08-1126

NEW ISSUE—BOOK-ENTRY ONLY

RATING:
Standard & Poor's: **"SP-1+"**
See **"MISCELLANEOUS — Rating"** herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, the interest on the Notes is exempt from California personal income taxes. See "LEGAL MATTERS — Tax Matters" herein.

$25,000,000
SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
2008 TAX AND REVENUE ANTICIPATION NOTES

Dated: Date of Delivery **Due: November 17, 2009**

The Notes are general obligations of the San Ramon Valley Unified School District, California (the "District"), issued by the Board of Supervisors of Contra Costa County in the name of the District. The principal amount of the Notes, together with the interest thereon, will be payable from taxes, income, revenue, cash receipts and other moneys received by the District allocable to fiscal year 2008/09 and which are generally available for the payment of current expenses and other obligations of the District. As security for the payment of principal of and interest on the Notes, the District has pledged to deposit in the Repayment Fund, as defined herein, on or before June 30, 2008, moneys sufficient to pay principal of, and interest on, the Notes at maturity. See **"THE NOTES — Security for and Sources of Payment"** herein.

The Notes are issued in denominations of $1,000 or integral multiples thereof. All principal of, and all interest on, the Notes will be payable upon maturity. The Notes are to be delivered as fully registered Notes, without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Notes. Purchases will be made in book-entry form only (as described herein under **"THE NOTES — Book-Entry System"**). The Notes are not subject to redemption prior to maturity.

The following firm, serving as financial advisor to the District, has structured this issue:

KNN public finance
A Division of Zions First National Bank

Interest Rate	Yield	CUSIP No. [a]
3.25%	1.28%	799408 N21

The Notes were sold by competitive sale on November 4, 2008 to J. P. Morgan Securities Inc. as Underwriter at a true interest cost of 1.325%. The Notes will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. It is anticipated that the Notes in book-entry only form will be available for delivery through the facilities of DTC in New York, New York, on or about November 18, 2008

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

Official Statement dated: November 4, 2008

[a] Copyright 2008, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data is included solely for the convenience of the owners of the Notes. The District and the Underwriter assume no responsibility for the accuracy thereof.

RCVD NOV 19 '08

No dealer, broker, salesperson or other person has been authorized by the San Ramon Valley Unified School District (the "District") to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation 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 Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

The information set forth herein has been obtained from either the books and records of the District or from sources which are believed to be reliable. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

THE NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT, AND HAVE NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

Board of Education

Greg Marvel
President

Joan Buchanan
Vice President

Bill Clarkson
Director

Paul Gardner
Director

Rachel Hurd
Director

District Administration

Steven Enoch
Superintendent

Gary Black
Assistant Superintendent, Business Services

Peggy Perry
Director of Fiscal Services

Contra Costa County Treasurer/Tax Collector

William J. Pollacek

PROFESSIONAL SERVICES

Financial Advisor

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

Bond Counsel

Jones Hall
A Professional Corporation
San Francisco, California

Paying Agent

Contra Costa County
Office of the Treasurer-Tax Collector
Martinez, California

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OFFICIAL STATEMENT

$25,000,000
SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
2008 TAX AND REVENUE ANTICIPATION NOTES

INTRODUCTION

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

This Official Statement, which includes the cover page, appendices hereto and this Introduction, is provided to furnish information in connection with the sale of $25,000,000 San Ramon Valley Unified School District (Contra Costa County, California) 2008 Tax and Revenue Anticipation Notes (the "Notes").

The District

San Ramon Valley Unified School District (the "District") provides educational services to the residents of the City of San Ramon, Town of Danville and a small portion of the Cities of Pleasanton and Walnut Creek, plus a significant amount of unincorporated area, including the communities of Alamo, Blackhawk, Diablo and Dougherty Valley, all in south central Contra Costa County (the "County"), California (the "State"), east and inland from the San Francisco Bay. More detailed information regarding the area served by the District, the student population of the District, the tax base of the District and the financial position of the District may be found under **"DISTRICT GENERAL AND FINANCIAL INFORMATION"** and **DISTRICT TAX BASE INFORMATION"** herein.

Authority for Issuance of the Notes

The Notes are by statute a general obligation of the District issued pursuant to Article 7.6 (Section 53850 *et. seq.*) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Government Code") and pursuant to respective authorizing resolutions adopted by the Board of Education of the District (the "Board of Education") and by the Contra Costa County Board of Supervisors (the "Board of Supervisors"). See **"THE NOTES — Authority for Issuance"** herein.

Purpose of the Notes

Proceeds of the Notes will be used and expended for any purpose for which the District is authorized to expend funds from the general fund of the District, including, but not limited to, current expenses, capital expenditures, and the discharge of other obligations or indebtedness of the District, including repayment of monies temporarily borrowed for general fund use from other funds of the District. See **"THE NOTES — Purpose of the Notes"** herein.

Security and Sources of Payment for the Notes

The principal amount of the Notes, together with interest thereon, will be payable from taxes, income, revenue and other moneys intended as receipts for the general fund of the District allocable to fiscal year 2008/09 which are generally available for the payment of current expenses and other obligations of the District (the "Unrestricted Monies"). As security for the payment of principal of and interest on the Notes, the District has pledged from Unrestricted Revenues certain Pledged Revenues, as defined herein, to be deposited at certain times on or before June 30, 2008 in a special fund created pursuant to the Resolution, as defined herein, to be held on behalf of the District by the County Treasurer, separate and distinct from all other County and District funds and accounts, designated as the "San Ramon Valley Unified School District (Contra Costa County, California) 2008 Tax and Revenue Anticipation Notes Repayment Fund" (the "Repayment Fund"). Any moneys placed in the Repayment Fund will be for the benefit of the registered owners of the Notes, and until the principal of and interest on the Notes is paid or provided for, the Repayment Fund will be used solely for the payment of principal of and interest on the Notes.

In the event of bankruptcy of either the District or the County, the rights of owners of the Notes regarding the deposit of the Pledged Revenues into the Repayment Fund may be subject to the discretion of the bankruptcy court. See **"THE NOTES — Security and Sources of Payment"** herein.

Description of the Notes

The Notes will be issued in denominations of $1,000 or any integral multiple thereof, in fully registered form and will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes. So long as DTC, or Cede & Co., as its nominee, is the registered owner of all the Notes, payments on the Notes will be made directly to DTC, disbursement of such payments to the DTC Participants (defined herein) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined herein) will be the responsibility of the DTC Participants, as more fully described hereinafter. See **"THE NOTES — Book-Entry System"** and **"— Discontinuation of Book-Entry System; Payment to Beneficial Owners"** herein.

All principal of, and all interest on, the Notes is payable only at maturity. Interest on the Notes is payable from the date of delivery thereof, calculated on a 30-day month, 360-day year basis. The Notes are not subject to optional redemption prior to maturity.

District Investments

Proceeds from the sale of the Notes will be deposited in the Treasury of the County, credited to the general fund of the District. The proceeds, as well as deposits to the Repayment Fund, will be invested by the County Treasurer in the County pool or in other investments as directed by the District and as permitted by the laws of the State of California. See **"THE NOTES — Investment of Note Proceeds"** herein.

Substantially all operating funds of the District are invested in the Contra Costa County Treasury. Generally, the County Treasurer pools County funds with school district funds and funds of other public agencies and invests the cash. See **"GENERAL SCHOOL DISTRICT INFORMATION — County Investment Pools"**.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Notes is exempt from California personal income taxes. See **"LEGAL MATTERS — Tax Matters"** herein.

Professionals Involved in the Offering

KNN Public Finance, a Division of Zions First National Bank, Oakland, California, is the financial advisor to the District with respect to the Notes ("Financial Advisor"). All proceedings in connection with the issuance of the Notes are subject to the approval of Bond Counsel. Both the Financial Advisor and Bond Counsel will receive compensation from the District contingent upon the sale and delivery of the Notes. The paying agent for the Notes is the Contra Costa County Office of the Treasurer- Tax Collector (the "Paying Agent").

Offering and Delivery of the Notes

The Notes will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Bond Counsel. It is anticipated that the Notes in book-entry only form will be available for delivery through DTC in New York, New York, on or about November 18, 2008.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has covenanted for the benefit of the holders and beneficial owners of the Notes to provide notices of the occurrence of certain enumerated events, if material. See **"MISCELLANEOUS - Continuing Disclosure"** herein.

Copies of documents referred to herein and information concerning the Notes are available from the Business Services Department, San Ramon Valley Unified School District, 699 Old Orchard Drive, Danville, California 94526 telephone: (925) 552-5500. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE NOTES

Authority for Issuance

The Notes are general obligations of the District issued by the Board of Supervisors in the name of the District in conformity with the laws of the State, including the provisions of the Government Code, and pursuant to resolutions adopted by the Board of Education on October 7, 2008, and by the Board of Supervisors on October 28, 2008, authorizing the sale and issuance of the Notes (together, the "Resolution").

Purpose of the Notes

Proceeds of the Notes will be used and expended for any purpose for which the District is authorized to expend funds from the general fund of the District, including, but not limited to, current expenses, capital expenditures and the discharge of other obligations or indebtedness of the District, including repayment of monies temporarily borrowed for general fund use from other funds of the District.

Estimated Sources and Uses of Funds

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Estimated Sources and Uses of Funds

Sources of Funds	
Principal of Notes	$25,000,000.00
Original Issue Premium	484,750.00
Less Underwriter's Discount	(11,095.00)
Total Sources	$25,473,655.00
Uses of Funds	
Deposit to General Fund:	
Allowance for Costs of Issuance	$57,900.00
Available for Other General Fund Purposes	25,415,755.00
Total Uses	$25,473,655.00

Description of the Notes

The Notes in the aggregate principal amount of $25,000,000 will be dated the date of delivery thereof, will mature on November 17, 2009, and will bear interest from the date of delivery thereof at the rate per annum set forth on the cover page hereof, calculated on the basis of a 360-day year of twelve 30-day months. All principal of, and all interest on, the Notes is payable at maturity. The Notes will be issued in book-entry form (see **"THE NOTES — Book-Entry System"** and **"— Discontinuation of Book-Entry System; Payment to Beneficial Owners"** herein) and registered in the name of Cede & Co., as nominee of DTC, in denominations of $1,000 each or any integral multiple thereof. The Notes are not subject to optional redemption prior to maturity.

Security for and Sources of Payment

The Notes of the District are, by statute, general obligations of the District. As security for the payment of principal of and interest on an issue of Notes, the District has pledged to deposit in the Repayment Fund the first Unrestricted Moneys received (a), in the month ending January 31, 2009, an amount equal to twenty-five percent (25%) of the principal amount of the Notes, (b), in the month ending April 30, 2009, an amount equal to seventy-five percent (75%) of the principal amount of the Notes, and (c), in the month ending May 31, 2009, an amount sufficient to pay the interest on the Notes at maturity and to make up any deficiency in the amounts required to be deposited during any prior month (the "Pledged Revenues"). The Pledged Revenues will be in an amount sufficient to pay the principal of and interest on the Notes. The principal of and interest on the Notes constitute a first lien and charge against, and will be paid from, the Pledged Revenues.

To the extent not paid from Pledged Revenues, the Notes will be paid from any other moneys of the District lawfully available therefor. In the event that there are insufficient Unrestricted Moneys received by the District to permit deposit into its Repayment Fund of the full amount of the Pledged Revenues to be deposited in that month on the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and the interest thereon. Any moneys placed in the Repayment Fund will be for the benefit of the registered owners of the Notes, and until the principal of and interest on the Notes is paid or provided for, the Repayment Fund will be used solely for the payment of principal of and interest on the Notes.

The District has pledged the Pledged Revenues described below to be transferred to the Repayment Account at the times and in the amounts as follows:

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Amount of Pledge

January 2009	April 2009	May 2009
$6,250,000.00	$18,750,000.00	$810,243.06

As further security, the District has covenanted in the Resolution that it will not request the County Treasurer to make temporary transfers of funds during the 2008/09 fiscal year until the full amount of Pledged Revenues has been deposited into the Repayment Fund. The Resolution, however, does not preclude the District from issuing subsequent series of tax and revenue anticipation notes during the 2008/09 fiscal year.

Because the County will be in possession of the taxes and other revenues to be set aside to pay one or more issues of Notes, and such moneys are likely to be invested in its pooled investment fund, should the County go into bankruptcy, a court might hold that the Owners of the Notes do not have a valid lien on the amounts set aside in the Repayment Fund. In that case, unless the Owners could trace the funds, the Owners would be merely unsecured creditors of the County. There can be no assurance that the Owners could successfully so trace the Pledged Revenues and other Unrestricted Moneys, if any, set aside in the Repayment Fund.

Investment of Note Proceeds

Proceeds from the sale of the Notes will be deposited in the Treasury of the County, credited to the general fund of the District, to be used and expended by the District for any purpose for which it is authorized

to expend funds from the general fund of the District, including, but not limited to, current expenses, capital expenditures and the discharge of any obligation or indebtedness of the District.

Proceeds from the sale of the Notes and monies in the Repayment Fund shall be invested by the County in any one or more investments generally permitted to school districts under the laws of the State of California, consistent with the investment policy of the County and the Resolution (the "Permitted Investments"). Permitted Investments shall specifically include: (a) the County Pooled Investment Fund maintained by the County Treasurer; and, (b) at the request of the District, (i) the Local Agency Investment Fund maintained by the Treasurer of the State of California; (ii) other investments permitted under section 53601 of the California Government Code; and (iii) investment agreements with financial institutions with senior unsecured credit ratings at least one of the two highest rating categories (without regard to any refinement or gradation of such rating category by a plus or minus or a numeral) from one or more nationally recognized statistical rating organizations then rating the Notes. In regard to any investments requested by the District specified in clauses (b)(i), (b)(ii) or (b)(iii) above, the County may decline the request of the District upon any reasonable basis, including specifically, any concerns of the County regarding the legality, structure or appropriateness of the investment vehicle generally or the process for the bidding or execution of the investment.

Note Net Coverage Ratio

A "Note Net Coverage Ratio" can be calculated for the District by dividing the June 30, 2009 estimated ending cash balance before payment of principal of and interest on the Notes by the sum of the principal of and interest on the Notes. See **"GENERAL AND FINANCIAL DISTRICT INFORMATION — Note Net Coverage Ratio"** for further detail.

Other District Funds

The District maintains certain segregated and special purpose funds outside its general fund not pledged to the payment of the Notes, which could, if needed and to the extent monies are available therein, be accessed on a temporary basis through action of the Board of Education. Such borrowed amounts must be repaid within the fiscal year borrowed, or in the following fiscal year under certain circumstances. See **"GENERAL AND FINANCIAL DISTRICT INFORMATION"** herein for a description of significant other such funds maintained by the District.

Book-Entry System

The information in this section concerning DTC and DTC's book-entry system has been furnished by DTC for use in disclosure documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC will distribute to Direct Participants, or that Direct Participants or Indirect Participants will distribute to the Beneficial Owners, payments of principal of, interest, and premium, if any, on the Notes 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. Neither the District nor the County nor the Paying Agent are responsible or liable for the failure of DTC or any Direct or Indirect Participant to make any payments or give any notice to a Beneficial Owner or any error or delay relating thereto. Accordingly, no representations can be made concerning these matters and neither the Direct nor Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes 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 Note certificate will be issued for the Notes, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest 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 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners,

in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal and interest on the Notes 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 Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC(nor its nominee), the Paying Agent nor the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent or the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Paying Agent or 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, Note certificates will be printed and delivered to DTC.

Discontinuation of Book-Entry System; Payment to Beneficial Owners

The following provisions governing the payment, transfer and exchange of the Notes apply to holders of the Notes. As long as the DTC book-entry system described above is in effect, Cede & Co., or such other nominee of DTC, but not the Beneficial Owners, are holders of the Notes. Only in the event that Notes are printed and delivered to the Beneficial Owners do these provisions then apply directly to Beneficial Owners as holders of the Notes.

