114,028,019.48
Weighted Yield to Maturity	0.39%
Weighted Average Days to Maturity	181 days
Weighted Duration	0.50 year

CONTRA COSTA COUNTY INVESTMENT POOL
As of June 30, 2013

TYPE	PAR VALUE	COST	FAIR VALUE	PERCENT OF TOTAL COST
A. Investments Managed by Treasurer's Office				
1. U.S. Treasuries (STRIPS, Bills, Notes)	$40,517,000.00	$43,214,783.89	$42,420,658.25	2.04%
2. U.S. Agencies				
Federal Agriculture Mortgage Corporation	0.00	0.00	0.00	0.00%
Federal Home Loan Banks	44,926,000.00	45,363,304.86	45,390,605.28	2.14%
Federal National Mortgage Association	79,732,000.00	81,256,604.96	80,168,071.55	3.84%
Federal Farm Credit Banks	27,941,000.00	28,038,490.86	27,881,950.75	1.32%
Federal Home Loan Mortgage Corporation	104,947,000.00	106,721,779.82	106,168,772.48	5.04%
Municipal Bonds	5,555,000.00	5,892,749.37 [1]	5,829,696.49 [1]	0.28%
Subtotal	263,101,000.00	267,272,929.87	265,439,096.55	12.63%
3. Money Market Instruments				
Bankers Acceptances	0.00	0.00	0.00	0.00%
Repurchase Agreement	0.00	0.00	0.00	0.00%
Commercial Paper	638,008,000.00	637,469,565.10	637,792,185.42	30.12%
Negotiable Certificates of Deposit	486,260,000.00	486,261,361.60	486,363,339.29	22.98%
Medium Term Certificates of Deposit	0.00	0.00	0.00	0.00%
Corporate Notes	111,615,000.00	111,959,119.68	111,975,660.60	5.29%
Money Market Accounts	565,318.32	565,318.32	565,318.32	0.03%
Time Deposit	3,200.00	3,200.00	3,200.00	0.00%
Subtotal	1,236,451,518.32	1,236,258,564.70	1,236,699,703.63	58.42%
TOTAL (Section A.)	1,540,069,518.32	1,546,746,278.46	1,544,559,458.43	73.09%
B. Investments Managed by Outside Contractors				
1. Local Agency Investment Fund	194,311,346.05	194,311,346.05	194,364,433.27 [2]	9.18%
2. Other				
a. EBRCS Bond	2,455,113.76	2,455,113.76	2,455,113.76	0.12%
b. Miscellaneous (BNY, CCFCU)	116,424.97	116,424.97	116,424.97	0.01%
c. Wells Capital Management	44,102,168.32	44,456,899.46	44,335,808.34	2.10%
d. CalTRUST (Short-Term Fund)	102,612,075.13	102,612,075.13	102,612,075.13	4.85%
Subtotal	149,285,782.18	149,640,513.32	149,519,422.20	7.07%
TOTAL (Section B.)	343,597,128.23	343,951,859.37	343,883,855.47	16.25%
C. Cash	225,584,705.58	225,584,705.58	225,584,705.58	10.66%
[3]GRAND TOTAL (FOR A , B, & C)	$2,109,251,352.13	$2,116,282,843.41	$2,114,028,019.48	100.00%

Notes:

1. Fair Value equals Cost less purchase interest

2. Estimated Fair Value

3. Does not include the Futuris Public Entity Trust of the Contra Costa Community College District Retirement Board of Authority

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West Contra Costa Unified School District (Contra Costa County, California) • General Obligation Bonds, Election of 2012, Series A and Election of 2010, Series B

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