Principal of and interest on the Notes will be payable upon presentation and surrender of the Notes in lawful money of the United States of America at the principal office of the Paying Agent, or such other location as the Paying Agent may specify.

Any Note may be exchanged for a like aggregate principal amount of Notes in other authorized denominations upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Note may be transferred only on the Bond registration books upon presentation and surrender of the Note at the principal office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the designated District official shall execute, and the Paying Agent shall authenticate and deliver a new Note or Notes of any authorized denomination or denominations requested by

the registered owner or by a person legally empowered to do so, equal in the aggregate to the unmatured principal amount of the Note surrendered and bearing interest at the same rate and maturing on the same date.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The information in this section concerning certain provisions of Articles XIIIA, XIIIB, XIIIC and XIIID of the State constitution, Propositions 98 and 111 and certain other law is provided as supplementary information only, to outline the principal constitutional and statutory laws under which the operating revenue and finances of K-12 school districts in the State are determined. For specific financial information on the District, see ***"GENERAL AND FINANCIAL DISTRICT INFORMATION"*** *herein.*

Article XIIIA - Limit on Property Tax

Article XIIIA of the State constitution (the "Constitution") limits, subject to certain exceptions, the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975/76 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," subject to exemptions in certain circumstances of property transfer or reconstruction. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA requires a vote of two-thirds of those voting in an election to impose *ad valorem* taxes, and, except to pay debt service on certain voter approved indebtedness, prohibits the imposition of any additional *ad valorem*, sales or transaction taxes on real property. Article XIIIA does permit *ad valorem* taxes to be levied in excess of the basic 1% tax limitation as required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, (b) on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on any bonded indebtedness approved by fifty-five percent of the votes cast by the voters of a school or community college district for the construction, reconstruction, rehabilitation or replacement of, including furnishing and equipping of, or the acquisition or lease of real property for, school facilities, provided that certain accountability and other requirements are satisfied. In addition, Article XIIIA requires the approval of two-thirds of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues, while prohibiting the imposition by the State Legislature of any new *ad valorem*, sales or transaction taxes on real property.

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 each county in the State and distributed according to a formula among taxing agencies within that county. The formula apportions the tax roughly in proportion to the relative shares of taxes last levied prior to 1989.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency claims, if any, on tax increment and subject to changes in organization, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

Article XIIIB - Appropriations Limit

Article XIIIB of the Constitution, approved by voters in 1979 and subsequently amended by Propositions 98 and 111, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State, to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population, for transfers in the financial responsibility for providing services and for certain declared emergencies (the "Gann limit"). As amended, Article XIIIB defines:

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

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

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues. For school districts, Article XIIIB constrains appropriations from State and local tax sources, but not federal aid or non-tax income, such as revenues from cafeteria sales or adult education fees.

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

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two fiscal years. If a school district receives any proceeds of taxes in excess of its appropriations limit, it may increase its appropriations limit to equal that amount by taking the appropriations limit from the State.

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

Article XIIIB does not impact the ability of the County to levy and collect the property tax or pay debt service on the District's general obligation bonds.

Propositions 98 and 111 - State Funding for School Districts

On November 8, 1988 the voters approved Proposition 98, an initiative constitutional amendment and statute called "The Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). In addition to adding certain provisions to the Education Code, Proposition 98 also amended Article XIIIB and Section 8 of Article XVI of the Constitution and added Section 8.5 of Article XVI to the Constitution, the

effects of which are to establish a minimum level of State funding for school districts, to allocate to school districts, within limits, State revenues in excess of the State's appropriations limit and to exempt such excess funds from school district appropriations limits.

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

Article XIIIB, as amended by both Proposition 98 and Proposition 111, is discussed above under **"Article XIIIB."**

The provisions of Sections 8 and 8.5 of Article XVI, as added to or amended by Propositions 98 and 111, may be summarized as follows:

(a) *State Funding of Schools (Section 8).* Monies to be applied by the State for the support of school districts must be at a level equal to the greater of the following "tests":

(I) The amount which, as a percentage of the State general fund revenues which may be appropriated pursuant to Article XIIIB, equals the percentage of general fund revenues appropriated for school districts in fiscal year 1986/87;

(ii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess state revenues allocated pursuant to Section 8.5), adjusted for changes in enrollment and for the change in the cost of living (operative only in a fiscal year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita general fund revenues plus one-half of one percent);

(iii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess State revenues allocated pursuant to Section 8.5) adjusted for changes in enrollment and for the change in per capita general fund revenues, and, in addition, an amount equal to one-half of one percent times the prior year appropriations (excluding any excess State revenues) adjusted for changes in enrollment (operative only in a fiscal year in which the percentage growth in California per capita personal income is greater than the percentage growth in per capita general fund revenues plus one-half of one percent).

If the third test is used in any year the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when the general fund revenue growth exceeds personal income growth.

The State legislature by a two-thirds vote of both houses, with the Governor's concurrence, may suspend for one year the minimum funding provisions for school districts as provided for in Section 8.

(b) *Allocations to the State School Fund (Section 8.5).* In addition to the amounts applied to school districts under the tests discussed above, the State Controller is directed to allocate available excess State revenues (pursuant to Article XIIIB) to the State School Fund. However, no such allocation is required at any time that the Director of Finance and the Superintendent of Public Instruction mutually determine that current annual expenditures per student equal or exceed the average annual expenditures per student of the 10 states with the

highest annual expenditures per student and the average class size equals or is less than the average class size of the 10 states with the lowest class size.

Such allocations do not constitute appropriations subject to Article XIIIB limitations and are to be made in an equal amount per enrollment.

Proposition 1A - Limit On ERAF Shifts To School Districts

Since fiscal year 1992/93 the State has satisfied a portion of its Proposition 98 obligations for revenue limit funding of school districts by shifting part of the 1% local *ad valorem* property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. At the November 2004 election State voters approved Proposition 1A, limiting the amount and frequency of such ERAF shifts of property tax revenue from other taxing agencies to school districts.

Under Proposition 1A, beginning in fiscal year 2008/09, the State will be able to divert no more than eight percent of local property tax revenues for State purposes (including, but not limited to, funding K-12 education) only if: (a) the Governor declares such action to be necessary due to a State fiscal emergency; (b) two-thirds of both houses of the Legislature approve the action; (c) the amount diverted is required by statute to be repaid within three years; (d) the State does not owe to local agencies any repayment for past property tax or Vehicle License Fee diversions; and (e) such property tax diversions do not occur in more than two of any ten consecutive fiscal years. Because ERAF shifts will be capped and limited in frequency, the State will have to rely more heavily on State general fund moneys for Proposition 98 funding of school districts.

Propositions 57 and 58 - California Economic Recovery Bond Act and State Budget Requirements

On March 2, 2004 State voters passed Proposition 57, the California Economic Recovery Bond Act, authorizing the issuance by the State of up to $15 billion of bonds to finance the State's negative general fund balance as of June 30, 2004 and other general fund obligations undertaken prior to June 30, 2004. The State has issued $10.896 billion Economic Recovery Bonds under this authorization. In the same election State voters passed Proposition 58, the Balanced Budget Amendment, requiring the State to adopt and maintain a balanced budget, establish a reserve and restrict future long-term deficit-related borrowing.

Articles XIIIC and XIIID - Right to Vote on Taxes, Assessments, Fees and Charges

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 Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect taxes, assessments, fees and charges. Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIIC also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. The *ad valorem* property tax levied to pay debt service on the District's general obligation bonds is a "special tax" approved by two-thirds of the District's voters in the manner required by Article XIIIC.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. In respect to school district general obligation bonds, the Constitution and laws of the State impose a mandatory duty on county tax collectors to levy a property tax sufficient to pay debt service on such bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of such bonds or to otherwise interfere with performance of the mandatory duty of a school district and its county with respect to such taxes which are pledged as security for payment of such bonds. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of, or consents to, any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Voter approved special taxes (including those levied pursuant to the Mello-Roos Community Facilities Act), "parcel taxes" and assessments levied pursuant to the Landscape and Lighting District Act of 1972 (among other assessments), that are not pledged to the payment of bonds, may be subject to reduction or repeal by voter initiative under the provisions of Article XIIIC.

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 laws existing prior to enactment of Articles XIIIC and XIIID 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 a school district. By its terms, Article XIIID does not apply to *ad valorem* property tax of the type levied to pay debt service on the District's general obligation bonds.

The interpretation and application of Article XIIIC and Article XIIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID and Propositions 98, 111 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting school districts' revenues or ability to expend revenues.

AD VALOREM PROPERTY TAXATION

The information in this section describes how ad valorem *property taxes in general are assessed and levied. For specific information on the property tax base, tax levies and collections in the District, see* ***"DISTRICT TAX BASE INFORMATION"*** *herein.*

County Services

School districts and other public agencies with property tax levies in the State all use the services of their county for the assessment of property values (certain utility and other classes of property are assessed by the State Board of Equalization; see **"-State-Assessed Utility Property"** herein) and collection of property taxes and property assessments. All property taxes and assessments on property due all taxing agencies in each county generally are included on the same unified tax bill from the county to property owners twice each year, based on the same county administered tax rolls, whether general purpose property tax or specific *ad valorem*

property tax for payment of general obligation bonds. In addition, for school district general obligation bonds, the county, not the school district, determines and levies each year's tax in an amount necessary to provide for payment of the school district's general obligation bond debt service. Property taxes collected are apportioned by each county according to purpose and taxing agency as prescribed by State law to that county and all school districts, special districts, cities and other agencies within that county with property tax levies. The amounts apportioned specifically for payment of school district general obligation bonds are retained by the county, and used to make the debt service payments on those bonds on behalf of the school district.

Assessed Valuation

All non-exempt property is assessed using full cash value as defined by Article XIIIA of the California Constitution (the "Constitution"). State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, provided that the owner files and qualifies for such exemption. The State is required to reimburse local agencies for the value of taxes on the exempt $7,000. State law also provides exemptions from *ad valorem* property taxation for certain classes of property based on ownership or use, such as household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories and real property used for religious, non-profit hospital, scientific and charitable purposes; the State does not reimburse local agencies for any tax not levied due to these exemptions. State and federal government property also is not taxed, nor is local government property located within the jurisdiction of that local government.

For assessment and collection purposes, property is classified as either "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 other property having a tax lien on real property which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all other taxable property. Unsecured property is assessed on the "unsecured roll." Pursuant to State law, every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer. Valuation of secured property and a statutory tax lien is established as of January 1 prior to the tax year (the tax year is from July 1 through June 30) of the related tax levy, and the secured and unsecured tax rolls are certified on or before July 1 of the tax year by the County Assessor. New property and improvements are assessed and added to a "supplemental" roll during the year acquired or when improvements are completed, and such property is taxed at the secured or unsecured rate then in effect, as appropriate, for the remaining portion of that year. The next year and thereafter such assets are assessed on the regular tax rolls.

Future growth in assessed valuation allowed under Article XIIIA is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

See **"DISTRICT TAX BASE INFORMATION"** herein for a history of assessed valuation and a list of the largest secured tax payers for the current tax year within the District.

State-Assessed Utility Property

The Constitution provides that the State Board of Equalization (the "SBE") rather than counties assess certain property owned or used by regulated utilities. Such property is grouped and assessed by the SBE as "going concern" operating units, which may cross local tax jurisdiction boundaries, rather than as individual parcels of real or personal property separately assessed. Such utility property is known as "unitary property."

The SBE assesses property at "fair market value," determined by various methods and formulae depending on the nature of the property, except that certain railroad property is assessed at a specified percentage of the fair market value determined by the SBE, in conformity with federal law. The SBE assesses values as of January 1 prior to the tax year of the related tax levy. Property tax on SBE-assessed property is then levied and collected by each county in the same manner as county assessed property, but at special county-wide tax rates, and distributed to each taxing agency within that county, subject to certain adjustments, according to the approximate percentage allocated to each taxing agency in the prior year.

Ongoing changes in the California electric utility industry structure and in the way in which components of that industry are regulated and owned, including the sale of electric generation assets to largely unregulated, non-utility companies, may cause property that had been assessed by the SBE to be assessed locally instead. A change in property status from assessment by the SBE to assessment locally or the reverse may result in a change in property tax revenue received by local agencies and an adjustment in *ad valorem* tax rates and debt capacity for any local agency general obligation bonds.

Tax Levies, Collections and Delinquencies

Secured property tax rates are set annually by the first business day of September for the levy of property taxes in that tax year. The levy is payable in two equal installments due November 1 and February 1, and payments become delinquent if not postmarked or paid by end of the business day on December 10 and April 10, respectively. Taxes on unsecured property (personal property and leasehold interests) are levied at the preceding fiscal year's secured tax rate and have a due date set by each county effectively no earlier than July 1 and no later than July 31 of each year. Taxes on unsecured property become delinquent if not postmarked or paid by end of business day on August 31, or if added to the unsecured roll after July 31, become delinquent at the end of the month succeeding the month of enrollment.

A 10% penalty attaches to any delinquent payment for secured roll taxes, plus a charge of $10 if unpaid after April 10. In addition, property on the secured roll for which taxes are delinquent becomes tax-defaulted if not paid by June 30 of the same fiscal year. Such property may thereafter be redeemed by payment of (a) the delinquent taxes, (b) the 10% penalty, (c) the $10 charge, (d) an additional penalty of 1.5% per month from July 1 to the time of redemption and (e) a redemption fee of $15 per parcel, $5 of which goes to the State (collectively, the "Redemption Amount"). Properties may be redeemed under an installment plan of paying the Redemption Amount in five equal installments over a period of four years. A delinquent taxpayer may enter into the installment plan at any time up to the June 30 occurring five years after the property becomes tax defaulted. If taxes are unpaid five years after the property becomes tax defaulted or, if an installment plan is in place, at the end of an installment plan, the County can initiate a "power to sell" procedure for the County Tax Collector to sell the property at auction. Alternatively, in certain instances the County may institute a superior court action to foreclose the lien on delinquent property; if the lawsuit is successful, the delinquent property may be sold at a judicial foreclosure sale.

A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and after the last day of the second month after the 10% penalty attaches, an additional penalty of 1.5% per month begins to accrue and a lien is recorded against the assessee. The taxing authority may collect delinquent unsecured personal property taxes by: (a) a civil action against the taxpayer; (b) filing a certificate of delinquency in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; and (c) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental roll taxes are due on the date the bill is mailed. If the tax bill is mailed within the months of July through October, the first installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on December 10 of the same year and the second installment shall become delinquent at 5

p.m., or the end of the business day, whichever is later, on April 10 of the next year; if the bill is mailed within the months of November through June, the first installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on the last day of the month following the month in which the bill is mailed and the second installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on the last day of the fourth calendar month following the date the first installment is delinquent. A 10% penalty attaches to any delinquent payment for supplemental roll taxes.

All tax due dates and delinquency dates become the next business day if they fall on a day that is not a business day.

Teeter Plan

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

The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county. The County does apply the Teeter Plan to secured tax levy collections for bonds. See **"DISTRICT TAX BASE INFORMATION — Secured Tax Charges and Delinquencies"** herein for a history of property tax collections and delinquencies in the District.

GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

The information in this section concerning funding procedures of K-12 school districts in the State is provided as supplementary information only. For specific financial information on the District, see ***"DISTRICT INFORMATION"*** *herein.*

State Funding of School Districts

Annual State apportionments of basic and equalization aid to K-12 school districts for general purposes are made according to a revenue limit per unit of average daily attendance ("A.D.A."). If a district's total revenue limit exceeds its property tax revenue, its annual State apportionments, subject to certain adjustments, amount to the difference between the revenue limit and a district's actual property tax receipts (after any redevelopment agency tax increment or other deductions or "shifts" that may be in effect under State law). A.D.A. is determined by school districts twice a year, in December ("First Period A.D.A.") and April ("Second Period A.D.A.").

The calculation of the amount of State apportionment a school district is entitled to receive each year is summarized as follows: first, the prior year Statewide revenue limit per A.D.A. is recalculated with certain adjustments for equalization and other factors; second, this adjusted prior year Statewide revenue limit per A.D.A. is inflated according to formulas based on the implicit price deflator for government goods and services and the Statewide average revenue limit per A.D.A. for each type of A.D.A., yielding the school district's current year "component" revenue limits per A.D.A.; third, the current year component revenue limits per A.D.A. are applied to the school district's A.D.A. for either the current or prior year, as the district elects; fourth, revenue limit adjustments known as "add-ons" are calculated for each school district if the school district qualifies for such add-ons (for example, add-ons to adjust for small school district size and providing meals for needy pupils, among others); and fifth, local property tax revenues are deducted from the total revenue limit calculated for each district to arrive at the amount of State apportionment each school district is entitled to for the current year.

The State revenue limit is calculated 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 A.D.A., and April 15 and June 30, both based on Second Period A.D.A. A.D.A. calculations are based on actual attendance and do not include excused absences. Revenue limit calculations are made by each school district, reviewed by the County Office of Education and submitted to the State Department of Education. The State Department of Education reviews the calculations for accuracy, determines the amount of State apportionment owed to each school district and notifies the State Controller to distribute the apportionments. The first calculation is 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 the fiscal year Annual Principal Apportionment, in essence a correction that is made in October of the next fiscal year.

See **"DISTRICT INFORMATION"** herein for the District's specific annual revenue limit per A.D.A.

Basic Aid Districts

In the event that a school district's property tax revenue exceeds its calculated revenue limit entitlement, that school district retains all of its property tax revenue, and State apportionments to that district are limited to the minimum "basic aid" amount of $120 per A.D.A. set forth in the Constitution. Currently the State allocates basic aid funding within categorical entitlements that would have been received in any event. Such districts are commonly known as "Basic Aid Districts." The District is not a Basic Aid district.

State Budget

The State budget approval process begins with the release to the State legislature by January 10th of the Governor's proposed budget for the following fiscal year. State fiscal years begin July 1st. In May, the Governor submits a revision of the proposed budget that reflects updated estimates of revenues and expenditures. After a series of public hearings and other steps in the legislative process, the budget must be approved by two-thirds vote in each house of the State legislature and submitted to the Governor. The Governor may reduce or eliminate any appropriation by line-item veto. Although the budget is required by the Constitution to be approved no later than June 15th, it often has not been approved until later.

While the Constitution in large part dictates the formulae for determining the allocation of State revenues to the K-12 education portion of the State budget pursuant to Propositions 98 and 111 and other provisions (see **"CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS"** herein), in the State budget process the Governor and State legislature still have significant leeway in deciding whether and by how much to exceed or reduce such

allocation in the actual funding of K-12 school districts, and to decide what funds will be general purpose or restricted purpose.

The 2007/08 Budget

On January 10, 2007, the proposed *Governor's 2007/08 Budget* was released, on May 14, 2007 the *May Budget Revision* was released and on August 24, 2007 the *2007/08 Budget Act* was enacted (together, the "2007/08 Budget"). The 2007/08 Budget for the State general fund for 2006/07 projects prior year resources available of $10.454 billion, revenue and transfers-in of $95.541 billion, for a total of $105.995 billion in resources; and for 2007/08 projects prior year resources available of $4.339 billion, revenue and transfers-in of $101.239 billion, for a total of $105.578 billion in resources. General fund expenditures are projected to be $101.656 billion for 2006/07 and $102.258 for 2007/08, with general fund ending balances of $4.339 billion and $3.320 billion, respectively, projected for these years.

The 2007/08 Budget reported Proposition 98 funding of K-12 education and college districts, including local property tax revenue, of $53.3 billion for 2005/06 and projected $55.4 billion for 2006/07 and $57.1 billion for 2007/08. Of these amounts, the State general fund provided $39.7 billion in 2005/06, $40.781 billion in 2006/07 and $41.492 billion in 2007/08; the difference from total Proposition 98 K-12 and college district funding was funded from local property tax revenue projected for each school district. Total Proposition 98 K-12 funding on a per A.D.A. basis was reported at $7,807 for 2005/06 and projected at $8,218 for 2006/07 and $8,564 for 2007/08. Total K-12 funding from all sources on a per A.D.A. basis was reported at $10,649 for 2005/06 and projected at $11,163 for 2006/07 and $11,541 for 2007/08.

The 2008/09 Budget

On January 10, 2008, the proposed *Governor's Budget for 2008/2009* was released, on May 14, 2008 the *May Budget Revision* was released and on September 23, 2008 the *2008/09 Budget Act* was signed (together, the "2008/09 Budget"), a balanced budget designed to address an otherwise anticipated State budget shortfall of $24.3 billion. A portion of the balancing of revenues and expenditures in the 2008/09 Budget depends on various measures that are not yet in State law, and the State Department of Finance has announced, since the enactment of the 2008/09 Budget Act, that State tax revenue is falling below the levels assumed in the 2008/09 Budget, to the extent of at least another $3 billion of revenue shortfall that needs to be addressed. It cannot be predicted what actions to cut expenditures or increase cash will taken in the future, including as soon as mid-year, or earlier, by the State to respond to its own financial requirements and changes in economic conditions, and to what extent, if any, a reduction in K-12 education funding will be a result.

The 2008/09 Budget for the State general fund for 2007/08 projects prior year resources available of $4.305 billion, revenue and transfers-in of $103.027 billion, for a total of $107.332 billion in resources; and for 2008/09 projects prior year resources available of $3.999 billion, revenue and transfers-in of $101.991 billion, for a total of $105.990 billion in resources. General fund expenditures are projected to be $103.333 billion for 2007/08 and $103.401 for 2008/09, with general fund ending balances of $3.999 billion and $2.589 billion, respectively.

The 2008/09 Budget reports Proposition 98 funding of K-12 and community college education, including local property tax revenue, of $55.2 billion for 2006/07 and projects $56.6 billion for 2007/08 and $58.1 billion for 2008/09. Of these amounts, the State general fund provides $41.4 billion in 2006/07, $41.5 billion in 2007/08 and $41.9 billion in 2008/09; the difference from total Proposition 98 funding is funded from local property tax revenue projected for each school district, including, in 2008/09, a State-wide total shift of $350 million of tax increment revenue from redevelopment agencies. The 2006/07 Budget included a 5.92% COLA for most school district and county office of education revenue limit apportionments, and assumed a 0.26% decline in A.D.A. statewide (the 2006/07 decline estimate is revised to 0.09% in the 2007/08 Budget). The 2007/08 Budget included a 4.53% COLA for most school district and county office of education revenue

limit apportionments, and assumed a 0.48% decline in A.D.A. statewide (revised to a 0.101% decline in the 2008/09 Budget). The 2008/09 budget includes a funded COLA of 0.68% (statutory COLA of 5.66% less deficit of 4.98%) for most school district and county office of education revenue limit apportionments, and assumes a 0.521% decline in A.D.A. statewide. The 2008/09 Budget reports total Proposition 98 K-12 funding on a per A.D.A. basis at $8,279 for 2006/07 and assumes $8,509 for 2007/08 and $8,610 for 2008/09. Total K-12 funding from all sources on a per A.D.A. basis is reported at $11,279 for 2006/07 and projected at $12,042 for 2007/08 and $12,152 for 2008/09.

State Funding of Schools Without A State Budget

On May 29, 2002, the Court of Appeal of the State of California for the Second Appellate District in *White v. Davis et al.* (combined with *Howard Jarvis Taxpayers Association et al. v. Westly* in appeal) held, among other things, that absent adoption of a budget bill or an emergency appropriation by the Legislature, the State Controller may disburse State funds authorized by (a) a continuing appropriation enacted by the Legislature, (b) a self-executing provision of the State constitution, including payment of certain funds for public schools under Article XVI, Section 8.5 of the constitution, and (c) mandate of federal law, such as prompt payment of minimum wage and overtime compensation mandated by the federal Fair Labor Standards Act and benefits under federal food stamp, foster care and adoption, child support and child welfare programs. The Court of Appeal specifically concluded that Article XVI, Section 8.0 does not constitute a self-executing authorization to disburse revenue limit apportionment to school districts; legislative appropriation is required for revenue limit disbursement. On May 1, 2003, the California Supreme Court in its decision in *White v. Davis et al.* granted review to two other matters and let these particular conclusions of the Court of Appeal stand without ruling on them.

During the 2003/04 State budget impasse, the State Controller announced that only "payments of prior year obligations, constitutional authorizations, federal mandates and continuous legislative appropriations would be made." The State Controller concluded that revenue limit apportionments to school districts, under provisions of the Education Code implementing Article XVI, Section 8 of the State constitution, are authorized as continuous legislative appropriations, so disbursed these funds without a budget bill or emergency appropriation enacted. The State Controller did not disburse certain categorical and other funds to school districts until the *2003/04 Budget Act* was enacted.

State Funding of School Construction

The State makes funding for school facility construction and modernization available to K-12 districts throughout the State through the Office of Public School Construction ("OPSC") and the State Allocation Board ("SAB"), from proceeds of State general obligation bonds authorized and issued for this purpose. Such bonds were authorized in the amount of $13.05 billion, $11.40 billion of which were for K-12 school facilities and $1.65 billion of which were for higher education facilities, on November 5, 2002 under Proposition 47, passed by 58.9% of the State-wide vote. An additional bond measure for education capital projects was approved on March 2, 2004 under Proposition 55, passed by 50.6% of the State-wide vote, in an authorization amount of $12.3 billion, $10.0 billion of which is for K-12 school facilities and $2.3 billion of which is for higher education facilities. A State general obligation bond measure that includes $7.329 billion for construction, modernization and related purposes for K-12 school districts was approved by a majority of voters in the November 7, 2006 State-wide election.

The SAB allocates bond funds for 50% of approved new construction costs, 60% of approved modernization costs (80% for modernization project applications made prior to February 1, 2002), or up to 100% of approved costs of any type if the school district is approved for "hardship" funding. The school district is responsible for the portion of costs not funded by the State, commonly funding their portion with their

own general obligation bonds, certificates of participation or accumulated builder's fee revenue. School districts routinely apply for such funding whenever they have projects they believe meet OPSC and SAB criteria for funding.

State Retirement Programs

School districts participate in the State of California Teachers Retirement System ("STRS"). STRS covers all full-time and most part-time employees with teaching certificates. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools. School districts also participate in the State of California Public Employees Retirement System ("PERS"). PERS covers all classified personnel, generally those employees without teaching certificates, who are employed at least four hours per day. In order to receive PERS benefits, an employee must be at least 50 years old and have had five years of covered PERS service as a public employee.

Contribution rates to PERS varies with changes in actuarial assumptions and other factors, such as changes in benefits and investment performance, and are set by a State retirement board for PERS. The contribution rates are set by statute for STRS at a constant 8.25% of salary. STRS has a substantial State-wide unfunded liability. Under current law, the liability is the responsibility of the State and not of individual school districts. See **"DISTRICT INFORMATION"** herein for information regarding the District's contributions to these retirement systems.

County Office of Education

In each county there is a county superintendent of schools (the "County Superintendent") and a county board of education. The Office of the County Superintendent, frequently known as the "County Office of Education" (the "County Office" herein) in each county provides the staff and organization that carries out the activities and policies of the County Superintendent and county board of education for that county.

County Offices provide instructional and support services to school districts within their counties, and various State mandated services county-wide, particularly in special education and juvenile court education services. County Office business services departments act as a control point for a variety of information, including pupil data collection, attendance accounting, teacher credential registration, payroll accounting, retirement and tax information and school district budgets, and also report such information to the State Department of Education. All school district budgets must be approved by their County Office and each district must provide its County Office with scheduled interim reports throughout the fiscal year. County Offices also act as enforcement entities which intervene in district fiscal matters should a district fail to meet State budget and reporting criteria.

The District is under the jurisdiction of, and is served by, the County Office for Contra Costa County.

School District Budget Process

School districts are required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. School districts' annual general fund expenditures are characterized in large part by multi-year expenditure commitments such as union contracts. Year-to-year fluctuations in State and local funding of school district general funds could result in revenue decreases which, if large enough, may not easily be offset by an equal reduction in expenditures until at least the following fiscal year. School districts are required by State law to maintain general fund reserves which can be drawn upon in

the event of a resulting excess of expenditures over revenues for a given fiscal 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 budget must be submitted to the County Superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the County Superintendent, or as needed. Under either procedure, the school board must revise its adopted budget within 45 days after the Governor signs the State budget act to reflect any changes in budgeted revenues or expenditures made necessary by the adoption of the State's budget.

For both dual and single budgets submitted on July 1, the County Superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations and is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the County Superintendent will approve or disapprove the adopted budget for each school district. Pursuant to State law, the county superintendent 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.

Subsequent to approval, the County Superintendent throughout the fiscal year is authorized to monitor each school district under his or her jurisdiction pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If a County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and the County Superintendent may 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 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 may not abrogate any provision of any collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

At minimum, school districts are required by statute to file with their County Superintendent and the State Department of Education a First Interim Financial Report by December 15th covering financial operations from July 1 through October 31st, and a Second Interim Financial Report by March 15th covering financial operations from November 1 through January 31st. 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 by June 1st covering financial operations from February 1st through April 30th. If not required, a Third Interim Financial Report generally is not prepared (though may be at the election of the district). 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.

After the close of the fiscal year, an unaudited financial report for the fiscal year is prepared and filed without certification with the County Superintendent and the State Department of Education.

Temporary Inter-fund Borrowing

The Education Code generally authorizes a school district to temporarily transfer cash from a specific purpose fund to any other district fund by district board action, including transfer of cash from proceeds of general obligation bonds; *provided that*, (a) the transferred cash is repaid to the original fund within the same fiscal year or (b), if transferred within the final 120 days of a fiscal year, then repaid to the original fund within the following fiscal year. However, depending on the circumstances of a particular such transfer, other State law, grant or contractual restrictions, or in the case of proceeds of tax-exempt obligations, federal tax law, may apply and may further restrict the use of such cash.

Accounting Practices

The accounting policies of California school districts conform to generally accepted accounting principles, as modified in accordance with policies and procedures of the California School Accounting Manual. This manual, pursuant to Section 41010 of the Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred. See also **"Notes to Financial Statements - Note 1"** in **"APPENDIX A"** herein for further discussion of applicable accounting policies.

County Investment Pool

In accordance with Education Code Section 41001, each California public school district maintains substantially all of its operating funds in the county treasury of the county in which it is located, and each county treasurer or finance director serves as *ex officio* treasurer for those school districts located within the county. Each county treasurer or finance director has the authority to invest school district funds held in the county treasury. Generally, the county treasurer or finance director 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 treasurer is required to invest funds, including those pooled funds described above, in accordance with Government Code Sections 53601 *et seq.* In addition, each county treasurer is required to establish an investment policy which may impose further limitations beyond those required by the Government Code. A copy of the County investment policy and periodic reports on the County investment pool are available from the County Treasurer-Tax Collector, Contra Costa County, 625 Court Street, Finance Building, Room 100, Martinez, CA 94553, telephone (925) 957-5280. It is not intended that such information be incorporated into this Official Statement by such references. Certain information concerning the County's pooled investment portfolio as of June 30, 2008, is included herein in **"APPENDIX D — CONTRA COSTA COUNTY INVESTMENT POLICY AND INVESTMENT POOL AS OF JUNE 30, 2008"**.

THE DISTRICT

Introduction

The San Ramon Valley Unified School District was unified in 1965 with the combining of the elementary and high school districts then in existence in the area of the current District boundaries. The District is located in southern Contra Costa County, California, east and inland from San Francisco Bay. The District occupies an area of approximately 104 square miles. It provides educational services to residents of the City of San Ramon, Town of Danville and a small portion of the Cities of Pleasanton and Walnut Creek, plus a significant portion of unincorporated area, including the communities of Alamo, Blackhawk, Diablo and Dougherty Valley.

The District operates twenty elementary schools, seven middle schools, four comprehensive high schools, one continuation high school and one independent study school. These schools and additional facilities comprise a total of approximately 3,000,000 square feet of building area.

The 2008/09 pupil-teacher ratios are as follows:

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Pupil - Teacher Ratios

Grade	Ratio
K through 3	20 to 1
4 and 5	30 to 1
6 through 8	29 to 1
9 through 12	28 to 1

Source: San Ramon Valley Unified School District.

The District is governed by a Board of Education consisting of five members. Members are elected to four-year terms in alternate slates. The day-to-day operations are managed by a Board-appointed Superintendent of Schools. Mr. Steven Enoch was appointed Superintendent as of July 1, 2008.

Average Daily Attendance and Revenue Limit

The following table reflects historical and estimated average daily attendance for the District. A.D.A. calculations are based on actual attendance.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Average Daily Attendance Annual Report (P-2)

Academic Year	Average Daily Attendance[a]
2004/05	22,147
2005/06	23,090
2006/07	23,921
2007/08	25,170
2008/09[b]	25,499

[a] Includes K-12, special education, continuation education, home and hospital/other; excludes Adult Education.
[b] Estimated.

Source: San Ramon Valley Unified School District.

The District is not a Basic Aid District. The District's annual revenue limit per A.D.A. was $5,770.69 per A.D.A. for 2007/08, and is projected to be $6,099.69 per A.D.A. for 2008/09. See **"GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — State Funding of Education"** herein for an explanation of revenue limit funding.

Labor Relations

The District employs 1,479 full-time equivalent certificated and 799 full-time equivalent classified employees. There are four formal bargaining organizations operating in the District which are described in the table below. Presently, certain supervisors and management employees, an aggregate total of 112 full-time equivalent, are not represented by an exclusive bargaining agent. Salaries and benefits for supervisors, management and confidential employees are determined through an informal process of "meet and confer" with representatives from each of these classifications.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Labor Relations

Labor Organization	Number of Employees	Contract Expiration Date[a]
San Ramon Valley Education Association	1,397	June 30, 2008
California School Employees Association Unit II	281	June 30, 2010
California School Employees Association Unit III	293	June 30, 2010
Service Employees International Union	176	June 30, 2010
Total	2,147	

[a] All contracts are subject to annual reopeners.

Source: San Ramon Valley Unified School District.

Retirement Programs

The District contribution to STRS for fiscal year 2007/08 was $8,667,626 and in fiscal year 2008/09 is estimated to be $8,479,037. The District contribution to PERS for fiscal year 2007/08 was $2,803,993 and in fiscal year 2008/09 is estimated to be $2,904,186. See **"GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — Retirement Programs"** herein for further information on STRS and PERS.

Other Post-Employment Benefits

The District has negotiated retiree health benefits for eligible employees of all of its bargaining units except California School Employees Association Unit III, employees working less than 50% full-time and California School Employees Association Unit II employees hire on or after October 1, 2002. In general, eligibility requires retirement from PERS or STRS on or after age 55 with at least 10 years of District eligible service.

The District also provides retiree health benefits for eligible management and confidential hired before July 1, 2004. The District contribution for these eligible retirees varies by date of hire and date of retirement.

On June 30, 2007, 507 retirees, 37 management personnel and 470 bargaining unit members were beneficiaries of District retiree benefits. In fiscal year 2007/08 the District paid $2,099,991 in post employment benefits and has budgeted $2,147,266 for fiscal year 2008/09.

The Eppler Company has delivered to the District an actuarial study, dated November, 2007, concluding that, as of July 1, 2007, the amount of actuarial accrued liability for the District's post-employment health care benefits is approximately $53.4 million over the next 20 years, based on a variety of assumptions that are subject to change. According to the study, if the District had begun fully funding this actuarial accrued liability as of July 1, 2007, the annual required contribution of 2007/08 would need to be approximately $3.7 million instead of the actual $2.7 million, a difference of approximately $million. While the District's audited financial statements will be required (under GASB 45) to calculate actuarial accrued liability and certain other related data for post-employment benefits as a matter of financial reporting in the future, there is no requirement that the District change actual funding from its present 20 year projected benefit payments to the GASB required contribution basis.

Comparative Financial Statements, *Unaudited Actuals* and Budget

The following table reflects the District's general fund revenues, expenditures and fund balances from fiscal year 2004/05 through fiscal year 2008/09. Under GASB 34, line item data presented in audited financial statements no longer is comparable with line item data presented in the operating and accounting systems used by California school districts as directed by the State Department of Education, including the annual *Unaudited Actuals* financial reports, budgets and interim reports prepared by the District and reported to the County Office. For comparability on the same basis of presentation in the following table, all data is as shown in the District's *Unaudited Actuals* financial reports to the County Office for the years 2004/05 through 2007/08, respectively, with the ending balance adjusted to conform with the audited financial report for the same year where necessary. The 2008/09 budgeted numbers are as shown in the *2007-2008 Unaudited Actuals*. The District has a parcel tax program, the revenues and expenditures of which for audit purposes are accounted for within the general fund by District auditors and are included in the table; see **"Parcel Taxes"** on the next page for further detail on District parcel taxes. See **"APPENDIX A"** for further detail on the composition of the June 30, 2007 ending balance.

The District's *Interim Reports* for 2007/08 are certified "positive" and its *2008-2009 Adopted Budget* was approved without exception by the County Office.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
General Fund Revenues, Expenditures and Fund Balance

	2004/05[a]	2005/06[b]	2006/07[c]	2007/08[d]	Projected 2008/09[d]
REVENUES					
Revenue Limit Sources:					
State Apportionment	$26,565,711	$27,045,382	$27,965,100	$34,402,171	$34,553,204
Local Sources	81,106,066	91,368,591	105,131,311	111,513,257	113,669,377
Total Revenue Limit Sources	107,671,776	118,413,973	133,096,411	145,915,428	148,222,581
Federal Revenues	3,845,777	3,983,604	3,869,943	4,322,744	4,582,678
Other State Revenues	18,356,368	20,772,877	28,264,716	39,438,417	37,981,284
Other Local Revenues	25,259,997	28,815,926	31,756,421	22,861,361	21,240,220
TOTAL REVENUES	155,133,918	171,986,381	196,987,492	212,537,950	212,026,763
EXPENDITURES					
Salaries:					
Certificated Salaries	76,315,076	85,232,462	97,675,952	105,318,125	106,916,136
Classified Salaries	22,794,392	25,361,726	29,472,782	32,374,756	33,521,629
Employee Benefits	27,837,583	31,021,010	34,642,082	39,053,040	42,130,867
Books and Supplies	7,751,449	7,404,316	9,884,415	8,765,088	8,986,802
Services and Other Operating Expenditures	13,801,478	16,299,531	18,129,486	20,730,199	20,228,459
Capital Outlay	630,826	1,047,363	989,459	716,836	311,554
Other Outgo	23,178	77,146	229,761	1,807,731	1,759,894
Direct Support and Indirect Costs	(208,505)	(229,152)	(224,521)	(233,122)	(247,455)
TOTAL EXPENDITURES	148,945,477	166,214,402	190,799,416	208,532,654	213,607,886
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	84,000	14,435	380,411	0	0
Operating Transfers Out	(2,544,515)	(1,432,774)	(1,697,795)	(1,506,772)	(1,369,204)
Other Sources (Uses)	199,822	689,773	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(2,260,693)	(728,566)	(1,317,384)	(1,506,772)	(1,369,204)
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,927,748	5,043,413	4,870,692	2,498,524	(2,950,327)
ADJUSTMENTS	0	(291,843)	0	0	0
FUND BALANCE JUNE 30 PRIOR YEAR	11,594,116	15,521,864	20,273,434	25,144,126	27,642,650
FUND BALANCE JUNE 30	$15,521,864	$20,273,434	$25,144,126	$27,642,650	$24,692,323

[a] District *2004/05 Un-Audited Actuals Financial Report*, September 13, 2005. June 30, 2005 ending balance agrees with June 30, 2005 audited financial statements.
[b] District *2005/06 Un-Audited Actuals Financial Report*, September 14, 2006. June 30, 2006 ending balance adjusted to agree with June 30, 2006 audited financial statements.
[c] District *2006/07 Un-Audited Actuals Financial Report*, September 11, 2007. June 30, 2007 ending balance agrees with June 30, 2007 audited financial statements; see APPENDIX A.
[d] District *2007/08 Un-Audited Actuals Financial Reports*, September 9, 2008.

Sources: San Ramon Valley Unified School District

Parcel Taxes

In April, 2004, over two-thirds of the voters of the District approved a qualified special tax of not more than $90.00 per parcel for five years, ending June 30, 2009. An exemption is provided to parcels owned and occupied by taxpayers aged 65 and older, upon proper application. In 2007-08, the District received $4,158,970

in parcel tax revenues, and expects to receive $4,167,687 in 2008-09. Parcel tax revenue is accounted for as "Other Local Revenue" in the District's general fund. The qualified special tax measure dictates that the parcel tax revenue may be used to retain teachers and other employees, retain class size reduction and maintain music, library and counseling programs.

See **"CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Articles XIIIC and XIIID"** regarding the potential impact of Article XIIIC on the District's ability to levy and collect the parcel taxes.

Audit

Basic Financial Statements with Management's Discussion and Analysis and Independent Auditors Report and certain Supplementary Information for the year ended June 30, 2007 are included in **APPENDIX A** herein. The June 30, 2007 audited financial statements had an unqualified audit opinion and no findings. The District considers its audited financial statements to be documents of public record. The District has not requested its auditors, Vavrinek, Trine, Day & Co., LLP, to review this Official Statement, nor have they done so.

Other District Funds

The District maintains certain segregated funds outside its general fund not pledged to the payment of the Notes. The Special Reserve Fund for Other Than Capital Outlay serves as the "reserve for economic uncertainty" mandated by the State and may be accessed for general fund purposes without restriction or pay back requirement (other than the requirement to budget sufficiently to meet the reserve for economic uncertainty requirement each year). Certain other District funds could, if need be and to the extent monies are available therein, be accessed on a temporary basis through District Board of Education action and must be repaid within the fiscal year borrowed, or in the following fiscal year under certain circumstances. Such funds with significant ending balances are the District's internal service, building, deferred maintenance and capital facilities funds, the unaudited and projected ending fund balances for which are shown below for fiscal years 2006/07 through 2008/09:

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Other District Funds
Year End Fund Balance

	Audited 2006/07	Unaudited 2007/08	Projected 2008/09
Internal Service	$1,047,717	$873,606	$599,517
Building	113,961,198	65,489,486	9,818,084
Deferred Maintenance	1,096,697	1,302,444	1,302,444
Capital Facilities	5,830,426	6,112,736	4,629,236
Special Reserve for Other Than Capital Outlay	3,733,994	3,906,697	4,056,697

Source: San Ramon Valley Unified School District.

2008/09 Budget Assumptions

The 2008/09 budget numbers shown herein in the comparative financial table above and the 2008/09 cash flows that follow are both based on the *2007/08 Un-Audited Actuals Financial Reports* of the District, which includes 2008/09 budget numbers, plus certain subsequent updates.

The largest part of school district general fund revenue is received from revenue limit sources. Each school district calculates its own revenue limit per unit of average daily attendance ("A.D.A.") according to State formula. For a non Basic Aid District, the revenue limit defines the fixed amount of general purpose revenue a school district may receive from the combination of local property taxes (the district's share of the basic one percent levy under Proposition XIII collected within the boundaries of the district) and State aid (an amount equal to the difference between the revenue limit and the amount of local property taxes received by the district). Changes in revenue limit income received from year to year is generally based on the cost of living adjustment ("COLA") provided by the State and the year to year growth in A.D.A.

For 2008/09, the District projects that it will receive $148,222,581 in revenue limit income, or approximately 69.9% of its general fund revenues. This amount represents an increase of 1.6% over the $145,915,428 that it received in 2007/08. This increase reflects an assumed COLA of 5.70%, a revenue limit deficit of 5.36%, and K-12 revenue limit A.D.A. for funding increasing to 25,529 from 25,201.

The largest part of each school district's general fund expenditures are used to pay certificated and classified salaries and employee benefits. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

For 2008/09, the District projects that it will expend $182,568,632 in salaries and benefits, or approximately 85.5% of its general fund expenditures. This amount represents an increase of 3.3% over the $176,745,921 that it spent in 2007/08. This increase reflects increased staffing for class size reduction, step and column increases for certificated and classified employees and salary settlement with employees represented by the San Ramon Valley Federation of Teachers.

Cash Flows

The District's general fund expenditures tend to be heaviest in the middle and end of the school year and lightest during the summer months. Receipts have followed an uneven pattern, primarily because property and parcel tax installment payment dates are in December and April. Because the District's Special Reserve Fund for Other Than Capital Outlay serves to hold a portion of the State required "reserve for economic uncertainty", the cash flows shown herein are combined General Fund and Special Reserve Fund for Other Than Capital Outlay. Other than some interest earnings, in 2006/07, its first year, and 2007/08 the Special Fund for Other Than Capital Outlay has been funded through transfers out from the General Fund, which transfers are not shown in this combined presentation.

Exhibit I on the next page shows fiscal year 2007/08 actual net cash receipts and disbursements through June 30, 2008. Exhibit II on the next page shows cash receipts and disbursements for fiscal year 2008/09 when the Notes will be outstanding; July and August numbers are actual, and the remaining months are projected. The 2008/09 monthly receipts and disbursements take the amount of expected receipt and payment of the Notes into consideration.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
2008 TAX AND REVENUE ANTICIPATION NOTES
GENERAL FUND

EXHIBIT I
2007/2008 Cash Flows (Actual)

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL
BEGINNING BALANCE	$22,175,781	$23,042,408	$6,432,249	$608,323	$0	$0	$33,849,331	$18,998,257	$11,374,123	$6,601,783	$40,234,732	$22,404,538	$22,175,781
RECEIPTS:													
PROPERTY TAXES	0	0	3,146,618	25,588	0	51,538,551	6,011,255	0	0	43,331,433	0	9,422,318	113,475,763
STATE AID	1,649,507	5,867,346	2,190,132	2,206,813	2,206,713	2,205,763	2,207,158	3,279,611	1,677,633	1,677,091	1,683,469	5,588,429	32,439,665
OTHER RECEIPTS	7,009,725	2,680,377	5,992,787	15,910,292	15,066,252	4,937,110	6,393,173	6,263,810	11,282,792	6,932,843	2,678,300	11,827,817	96,975,278
TOTAL RECEIPTS	8,659,232	8,547,723	11,329,537	18,142,693	17,272,965	58,681,424	14,611,586	9,543,421	12,960,425	51,941,367	4,361,769	26,838,564	242,890,706
DISBURSEMENTS:													
SALARIES/BENEFITS	3,499,344	15,179,663	14,688,854	15,072,768	15,042,751	4,163,321	26,208,254	15,118,031	15,480,716	15,397,196	20,149,486	16,745,536	176,745,920
OTHER DISBURSEMENTS	4,293,261	9,978,219	2,464,609	3,678,248	2,230,214	20,668,772	3,254,406	2,049,524	2,252,049	2,911,222	2,042,477	15,663,823	71,486,824
TOTAL DISBURSEMENTS	7,792,605	25,157,882	17,153,463	18,751,016	17,272,965	24,832,093	29,462,660	17,167,555	17,732,765	18,308,418	22,191,963	32,409,359	248,232,744
ENDING BALANCE	$23,042,408	$6,432,249	$608,323	$0	$0	$33,849,331	$18,998,257	$11,374,123	$6,601,783	$40,234,732	$22,404,538	$16,833,743	$16,833,743

EXHIBIT II
2008/2009 Cash Flows (Projected)

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL
BEGINNING BALANCE	$16,833,743	$15,983,992	$1,218,961	$0	$0	$761,578	$51,908,260	$31,713,473	$25,186,702	$16,148,803	$39,832,449	$25,043,394	$16,833,743
RECEIPTS:													
PROPERTY TAXES	0	0	355,178	2,817,028	0	51,445,985	6,097,926	0	0	43,337,329	0	9,422,318	113,475,764
STATE AID	324,720	3,822,104	4,164,392	1,474,793	2,318,770	2,317,606	2,319,316	3,693,230	3,694,748	7,297,611	3,701,902	100,700	35,229,892
OTHER RECEIPTS	7,239,099	5,018,248	13,013,995	17,261,754	2,425,240	5,605,260	7,311,650	7,475,411	5,187,535	9,592,909	2,854,869	1,458,691	84,444,661
NOTE PROCEEDS	0	0	0	0	25,473,655	0	0	0	0	0	0	0	25,473,655
TOTAL RECEIPTS	7,563,819	8,840,352	17,533,565	21,553,575	30,217,665	59,368,851	15,728,892	11,168,641	8,882,283	60,227,849	6,556,771	10,981,709	258,623,972
DISBURSEMENTS:													
SALARIES/BENEFITS	3,690,900	16,113,578	15,878,298	16,094,708	16,073,937	5,711,440	26,545,804	15,980,401	15,989,270	15,935,090	18,846,834	16,575,253	183,435,513
OTHER DISBURSEMENTS	4,722,670	7,491,805	2,874,228	5,458,867	13,382,150	2,510,729	3,127,875	1,715,011	1,930,912	1,859,113	1,688,749	2,052,587	48,814,696
NOTE PAYMENT PLEDGE	0	0	0	0	0	0	6,250,000	0	0	18,750,000	810,243	0	25,810,243
TOTAL DISBURSEMENTS	8,413,570	23,605,383	18,752,526	21,553,575	29,456,087	8,222,169	35,923,679	17,695,412	17,920,182	36,544,203	21,345,826	18,627,840	258,060,452
ENDING BALANCE	$15,983,992	$1,218,961	$0	$0	$761,578	$51,908,260	$31,713,473	$25,186,702	$16,148,803	$39,832,449	$25,043,394	$17,397,263	$17,397,263

Source: The District.

Note Net Coverage Ratio

Projected Unrestricted Moneys available as of June 30, 2009 in the District's General Fund and Special Reserve Fund for Other Than Capital Outlay for payment of the Notes, and the Note Net Coverage Ratio, are shown below; see also **"THE NOTES — Security and Sources of Payment"** herein.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Projected Unrestricted Moneys and Note Net Coverage Ratio
Fiscal Year 2008/09

Source	Amount
Cash Balance, July 1, 2008	$16,833,743
Property Tax	113,475,764
State Aid	35,229,892
Other Receipts	84,444,661
Proceeds of the Notes	25,473,655
TOTAL UNRESTRICTED MONEYS	275,457,715
DISBURSEMENTS (Less Note Payments)	(232,250,209)
NET AVAILABLE FOR NOTE PAYMENT	$43,207,506
PRINCIPAL PLUS INTEREST NEEDED	$25,810,243
ESTIMATED NOTES COVERAGE RATIO	1.67 to one

Source: San Ramon Valley Unified School District.

District Debt

Short-term Obligations

The District has no outstanding short-term obligations.

General Obligation Bonds

As of June 30, 2008, the principal or denominational amounts of District general obligation bonds outstanding, all payable from *ad valorem* property taxes levied and collected within the District by the County, will be as follows:

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Outstanding General Obligation Bonds
As of June 30, 2008

Date of Issue	Series	Amount of Original Issue	Outstanding as of June 30, 2008
July 9, 1998	General Obligation Bonds, Election of 1998, Series A	$70,000,000.00	$41,364,032.65
March 20, 2003	General Obligation Bonds, Election of 2002, Series 2003	72,000,000.00	62,425,000.00
October 28, 2004	General Obligation Bonds, Election of 2002, Series 2004	100,000,000.00	100,000,000.00
August 2, 2006	General Obligation Bonds, Election of 2002, Series 2006	88,000,000.00	88,000,000.00
			$291,789,032.65

As of June 30, 2008, the remaining debt service on District general obligation bonds outstanding, all payable from *ad valorem* property taxes levied and collected within the District by the County, will be as follows:

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Outstanding General Obligation Bond Remaining Debt Service
As of June 30, 2008

Fiscal Years	Principal or Denominational Amount	Interest	Total
2008/09	$4,840,451.50	$14,894,513.50	$19,734,965.00
2009/10	4,665,235.95	15,102,979.05	19,768,215.00
2010/11	5,821,053.50	15,497,486.50	21,318,540.00
2011/12	6,949,039.60	15,747,050.40	22,696,090.00
2012/13	7,808,355.90	15,967,896.60	23,776,252.50
2013/14 - 2017/18	60,933,411.35	81,081,263.65	142,014,675.00
2018/19 - 2022/23	80,766,484.85	47,074,690.15	127,841,175.00
2023/24 - 2027/28	89,865,000.00	19,594,205.00	109,459,205.00
2028/29 - 2031/32	30,140,000.00	2,372,750.00	32,512,750.00
	$291,789,032.65	$227,332,834.85	$519,121,867.50

See also **"Notes to Financial Statements - Note 8"** in the District's Basic Financial Statements as of June 30, 2007 in **"APPENDIX A"** for further description of long-term obligations of the District.

Availability of Documents

Additional public documents will be made available upon request through the Business Services Department of the District. Such public documents include periodic financial reports such as interim reports, approved budget and audited financial statements. See **"INTRODUCTION — Other Information"** herein for contact information

DISTRICT TAX BASE INFORMATION

This section presents certain information concerning the property tax base in the District. For general information on how ad valorem *property tax is assessed, levied and collected, see* **"AD VALOREM *PROPERTY TAXATION*"** *herein.*

Assessed Valuation

The following table represents the five-year history of assessed valuation in the District. See "***AD VALOREM*** **PROPERTY TAXATION — Assessed Valuation"** herein for further information on assessed valuation.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Assessed Valuation

Fiscal Year	Local Secured	Utilities	Unsecured	Total
2004/05	$24,481,694,419	$381,584	$458,881,022	$24,940,957,025
2005/06	27,477,540,099	488,365	447,158,445	27,925,186,909
2006/07	30,951,805,499	801,750	503,065,924	31,455,673,173
2007/08	33,490,205,068	488,449	537,016,253	34,027,709,770
2008/09	34,803,049,136	488,449	566,872,339	35,370,409,924

Source: California Municipal Statistics, Inc.

Secured Tax Charges and Delinquencies

The following table reflects the historical secured tax levy for bond debt service and year-end delinquencies for the District.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies

Fiscal Year	Secured Tax Charge[a]	Amount Delinquent as of June 30	Percent Delinquent June 30
2003/04	$274,728,841.14	$2,753,472.87	1.00%
2004/05	305,290,015.80	2,916,621.47	0.96
2005/06	342,602,285.41	3,848,133.74	1.12
2006/07	385,789,755.66	6,994,145.87	1.81
2007/08	417,236,061.41	12,641,065.85	3.03

[a] All taxes collected by the County within the District.

Source: California Municipal Statistics, Inc.

Under the Teeter plan, the County funds the District its full tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments, when the late taxes are collected. The County includes the District's general purpose secured property tax levy under the Teeter Plan, but *does not* include the *ad valorem* tax levy for the District's general obligation bonds. See "***AD VALOREM* PROPERTY TAXATION — Teeter Plan**" herein.

Tax Rates

The following is a summary of tax rates for a representative tax rate area, TRA 16-002, within the District. See "***AD VALOREM* PROPERTY TAXATION**" for further information on establishing tax rates.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Summary of Tax Rates
TRA 16-002

	2004/05 Tax Rate	2005/06 Tax Rate	2006/07 Tax Rate	2007/08 Tax Rate	2008/09 Tax Rate
County-wide Rate [a]	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Bay Area Rapid Transit	0.0000	0.0048	0.0050	0.0076	0.0090
East Bay Regional Park	0.0057	0.0057	0.0085	0.0080	0.0100
San Ramon Valley Unified School District	0.0517	0.0514	0.0533	0.0517	0.0519
Contra Costa Community College District	0.0042	0.0047	0.0043	0.0108	0.0066
Total Tax Rates	1.0616%	1.0666%	1.0711%	1.0781%	1.0775%

[a] Maximum rate for purposes other than paying debt service in accordance with Article XIIIA of the Constitution.

Source: California Municipal Statistics, Inc..

Largest Taxpayers

The twenty largest taxpayers in the District, as shown on the 2008/09 secured tax roll, and the amounts of their assessed valuation for all taxing jurisdictions within the District, are shown below.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Largest Taxpayers

Property Owner	Product/Service	2008/09 Assessed Valuation	Percent of Total[a]
Shapell Industries Inc.	Residential Properties	$614,566,743	1.77%
Chevron USA Inc.	Office Building	380,116,452	1.09
Sunset Land Company/Sunset Building Company LLC	Office Building	350,306,905	1.01
Essex Portfolio LP/Essex San Ramon Partners LP	Apartments	239,567,020	0.69
SDC 7	Office Building	153,732,978	0.44
Annabel Investment Co.	Office Building	149,351,179	0.43
Alexander Properties Co.	Office Building	91,304,179	0.26
Legacy III SR Crow Canyon LLC	Office Building	86,000,000	0.25
San Ramon Regional Medical Center	Hospital	65,038,136	0.19
San Ramon Reflections LLC	Apartments	53,075,996	0.15
BRE Properties Inc.	Apartments	53,075,996	0.15
Ardenwood Development Association	Residential Properties	49,866,279	0.14
Regency Centers LP	Shopping Center	49,670,451	0.14
VIF & ZKS Norris Tech Center LLC	Industrial	46,531,887	0.13
230 Alamo Plaza Inc.	Shopping Center	45,029,785	0.13
Centex Homes	Residential Properties	40,689,756	0.12
GMS Five LLC	Shopping Center	39,246,733	0.11
Toll Land XXII LP	Residential Properties	39,226,539	0.11
Pine Tree-Sau Gateway LLC	Shopping Center	35,651,046	0.10
Legacy Copper Ridge LLC	Residential Properties	34,749,950	0.10
TOTAL		$2,623,829,330	7.54

[a] 2008/09 Local Secured Assessed Valuation: $34,803,049,136

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated as of November 1, 2008. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. The first column lists local agencies with territory overlapping, at least in part, that of the District. The second column shows the portion of each overlapping entity's debt assignable within the boundaries of the District, and the third column shows the amount of that portion of the overlapping entity's existing debt. The total amount of debt for each overlapping entity is not given. The Debt Report also shows, at the top, the gross assessed valuation, less any redevelopment agency tax increment and the resulting net assessed valuation after deducting redevelopment

agency tax increment. *Ad valorem* tax levy rates for paying general obligation bonds are determined on the basis of gross assessed valuation; allocation of the basic 1% *ad valorem* tax levy to taxing agencies within a county is determined on the basis of the net assessed valuation after deducting redevelopment agency tax increment.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Debt

2008/09 Assessed Valuation:	$35,370,409,924	
Redevelopment Incremental Valuation:	1,178,137,491	
Adjusted Assessed Valuation:	$34,192,272,433	(preliminary)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Percent Applicable	Debt as of November1, 2008
Bay Area Rapid Transit District	7.757%	$ 34,236,295
Chabot-Las Positas Community College District	0.505	2,374,380
Contra Costa Community College District	23.592	41,533,716
San Ramon Valley Unified School District	100	286,948,581[b]
East Bay Regional Park District	11.270	14,295,995
Contra Costa County Community Facilities District No. 2001-1	100	6,480,000
Association of Bay Area Governments Community Facilities District No. 2004-2	100	28,525,000
Town of Danville 1915 Act Bonds	100	6,680,000
City of San Ramon 1915 Bonds	100	355,300
County and Special District 1915 Act Bonds (estimate)	2.781-100	113,029,769
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$534,459,036
OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	23.803	71,404,239
Contra Costa County Pension Obligations	23.803	117,345,220
Chabot-Las Positas Community College District Certificates of Participation	0.505	24,392
Contra Costa Community College District Certificates of Participation	23.592	261,871
Town of Danville Certificates of Participation	100	10,710,000
City of San Ramon Certificates of Participation	100	17,545,000
City of Walnut Creek General Fund Obligations	1.750	19,863
San Ramon Valley Fire Protection District Certificates of Participation	99.832	15,728,532
Contra Costa Fire Protection District Pension Obligations	0.348	429,658
TOTAL OVERLAPPING GENERAL FUND DEBT		$233,468,775
COMBINED TOTAL DEBT		$767,927,811[c]

[a] Based on 2007-08 ratios.
[b] Excludes tax and revenue anticipation notes to be sold.
[c] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Rations to 2008/09 Assessed Valuation:
Direct Debt ($286,948,581) 0.81%
Total Direct and Overlapping Tax and Assessment Debt 1.51%

Ratios to Adjusted Assessed Valuation:
Combined Total Debt 2.25%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: $0

Source: California Municipal Statistics, Inc.

ECONOMIC PROFILE

Introduction

The County is located on the east side of the San Francisco Bay, north and east of Alameda County, extending north to Solano County and east to San Joaquin County in the Central Valley. Major cities include Martinez and Concord in the north, Walnut Creek in the center and San Ramon in the south. Dougherty Valley, within the District, located east of the City of San Ramon, is a major high growth residential development area within the County, with a population expected to grow to 29,000 by 2015. The District is also the location of a large corporate office park known as Bishop Ranch. In addition to providing local employment, the communities within the District in significant part serve as bedroom communities for commuting to employment throughout the County, Alameda County and the rest of the San Francisco Bay area.

Population

The following table summarizes population figures for the City San Ramon, Town of Danville and for the County.

CITY OF SAN RAMON, TOWN OF DANVILLE AND CONTRA COSTA COUNTY
Population

Year	City of San Ramon	Town of Danville	Contra Costa County
2000	44,722	41,715	948,816
2001	45,973	42,787	966,857
2002	46,887	43,067	983,418
2003	47,120	43,269	996,211
2004	48,855	43,459	1,008,944
2005	51,027	43,273	1,020,898
2006	56,505	42,719	1,030,732
2007	57,766	42,457	1,037,580
2008	59,002	42,629	1,051,674

Source: Adjusted January 1 estimates, except 2000 is U.S. Census data, all as provided by the State Department of Finance.

Employment

The following table summarizes employment and unemployment in the Oakland-Fremont-Hayward Metropolitan Division, which includes Contra Costa County.

OAKLAND-FREMONT-HAYWARD METROPOLITAN DIVISION
Civilian Labor Force, Employment and Unemployment
Annual Averages

	2003	2004	2005	2006	2007
Civilian Labor Force[a]					
Employment	1,188,700	1,187,900	1,194,300	1,209,700	1,220,600
Unemployment	83,500	71,900	63,400	55,500	60,900
Total	1,272,200	1,259,800	1,257,700	1,265,200	1,281,500
Unemployment Rate[b]	6.6%	5.7%	5.0%	4.4%	4.8%

[a] Based on place of residence; March 2007 Benchmark.
[b] The unemployment rate is calculated using unrounded data.

Source: California Employment Development Department, Labor Market Information Division

The following table summarizes the historical numbers of workers in the Oakland-Fremont-Hayward Metropolitan Division, by industry.

OAKLAND-FREMONT-HAYWARD METROPOLITAN DIVISION
Estimated Number of Wage and Salary Workers by Industry[a]
(in thousands)

	2003	2004	2005	2006	2007
Agricultural	2,600	1,500	1,600	1,500	1,500
Natural Resources and Mining	900	1,200	1,100	1,200	1,200
Construction	67,100	69,800	72,800	73,500	72,400
Manufacturing	98,000	98,200	95,600	95,800	93,700
Trade, Transportation and Utilities	197,200	193,800	195,000	197,100	198,100
Information	32,600	31,300	30,700	30,100	29,400
Financial Activities	67,700	67,600	69,500	67,700	62,300
Professional and Business Services	144,900	147,700	150,600	154,900	155,500
Educational and Health Services	117,000	117,200	118,500	121,800	124,700
Leisure and Hospitality	80,400	80,600	83,000	85,600	87,500
Other Services	37,500	36,600	35,600	35,900	36,200
Government	182,300	179,700	180,000	182,000	186,800
Total All Industries	1,028,200	1,025,200	1,033,700	1,046,900	1,049,100

[a] The industry employment data are now based upon the North American Industry Classification System (NAICS). Newly released data are ***not*** comparable to the data based on the Standard Industrial Classification (SIC). Items may not add to totals due to independent rounding. March 2007 Benchmark.

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

Major Employers

The following table lists the major manufacturing and non-manufacturing employers in the City of San Ramon:

CITY OF SAN RAMON
Major Employers

Company	Type of Business	Employees
AT&T Services Inc.	Voice telephone communications services	9,290
Summerville Management LLC	Extended care facility	4,000
Chevron Corp.	Petroleum refining	1,378
Solera Holdings Inc.	Computer software development & applications	1,000
Audatex North America Inc.	Business & professional software publishers	990
Texaco Exploration India Inc.	Gas & oil field exploration services	800
San Ramon Regional Medical Center	Medical hospital	600
Irwin Home Equity Corp.	Mortgage banking service	450
Keane International Inc.	Custom computer programming service	370
CMG Mortgage Inc.	Mortgage brokers service arranging for loans, using money of others	349
Cabinda Gulf Oil Co. Inc.	Crude petroleum production	327
Hill Physicians Medical Group	General & family practice physician or surgeon office	323
Sodehexo	Nonresidential building operator	300
MDL Information Systems Inc.	Computer programming service	275
ABM Janitorial	Industrial or commercial cleaning services	267
Greystone Homes Inc.	Single-family housing construction	250
Consolidated Engineering Labs	Testing laboratory; commercial physical research laboratory	225
Rose International Inc.	Systems engineering consultant	200
Pacific Gas & Electric Co.	Research services; electrical or electronic engineers	200
Old Republic Home Protection	Provides home warranty insurance	200
MCI LLC	Local telephone communications services	200
Airnex Communications Inc.	Wired telecommunications carrier & service	200

Source: 2008 Harris InfoSource, February 2008.

The following table lists the major manufacturing and non-manufacturing employers in the Town of Danville:

TOWN OF DANVILLE
Major Employers

Company	Type of Business	Employees
Diamond Environmental	Environmental consultant	1,700
Diablo Lodge Partnership	New housing operative building	629
Tenet Healthsystem Medical Inc.	Mental health physicians' office & clinic	500
Blackhawk Country Club	Membership golf club	200
Braddock & Logan	Commercial & institutional building construction	200
Crow Canyon Management Corp.	Country club	200
Cencal Insurance Services	Insurance services	170
Community Presbyterian Church	Presbyterian church; child daycare service	120
James E. Roberts Obayashi Corp.	New multi-family dwelling construction service	110
Mason-McDuffie Real Estate (Prudential)	Residential real estate agency	100

Source: 2008 Harris InfoSource, February 2008.

Construction Activity

The following table summarizes historical residential building permit valuation for the City San Ramon and Town of Danville.

CITY OF SAN RAMON AND TOWN OF DANVILLE
Residential Building Permit Valuation
(Dollars in Thousands)

	City of San Ramon		Town of Danville	
Year[a]	Units[b]	Valuation[c]	Units[b]	Valuation[c]
2002	14	$4,455	110	$10,706
2003	39	3,300	22	3,624
2004	0	0	45	6,873
2005	33	7,894	27	6,659
2006	27	6,245	18	15,275

(a) As of January 1.
(b) Does not include alterations and additions.
(c) Includes all residential building activity.

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

Commercial Activity

The following table summarizes historical taxable transactions in the City of San Ramon and Town of Danville.

CITY OF SAN RAMON AND TOWN OF DANVILLE
Taxable Transactions
(Dollars in Thousands)

	City of San Ramon		Town of Danville	
Year	Outlets	Taxable Transactions	Outlets	Taxable Transactions
2002	1,358	$675,940	1,380	$350,355
2003	1,420	652,307	1,394	351,488
2004	1,445	726,117	1,387	377,804
2005	1,498	714,542	1,312	392,383
2006	1,520	784,924	1,241	412,616

Source: State Board of Equalization.

Median Household Income

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

CITY OF SAN RAMON, TOWN OF DANVILLE, CONTRA COSTA COUNTY, STATE OF CALIFORNIA AND UNITED STATES OF AMERICA
Median Household Effective Buying Income

Year[a]	City of San Ramon	Town of Danville	Contra Costa County	State of California	United States of America
2004	N/A	N/A	$54,862	$42,924	$38,201
2005	N/A	N/A	56,165	43,915	39,324
2006			Data Not Available		
2007			Data Not Available		
2008	$87,497	$99,987	61,123	48,203	41,792

[a] As of January 1.

Source: "Survey of Buying Power", *Sales and Marketing Management Magazine*.

LEGAL MATTERS

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to the qualifications set forth below, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph 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 Notes in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

In the further opinion of Bond Counsel, interest on the Notes is exempt from California personal income taxes.

Purchasers should be aware that the Internal Revenue Service has issued Notice 94-84 which may have certain tax ramifications with respect to the Notes. This Notice provides generally that, in the case of short-term tax-exempt obligations, such as the Notes, the Service is studying whether interest payable at maturity on the obligations should, or should not, be included in stated redemption price at maturity, for purposes of the Rule, that original issue discount represents the excess of the stated redemption price at maturity over issue price.

Notice 94-84 states that until the Internal Revenue Service provides further guidance, taxpayers may treat stated interest on certain short-term obligations, such as the Notes, either as includable in stated redemption price at maturity or as not included in stated redemption price at maturity. A taxpayer, however, must treat stated interest payable at maturity on all short-term tax-exempt bonds in a consistent manner. A short-term tax-exempt bond is defined as a tax-exempt bond with a term that is not more than 1 year from the date of issue.

Purchasers of the Notes are cautioned that the opinion of Bond Counsel does not identify the amount of interest that is excluded from gross income for federal income tax purposes.

Purchasers of the Notes should consult their tax advisors regarding effects of Notices 94-84 upon individual tax circumstances.

Owners of the Notes should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Notes may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Notes other than as expressly described above.

Legality for Investment in California

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

No Litigation

No litigation is pending or threatened against the District concerning the validity of the Notes of the District and a certificate of the District to that effect will be available at the time of original delivery of the Notes. 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 pay the principal of, and interest on, the Notes.

There are lawsuits and claims pending against the District. The aggregate amount of the uninsured liabilities of the District, and the timing of any anticipated payments of judgments which may result from suits and claims will not materially affect the finances of the District or impair its ability to repay the Notes. A certificate of the District to this effect will be available at the time of original delivery of the Notes.

Legal Opinion

The opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District with respect to the Notes, approving the validity of the Notes and stating that, in the opinion of Bond Counsel, interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxation by the State will be provided free of charge to the Underwriter at the time of the original delivery of the Notes. See **"APPENDIX B — Form of Legal Opinion".**

MISCELLANEOUS

Rating

Standard and Poor's Ratings Service has assigned its municipal note rating of **"SP-1+"** to the Notes. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency at the following address: Standard & Poor's Ratings Services, 55 Water Street, 38th Floor, New York, NY 10041.

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

Financial Advisor

The District has entered into an agreement with the Financial Advisor whereunder the Financial Advisor provides financial advisory services to the District with respect to preparation and sale of the Notes. The Financial Advisor has read and participated in the drafting of certain portions of this Official Statement and has supervised the completion and editing thereof. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the District, with respect to accuracy and completeness of disclosure of such information, and the Financial Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

The District has authorized Zions First National Bank ("Zions") to submit a bid for purchase of the Notes and to acquire or participate in the purchase of the Notes. Zions, in its sole discretion, may or may not elect to submit or participate in a bid to purchase the Notes. The Financial Advisor is a division of Zions.

Underwriting

Pursuant to the terms of a public bid dated November 4, 2008, J. P. Morgan Securities Inc., as Underwriter, has agreed to purchase the Notes from the County on behalf of the District at the purchase price of $25,473,655.00. The Underwriter has represented to the District that the Notes were reoffered to the public at the yield set forth on the cover page of this Official Statement, at an aggregate reoffering price of $25,484,750.00. The Underwriter will be obligated to take and pay for all of the Notes, if any Note is purchased.

Continuing Disclosure

The District has covenanted for the benefit of holders and beneficial owners of its Notes to provide notices of the occurrence of certain enumerated events, if material. The notices of material events will be filed by the District with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). The specific nature of the information to be contained in the notices of material events is set forth in **APPENDIX C — Form of Continuing Disclosure Certificate.** These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). The District has not failed

to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

Additional Information

The purpose of this Official Statement is to furnish information in connection with the sale of the Notes. Quotations from and summaries and explanations of the Notes, the Resolution , and the constitutional provisions, statutes, and other documents contained herein do not purport to be complete, and reference is hereby made to said Notes, Resolution, constitutional provisions, statutes, and other documents for full and complete statements of their provisions.

All data contained herein have been taken or constructed from the District's records and other sources. This Official Statement and its distribution have been duly authorized and approved by the District.

SAN RAMON UNIFIED SCHOOL DISTRICT

By */s/* *Steven Enoch*
Superintendent

APPENDIX A

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007, WITH MANAGEMENT'S DISCUSSION AND ANALYSIS, INDEPENDENT AUDITOR'S LETTER AND CERTAIN SUPPLEMENTARY INFORMATION FOR SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
JUNE 30, 2007

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

OF CONTRA COSTA COUNTY

DANVILLE, CALIFORNIA

JUNE 30, 2007

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Paul Gardner	President	2008
Greg Marvel	Vice President	2008
Joan Buchanan	Clerk	2010
Bill Clarkson	Member	2010
Rachel Hurd	Member	2010

ADMINISTRATION

Robert Kessler	*Superintendent*
Michael Bush	Assistant Superintendent, Business Services
Roberta Silverstein	Assistant Superintendent, Human Resources
Christine Williams	Assistant Superintendent, Educational Services
Margaret Brown	Assistant Superintendent, Facilities Development

FINANCIAL SECTION

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Governing Board
San Ramon Valley Unified School District
Danville, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Ramon Valley Unified School District (the "District") as of and for the year ended June 30, 2007, which collectively comprise the 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2006-07* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the San Ramon Valley Unified School District, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof 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 November 3, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 conjunction with this report in considering the results of our audit.

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FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA

The required supplementary information, such as management's discussion and analysis on pages 4 through 12 and budgetary comparison information on page 51, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards which is required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is/are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The unaudited supplementary information listed in the table of contents, including the Combining Statements - Non-Major Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
November 3, 2007

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

This section of San Ramon Valley Unified School District's 2007 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2007. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the San Ramon Valley Unified School District (the District) and its component units using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The *Fund Financial Statements* include statements for two of the three categories of activities: governmental and fiduciary. The District does not have any business type activities.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The Fiduciary Activities are agency funds, which only report a balance sheet and do not have a measurement focus. *Reconciliation of the Fund Financial Statements to the Government- Wide Financial Statements* is provided to explain the differences created by the integrated approach.

The primary unit of the government is the San Ramon Valley Unified School District. The District also has two component units, the San Ramon Valley Unified School District Financing Corporation and the San Ramon Valley Unified School District Educational Facilities Corporation. Both corporations are inactive and have no assets or liabilities.

REPORTING THE DISTRCT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The *Statement of Net Assets* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Assets* and the *Statement of Activities*, we report the District activities as follows:

Governmental activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detail short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Assets* and the *Statement of Revenues, Expenses and Changes in Fund Net Assets*. We use internal service funds (a component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities, scholarships and employee post-retirement health benefits. The District's fiduciary activities are reported in separate *Statements of Fiduciary Net Assets*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were $569,004,460 and $387,974,890 for the fiscal years ended 2007, and 2006, respectively. Of this amount, $20,320,261 and $18,765,585 was unrestricted for the fiscal years ended 2007, and 2006. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2007	2006
Current and other assets	$ 193,222,415	$ 187,260,246
Capital assets	748,853,957	511,363,756
Total Assets	**942,076,372**	**698,624,002**
Current liabilities	35,969,912	60,459,167
Long-term debt	337,102,000	250,189,945
Total Liabilities	**373,071,912**	**310,649,112**
Net assets		
Invested in capital assets, net of related debt	519,677,902	348,071,534
Restricted	29,006,297	21,137,771
Unrestricted	20,320,261	18,765,585
Total Net Assets	**$ 569,004,460**	**$ 387,974,890**

The $20,320,261 unrestricted net assets of governmental activities represent the accumulated results of all past years' operations.

Statement of Activities

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 14. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2007	**2006**
Revenues		
Program revenues		
Charges for services	$ 5,782,903	$ 5,492,516
Operating grants and contributions	30,612,487	24,656,457
Capital grants and contributions	147,048,483	14,001,023
General revenues:		
Federal and State aid not restricted	39,119,299	32,647,213
Property taxes	129,813,256	116,211,586
Other general revenues	64,683,576	56,991,381
Total Revenues	**$ 417,060,004**	**$ 250,000,176**
Expenses		
Instruction related	$ 169,507,506	$ 141,396,977
Student support services	14,742,365	12,445,763
Administration	12,111,190	11,670,267
Maintenance and operations	22,745,631	24,509,776
Other	16,923,742	16,894,961
Total Expenses	**236,030,434**	**206,917,744**
Change in Net Assets	**$ 181,029,570**	**$ 43,082,432**

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities was $236,030,434 and $206,917,744 for the fiscal years ended 2007 and 2006, respectively. The cost paid by those who benefited from the programs was $5,782,903 and $5,492,516 respectively. Operating and Capital grants and contributions subsidized certain programs in the amount of $177,660,970 and $38,657,480, respectively. We paid for the remaining "public benefit" portion of our governmental activities with $129,813,256 and $116,211,586 in taxes, unrestricted Federal and State aid of $39,119,299 and $32,647,213 and other revenues of $64,683,576 and $56,991,381 for the fiscal years ended 2007 and 2006, respectively.

In Table 3, we have presented the net cost (total cost less revenues generated by the activities) of each of the District's 5 largest functions - Instruction related, Student support services, Administration, Maintenance and operations, and Other. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Net Cost of Services	
	2007	2006
Instruction Related	$ (4,973,891)	$ 105,144,455
Student Support services	7,484,031	6,145,967
Administration	11,608,847	11,120,196
Maintenance and operations	21,588,213	23,463,528
Other	16,879,361	16,893,602
Net Cost	**$ 52,586,561**	**$ 162,767,748**

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $166,920,864, which is an increase of $29,465,800 from the prior year.

The primary changes are:

a. Our General Fund is our principal operating fund. The fund balance in the General Fund increased approximately $4,871,000 due to the holding of reserves for the opening of new schools, one-time board allocations and categorical funds received late in the year with little opportunity for expenditure.
b. Our special revenue funds increased approximately $1,100,000. This was due to an increase of $800,000 in the Special reserve ending balance and a $300,000 increase in the Deferred Maintenance ending balance. A transfer of $1,000,000 from the Self-insurance Fund to the Special Reserve Fund and use of the $364,958 parcel tax reserve led to the increase in the Special Reserve Fund. A deferral of projects in the Deferred Maintenance fund led to its increase.
c. The debt service funds showed an increase of approximately $2,464,000. The balance in the Bond Interest and Redemption Fund increased due to the sale of the third and final issue of general obligation bonds from the election of 2002 in July 2006.
d. The Capital Project Funds balance increased by approximately $21,030,000. The ending balance of bond-funded projects increased $19,100,000 due to the additional bond sale, the local building fund increased due to the building of new schools funded by the developer.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on October 9, 2007. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 51).

The District originally projected an increase in general fund balance of $4,414,000. This was later revised to an increase of $2,196,000. Total revenues were revised to include revenues not anticipated at the time of the original budget adoption. Likewise, with the increase in anticipated revenues, the expenditures were also increased. In comparing the revised budget to the actual results, revenue in a $2,675,000 increase in ending fund balance over what was budgeted. This was primarily due to grant funds not being expended during the year. These funds will be carried over to the next fiscal year.

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had $748,853,957 and $511,363,756 in a broad range of capital assets, including land, buildings, and furniture and equipment for the fiscal years ended 2007 and 2006. The current amount represents a net increase (including additions, deductions and depreciation) of $237,490,201 or 46 percent more than the prior year.

Table 4

	Governmental Activities	
	2007	2006
Land	$ 281,423,892	$ 188,312,954
Land Improvements	14,776,686	12,342,127
Buildings & improvements	309,937,103	193,876,851
Equipment	4,899,071	3,497,443
Construction in progress	137,817,205	113,334,381
Totals	**$ 748,853,957**	**$ 511,363,756**

The year's major additions to building and site improvements:

	2007	2006
Quail Run School	$ 25,525,805	$ -
Monte Vista Stadium	471,195	-
John Baldwin School	15,133,294	-
Bollinger Canyon School	15,009,109	-
Greenbrook School	16,696,218	-
Tassajara Expansion	523,670	-
Vista Grande Expansion	9,681,126	-
Cal High Classrooms, Library & Technology	29,806,574	-
San Ramon High Commons	12,186,008	-
San Ramon High Music Building	1,269,377	-
Windemere Ranch Middle School	2,948,041	-
Monte Vista High Parking Lot	2,621,720	-
Twin Creeks Modernization	24,274	-
Diablo Vista Fields	14,448	-
Green Valley HVAC	230,512	-
Los Cerros Parking Lot	377,471	-
Stone Valley Modernization	31,324	-
Dougherty Valley High Land Improvements	1,448,266	-
Iron Horse Technology	38,038	-
Los Cerros Technology	6,864	-
Monte Vista Technology	32,543	-
Facilities Portable	-	35,928
Coyote Creek Expansion	-	38,936
Coyote Creek Childcare	-	11,305
Diablo Vista Science Classroom Conversion	-	171,517
Diablo Vista Library/Media	-	2,316,101
Charlotte Wood Modernization/HVAC	-	2,313,704
Iron Horse Science Classroom Conversion	-	186,453
Monte Vista Childcare	-	581,387
Windemere Ranch Middle School	-	19,273,668
Windemere Ranch Middle School Gym	-	4,504,361
California High School Track	-	956,951
Monte Vista High Track	-	1,398,621
San Ramon High Track	-	1,325,009
Totals	**$ 134,075,877**	**$ 33,113,941**

A number of capital projects are planned for the 2007-08 year. We anticipate capital additions to be approximately $39 million for the 2007-08 year (See page 48). We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $344,975,420 in long-term obligations versus $257,566,556 last year, an increase of 34 percent. This debt consisted of:

Table 5

	Governmental Activities	
	2007	2006
General obligation bonds	$ 330,214,969	$ 245,217,400
Capitalized lease obligations	2,172,320	2,736,831
Other	12,588,131	9,612,325
Totals	**$ 344,975,420**	**$ 257,566,556**

The District's general obligation bond rating continues to be Standard & Poor's: "AAA." The State limits the amount of general obligation debt that District's can issue to 2.5 percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $330,214,969 is significantly below this $698 million statutorily-imposed limit.

Other obligations include compensated absences payable and capital lease payable. We present more detailed information regarding our long-term obligations in Note 8 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2006-07 ARE NOTED BELOW:

This was the third year the District used funds from the parcel tax passed in 2003/04. The parcel tax provides funding for class size reduction, music, library and counseling programs. The parcel tax will continue for an additional two years.

A $260 million facilities bond measure known as Measure A was approved by the voters in November 2002. The first series of bonds for $72 million was issued in March 2003. In October of 2004, the second series for $100 million was issued. In July, 2006, the third and final series for $88 million was issued. This will allow the district's school modernization and/or expansion projects to continue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2007/08 year, the District Board and management used the following criteria:

The key assumptions in our revenue projections are:

- A 4.53% Cost of Living Adjustment provided by the State of California for Revenue Limits
- Student enrollment growth will approximate 2.4%, or about 583 students, over 2006/07 CBEDS enrollment
- The parcel tax will pay for class size reduction, music, librarians and counselors
- Certificated and Classified positions will be added for growth to bring staffing to the appropriate allocations per the staffing formulas
- State categorical programs will be increased by the 4.53% Cost of Living Adjustment

Certificated staffing expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten through third	20: 1	7,595
Grades four and five	30: 1	3,859
Grades six through eight	29: 1	5,819
Grades nine through twelve	28: 1	7,980

The key assumptions in our expenditure forecast are:

1. Teacher staffing will be provided at the above ratios
2. Health benefit rates will increase approximately 15% for the Kaiser Plan
3. Property and liability insurance rates will increase 20%
4. Maintaining the Routine Restricted Maintenance Program budget at 3% of General Fund expenditures
5. Maintaining a 3% Reserve for Economic Uncertainties.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business Services, at San Ramon Valley Unified School District, 699 Old Orchard Drive, Danville, California, 94526, or e-mail pperry@srvusd.net.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities
ASSETS	
Deposits and investments	$ 173,606,537
Receivables	14,986,522
Prepaid expenses	155,354
Deferred charges	4,134,149
Stores inventories	339,853
Capital assets not depreciated	419,241,097
Capital assets, net of accumulated depreciation	329,612,860
Total Assets	942,076,372
LIABILITIES	
Overdrafts	102,551
Accounts payable	20,344,672
Interest payable	7,310,182
Deferred revenue	339,087
Current portion of long-term obligations	7,873,420
Noncurrent portion of long-term obligations	337,102,000
Total Liabilities	373,071,912
NET ASSETS	
Invested in capital assets, net of related debt	519,677,902
Restricted for:	
Educational programs	7,472,623
Debt service	9,499,465
Capital projects	6,099,898
Other activities	5,934,311
Unrestricted	20,320,261
Total Net Assets	$ 569,004,460

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities
Governmental Activities:					
Instruction	$144,955,642	$ 1,250,218	$ 22,289,764	$147,048,483	$ 25,632,823
Instruction-related activities:					
Supervision of instruction	6,151,071	13,243	2,976,307	-	(3,161,521)
Instructional library, media, and technology	3,050,856	6,937	796,993	-	(2,246,926)
School site administration	15,349,937	437	99,015	-	(15,250,485)
Pupil services:					
Home-to-school transportation	2,818,385	333,658	600,611	-	(1,884,116)
Food services	4,323,816	3,935,796	271,116	-	(116,904)
All other pupil services	7,600,164	-	2,117,153	-	(5,483,011)
General administration:					
Data processing	2,303,489	-	-	-	(2,303,489)
All other general administration	9,807,701	196,840	305,503	-	(9,305,358)
Plant services	22,745,631	34,441	1,122,977	-	(21,588,213)
Ancillary services	2,067,356	357	68	-	(2,066,931)
Community services	345,071	-	-	-	(345,071)
Enterprise services	261,638	-	-	-	(261,638)
Interest on long-term obligations	13,442,205	-	-	-	(13,442,205)
Other outgo	807,472	10,976	32,980	-	(763,516)
Total Governmental-Type Activities	$236,030,434	$ 5,782,903	$ 30,612,487	$147,048,483	(52,586,561)
General revenues and subventions:					
Property taxes, levied for general purposes					107,049,536
Property taxes, levied for debt service					18,281,860
Taxes levied for other specific purposes					4,481,860
Federal and State aid not restricted to specific purposes					39,119,299
Interest and investment earnings					9,789,860
Miscellaneous					54,893,716
Subtotal, General Revenues					233,616,131
Change in Net Assets					181,029,570
Net Assets - Beginning					387,974,890
Net Assets - Ending					$ 569,004,460

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007

	General Fund	Building Fund	County School Facilities Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 22,452,122	$ 122,720,794	$ 265,195	$ 27,457,055	$172,895,166
Receivables	11,297,159	2,072,457	-	366,031	13,735,647
Due from other funds	275,616	2,177,405	4,277	151,349	2,608,647
Prepaid expenses	141,186	14,010	-	158	155,354
Stores inventories	291,463	-	-	48,390	339,853
Total Assets	$ 34,457,546	$ 126,984,666	$ 269,472	$ 28,022,983	$189,734,667
LIABILITIES AND FUND BALANCES					
Liabilities:					
Overdrafts	$ -	$ -	$ -	$ 102,551	$ 102,551
Accounts payable	6,492,836	13,022,857	-	358,787	19,874,480
Due to other funds	*2,481,497*	*611*	-	*15,577*	*2,497,685*
Deferred revenue	339,087	-	-	-	339,087
Total Liabilities	9,313,420	13,023,468	-	476,915	22,813,803
Fund Balances:					
Reserved for:					
Legally restricted balances	7,472,623	-	-	-	7,472,623
Other reservations	491,899	14,010	-	48,548	554,457
Unreserved:					
Designated	16,712,574	400,000	-	-	17,112,574
Undesignated, reported in:					
General Fund	467,030	-	-	-	467,030
Special revenue funds	-	-	-	4,857,447	4,857,447
Debt service funds	-	-	-	16,809,647	16,809,647
Capital projects funds	-	113,547,188	269,472	5,830,426	119,647,086
Total Fund Balance	*25,144,126*	*113,961,198*	*269,472*	*27,546,068*	*166,920,864*
Total Liabilities and Fund Balances	$ 34,457,546	$ 126,984,666	$ 269,472	$ 28,022,983	$189,734,667

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total Fund Balance - Governmental Funds		**$ 166,920,864**
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 862,466,716	
Accumulated depreciation is	(113,632,160)	
Net Capital Assets		748,834,556
Special education settlement receivable not available soon enough to pay for the current period's expenditures, and therefore, are not recorded in the governmental funds.		352,776
Expenditures relating to debt issuance costs were recorded as deferred charges expenditures and amortized over the life of the bonds in the government-wide statements, but are expensed in the year debt is issued on the governmental fund statements.		4,134,149
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(7,310,182)
An internal service fund is used by the District's management to charge the costs of the health and welfare and property and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		1,047,717
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable	330,214,969	
Bond premiums/discounts, net of amortization	10,749,964	
Capital leases payable	2,172,320	
Compensated absences (vacations)	1,838,167	
Total Long-Term Liabilities		(344,975,420)
Total Net Assets - Governmental Activities		**$ 569,004,460**

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Building Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Revenue limit sources	$ 133,096,410	$ -	$ -	$ 27,974	$133,124,384
Federal sources	3,869,943	-	-	244,787	4,114,730
Other state sources	32,595,425	-	146,772,259	1,025,350	180,393,034
Other local sources	31,756,422	26,217,571	276,224	26,337,099	84,587,316
Total Revenues	201,318,200	26,217,571	147,048,483	27,635,210	402,219,464
EXPENDITURES					
Current					
Instruction	128,113,876	-	-	21,443	128,135,319
Instruction-related activities:					
Supervision of instruction	6,116,704	-	-	-	6,116,704
Instructional library, media and technology	2,630,395	-	-	-	2,630,395
School site administration	14,899,472	-	-	-	14,899,472
Pupil services:					
Home-to-school transportation	3,413,392	-	-	-	3,413,392
Food services	5,946	-	-	4,289,000	4,294,946
All other pupil services	7,610,122	-	-	-	7,610,122
General administration:					
Data processing	2,235,145	-	-	-	2,235,145
All other general administration	7,413,034	-	-	224,520	7,637,554
Plant services	19,850,150	980,170	-	1,808,164	22,638,484
Facility acquisition and construction	224	104,690,551	133,914,040	3,473,980	242,078,795
Ancillary services	1,943,646	-	-	-	1,943,646
Community services	346,325	-	-	-	346,325
Other outgo	6,809	157,700	-	-	164,509
Debt service					
Principal	205,886	358,625	-	6,440,520	7,005,031
Interest	338,998	849,198	-	12,222,354	13,410,550
Total Expenditures	195,130,124	107,036,244	133,914,040	28,479,981	464,560,389
Excess (Deficiency) of Revenues Over Expenditures	6,188,076	(80,818,673)	13,134,443	(844,771)	(62,340,925)
Other Financing Sources (Uses):					
Transfers in	380,411	13,195,824	-	4,310,055	17,886,290
Other sources	-	91,267,900	-	-	91,267,900
Transfers out	(1,697,795)	(2,330,223)	(12,882,561)	(436,886)	(17,347,465)
Net Financing Sources (Uses)	(1,317,384)	102,133,501	(12,882,561)	3,873,169	91,806,725
NET CHANGE IN FUND BALANCES	4,870,692	21,314,828	251,882	3,028,398	29,465,800
Fund Balance - Beginning	20,273,434	92,646,370	17,590	24,517,670	137,455,064
Fund Balance - Ending	$ 25,144,126	$ 113,961,198	$ 269,472	$ 27,546,068	$166,920,864

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2007

Total Net Change in Fund Balances - Governmental Funds		$ 29,465,800
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Depreciation expense	$ (14,662,813)	
Capital outlays	239,294,746	
Net Expense Adjustment		224,631,933
In the governmental funds, revenue received from long-term receivables are recorded in the year received. These amounts reduce the long-term receivables in the year received on the statement of net assets and does not affect the statement of activities.		(87,997)
In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as an increase to capital assets at the fair market value on the date of donation.		14,821,078
Loss on disposal of capital assets is reported in the government-wide statement of net assets, but is not recorded in the governmental funds.		(1,960,550)
Proceeds received from the Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		(91,267,900)
In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was less than the amounts earned.		(210,203)
Payment of bond issuance costs is an expenditure in the governmental funds, but it is recorded as a deferred charge and amortized on the statement of net assets over the life of the bonds.		802,495

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2007

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	7,005,031
Amortization of discounts on bonds are expenditures in the governmental funds, but increase the liability in the statement of net assets and are amortized over the life of the bond in the statement of activities.	502,297
Interest on long-term obligation is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.	(1,336,448)
An internal service fund is used by the District's management to charge the costs of the health and welfare and the property insurance program to the individual individual funds. The net loss of the internal service fund is reported with governmental activities.	(1,335,967)
Change in Net Assets of Governmental Activities	$ 181,029,570

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets	
Deposits and investments	$ 711,371
Receivables	634,284
Due from other funds	18,961
Total Current Assets	1,364,616
Noncurrent Assets	
Furniture and equipment (net)	19,401
Total Assets	1,384,017
LIABILITIES	
Current Liabilities	
Accounts payable	284,179
Due to other funds	5,734
Claim liabilities	46,387
Total Current Liabilities	336,300
NET ASSETS	
Invested in capital assets, net of related debt	19,401
Unrestricted	1,028,316
Total Net Assets	$ 1,047,717

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
In District premiums	$ 2,790,101
Other local sources	724,793
Total Operating Revenues	3,514,894
OPERATING EXPENSES	
Payroll costs	2,668,522
Supplies and materials	44,013
Facility rental	4,132
Other operating cost	1,059,865
Total Operating Expenses	3,776,532
Operating Income (Loss)	(261,638)
NONOPERATING REVENUES (EXPENSES)	
Interest income	107,459
Transfers out	(1,181,788)
Total Nonoperating Revenues (Expenses)	(1,074,329)
Change in Net Assets	(1,335,967)
Total Net Assets - Beginning	2,383,684
Total Net Assets - Ending	$ 1,047,717

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	$ 3,147,852
Cash payments for insurance claims	(2,714,281)
Cash payments to suppliers for goods and services	(41,753)
Cash payments for facility use	(4,132)
Cash payments for other operating expenses	(873,600)
Net Cash Used for Operating Activities	(485,914)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(1,181,788)
Net Cash Used for Noncapital Financing Activities	(1,181,788)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	107,459
Net Cash Provided by Investing Activities	107,459
Net Decrease in Cash and Cash Equivalents	(1,560,243)
Cash and Cash Equivalents - Beginning	2,271,614
Cash and Cash Equivalents - Ending	$ 711,371
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (261,638)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	2,260
Changes in assets and liabilities:	
Receivables	(409,281)
Due from other fund	42,239
Accounts payable	180,531
Claims liabilities	(45,759)
Due to other fund	5,734
NET CASH USED BY OPERATING ACTIVITIES	$ (485,914)

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007

	Retiree Benefits Trust	Agency Funds	
		Warrant Clearing	ASB Funds
ASSETS			
Deposits and investments	$ 8,794,557	$ 10,420,187	$ 2,921,255
Receivables	-	399,517	26,443
Due from other funds	139,626	-	-
Total Assets	$ 8,934,183	$ 10,819,704	$ 2,947,698
LIABILITIES			
Accounts payable	$ -	$ -	$ 82,251
Due to student groups	-	-	2,865,447
Due to other funds	-	263,815	-
Due to others	-	10,555,889	-
Total Liabilities	-	$ 10,819,704	$ 2,947,698
NET ASSETS			
Unreserved	8,934,183		
Total Net Assets	$ 8,934,183		

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Retiree Benefits Trust
ADDITIONS	
District contributions	$ 2,161,369
Interest	420,799
Total Additions	2,582,168
DEDUCTIONS	
Other expenditures	1,805,405
Other Financing Sources (Uses)	
Transfers in	642,963
Change in Net Assets	1,419,726
Net Assets - Beginning	7,514,457
Net Assets - Ending	$ 8,934,183

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The San Ramon Valley Unified School District was organized on July 1, 1965 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates 19 elementary, seven middle, three high schools, a continuation school, an independent study school.

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

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has two component units: the San Ramon Valley Unified School District Educational Facilities Corporation and the San Ramon Valley Unified School District Financing Corporation. They are not presented in the financial statements as there are no activities and they are inactive.

Other Related Entities

Joint Powers Agencies and Public Entity Risk Pools The District is associated with three public entity risk pools. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 14 to the financial statements. These organizations are:

The Contra Costa County School Insurance Group
Northern California Regional Excess Liability Fund
School Excess Liability Fund

Basis of Presentation - Fund Accounting

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

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

between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California.

Building Fund The Building Fund exists primarily to account separately for proceeds from sale of bonds and acquisition of major governmental capital facilities and buildings.

County School Facilities Fund The County School Facilities Fund is used primarily to account separately for State apportionments provided for construction and reconstruction of school facilities (Education Code Sections 17010.10-17076.10).

Non-Major Governmental Funds

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 specific purposes. The District maintains the following special revenue funds:

Adult Education Fund The Adult Education Fund is used to account for resources committed to adult education programs maintained by the District.

Cafeteria Fund The Cafeteria Fund is used to account for the financial transactions related to the food service operations of the District.

Deferred Maintenance Fund The Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.

Special Reserve Fund for Other than Capital Outlay The Special Reserve Fund for Other than Capital Outlay is used to provide for the accumulation of General Fund monies for general operating purposes.

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

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

Tax Override Fund The Tax Override Fund is used for the repayment of voted indebtedness tax levies to be financed from ad valorem tax levies.

Capital Projects Funds The Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental fixed assets. The District maintains the following capital projects funds:

Capital Facilities Fund The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has no enterprise funds and has the following proprietary fund:

Internal Service Fund Internal service funds may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates two self insurance programs that are accounted for in an internal service fund.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: retiree benefit trust fund and agency funds.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust fund is retiree benefits trust. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student body activities (ASB) and the warrant clearing fund.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

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

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

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

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net assets. The statement of changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 45 or 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Deferred Revenue Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as deferred revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as deferred revenue.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2007, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and state investment pools are determined by the program sponsor.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the debt service fund represent cash and cash equivalents required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when paid.

Stores Inventories

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

Capital Assets and Depreciation

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

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 10 to 50 years; improvements/infrastructure, 11-36 years; equipment, 2 to 20 years.

Interfund Balances (Due to/From)

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the statement of net assets.

Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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

Accrued Liabilities and Long-Term Obligations

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

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

Deferred Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term debt obligations and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

Fund Balance Reserves and Designations

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for revolving cash accounts, stores inventories, prepaid expenditures (expenses), and legally restricted grants and entitlements.

Designations of fund balances consist of that portion of the fund balance that has been designated (set aside) by the governing board to provide for specific purposes or uses. Fund equity designations have been established for economic uncertainties and other purposes.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are In-District Premiums. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

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

Estimates

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

Budgetary Data

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

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

Property Tax

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

New Accounting Pronouncements

In July 2004, GASB issued GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

This Statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2008. The District is in the process of determining the impact the implementation of this Statement will have on the government-wide statement of net assets and activities.

In June 2005, the GASB issued GASBS No. 47, *Accounting for Termination Benefits*. GASBS No. 47 addresses accounting for both voluntary and involuntary termination benefits. For termination benefits that affect an employer's obligations for defined benefit OPEB, the provisions of GASBS No. 47 should be applied simultaneously with the requirements of GASBS No. 45 [GASBS No. 45 is effective in three phases, with implementation required for Phase 1 governments in periods beginning after December 15, 2006.] For all other termination benefits, including those that affect an employer's obligations for defined benefit pension benefits, GASBS No. 47 is effective for financial statements for periods beginning after June 15, 2005. Earlier application of GASBS No. 47 is encouraged. The District implemented this statement during the year, however, there was no impact on the financial statements since the District did not have any such benefits.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2007, are classified in the accompanying financial statements as follows:

Governmental funds	$ 172,895,166	
Less Overdraft	(102,551)	
Total Governmental activities		$ 172,792,615
Proprietary funds		711,371
Fiduciary funds		22,135,999
Total Deposits and Investments		$ 195,639,985

Deposits and investments as of June 30, 2007, consist of the following:

Cash on hand and in banks	$ 3,014,486
Cash in revolving	59,250
Investments	192,566,249
Total Deposits and Investments	$ 195,639,985

Policies and Practices

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

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

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts 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 balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool, LAIF and/or by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

The investments listed below all have weighted average maturities of less than one year:

Investment Type	Fair Value
County Pool	$ 190,281,054
State Investment Pool (LAIF)	1,765,634
Total	$ 192,046,689

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment's in the county pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2007.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2007, the District's bank balance of $6,202,263 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2007, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Proprietary Funds	Fiduciary Funds
Federal Government						
Categorical aid	$ 1,049,876	$ -	$ 66,532	$ 1,116,408	$ -	$ -
State Government						
Apportionment	2,139,700	-	2,071	2,141,771	-	-
Categorical aid	3,343,505	-	183	3,343,688	-	-
Lottery	1,776,437	-	-	1,776,437	-	-
Other State	807,518	79,004	143,951	1,030,473	-	-
Local Government						
Interest	1,418,903	-	109,193	1,528,096	-	-
Other Local Sources	761,220	1,993,453	44,101	2,798,774	634,284	425,960
Total	$11,297,159	$2,072,457	$ 366,031	$13,735,647	$ 634,284	$ 425,960

Additional long term receivables included $352,776 for a special education settlement with payments expected to be received annually over the next four years.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 188,312,954	$ 93,110,938	$ -	$ 281,423,892
Construction in Progress	113,334,381	113,639,537	89,156,713	137,817,205
Total Capital Assets Not Being Depreciated	301,647,335	206,750,475	89,156,713	419,241,097
Capital Assets Being Depreciated:				
Land Improvements	39,988,851	5,427,346	-	45,416,197
Buildings and Improvements	262,015,737	128,648,531	4,308,558	386,355,710
Furniture and Equipment	9,917,286	2,446,185	887,158	11,476,313
Total Capital Assets Being Depreciated	311,921,874	136,522,062	5,195,716	443,248,220
Total Capital Assets	613,569,209	343,272,537	94,352,429	862,489,317
Less Accumulated Depreciation:				
Land Improvements	27,646,724	2,992,787	-	30,639,511
Buildings and Improvements	68,138,886	10,848,383	2,568,662	76,418,607
Furniture and Equipment	6,419,843	823,903	666,504	6,577,242
Total Accumulated Depreciation	102,205,453	14,665,073	3,235,166	113,635,360
Governmental Activities Capital Assets, Net	$ 511,363,756	$ 328,607,464	$91,117,263	$ 748,853,957

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 13,091,257
Supervision of instruction	33,167
Instructional library, media, and technology	411,867
School site administration	462,887
Home-to-school transportation	104,660
Food services	18,155
All other pupil services	789
Ancillary services	200,642
All other general administration	112,302
Plant services	89,525
Centralized data processing	139,822
Total Depreciation Expenses Governmental Activities	$ 14,665,073

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2007, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

	Due From						
Due To	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Proprietary Fund	Fiduciary Funds	Total
General fund	$ -	$2,174,922	$ 4,277	$ 151,349	$ 18,961	$ 131,988	$ 2,481,497
Building fund	-	-	-	-	-	611	611
Non-Major Governmental funds	11,801	1,332	-	-	-	2,444	15,577
Proprietary fund	-	1,151	-	-	-	4,583	5,734
Fiduciary funds	263,815	-	-	-	-	-	263,815
Total	$275,616	$2,177,405	$ 4,277	$ 151,349	$ 18,961	$ 139,626	$ 2,767,234

Balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2007, consisted of the following:

	Transfer From					
Transfer To	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Internal Service Funds	Total
General Fund	$ -	$ -	$ -	$ 380,411	$ -	$ 380,411
Building Fund	75,000	-	12,882,561	56,475	181,788	13,195,824
Non-Major Governmental Funds	979,832	2,330,223	-	-	1,000,000	4,310,055
Fiduciary Fund	642,963	-	-	-	-	642,963
Total	$ 1,697,795	$ 2,330,223	$ 12,882,561	$ 436,886	$ 1,181,788	$ 18,529,253

The General Fund transferred to the Cafeteria Fund to cover stores inventory reservation.	$ 8,058
The General Fund transferred to the Deferred Maintenance Fund for match.	971,774
The General Fund transferred to the Building Fund for technology and construction at Dougherty Valley High.	75,000
The General Fund transferred to the Retiree Benefits Fund for Tier I & II health benefits.	642,963
The Special Reserve Fund transferred to the General Fund the Parcel Tax Reserves.	380,411
The Building Fund transferred to the Bond Interest and Redemption Fund for the premium from bond issuance.	2,330,223
The Capital Facilities Fund transferred to the Building Fund for expansion of Windemere Ranch Middle School.	56,000
The County Schools Facilities Fund transferred to the Building Fund for additional funding of construction projects.	12,882,561
The Tax Override Fund transferred to the Building Fund the interest earned in the closed fund.	475
The Self Insurance Fund transferred to the Building Fund for insurance reimbursement on Ranch Romero fire for modernization projects.	181,788
The Self Insurance Fund transferred excess balances to the Special Reserve Fund.	1,000,000
Total	$ 18,529,253

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2007, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Proprietary Funds	Fiduciary Funds
Vendor payables	$3,195,592	$13,008,871	$ 338,883	$ 16,543,346	$ 282,810	$ 82,251
State apportionment	2,581,565	-	-	2,581,565	-	-
Salaries and benefits	715,679	13,986	19,904	749,569	1,369	-
Total	$6,492,836	$13,022,857	$ 358,787	$ 19,874,480	$ 284,179	$ 82,251

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2007, consists of the following:

	General Fund
Federal financial assistance	$ 279,919
State categorical aid	59,168
Total	$ 339,087

NOTE 8 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007	Due in One Year
General obligation bonds	$ 245,217,400	$91,438,089	$6,440,520	$ 330,214,969	$ 6,821,574
Accumulated vacation - net	1,627,964	210,203	-	1,838,167	-
Capital leases	2,736,831	-	564,511	2,172,320	549,549
	249,582,195	91,648,292	7,005,031	334,225,456	7,371,123
Premiums, net of amortization	7,984,361	3,267,900	502,297	10,749,964	502,297
	$ 257,566,556	$94,916,192	$7,507,328	$ 344,975,420	$ 7,873,420

Payments for general obligation bonds are made by the Bond Interest and Redemption fund. Capital leases payments are made by the General and Building funds. Accumulated vacation will be paid for by the fund for which the employee worked.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2006	Additions/ Accretion	Redeemed	Bonds Outstanding June 30, 2007
12/1/99	2018	4.15-5.25%	$ 70,000,000	$ 77,842,400	$ 3,438,089	$4,190,520	$ 77,089,969
3/1/03	2028	2.0-5.4%	72,000,000	67,375,000	-	2,250,000	65,125,000
10/13/04	2029	5-5.25%	100,000,000	100,000,000	-	-	100,000,000
7/20/06	2031	4.5-5%	88,000,000	-	88,000,000	-	88,000,000
				$ 245,217,400	$91,438,089	$6,440,520	$ 330,214,969

Debt Service Requirements to Maturity

The bonds mature through 2033 as follows:

Fiscal Year		Principal	Interest to Maturity	Total
2008		$ 6,821,574	$ 14,592,300	$ 21,413,874
2009		4,840,452	14,894,514	19,734,966
2010		4,665,236	15,102,979	19,768,215
2011		5,821,054	15,497,487	21,318,541
2012		6,949,040	15,792,050	22,741,090
2013-2017		53,381,697	81,286,184	134,667,881
2018-2022		77,971,555	57,163,276	135,134,831
2023-2027		87,895,000	24,615,855	112,510,855
2028-2032		46,480,000	4,945,115	51,425,115
2033		3,785,000	189,250	3,974,250
	Total	298,610,608	$ 244,079,010	$ 542,689,618
	Accretions to date	31,604,361		
	Total carrying amount	$ 330,214,969		

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2007, amounted to $1,838,167.

Capital Leases

The District has entered into the following capital lease arrangements and has recorded capital assets in the amount of $3,879,133 and corresponding accumulated depreciation of $453,132. The District's liability on lease agreements with options to purchase are summarized below:

	Cars/Trucks	All Weather Track and Synthetic Turf	Total
Balance, July 1, 2006	$ 804,697	$ 1,932,134	$ 2,736,831
Payments	205,887	358,624	564,511
Balance, July 1, 2007	$ 598,810	$ 1,573,510	$ 2,172,320

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2008	$ 626,601
2009	578,201
2010	578,201
2011	578,201
Total	2,361,204
Less: Amount Representing Interest	188,884
Present Value of Minimum Lease Payments	$ 2,172,320

NOTE 9 - FUND BALANCES

Fund balance with reservations and designations is composed of the following elements:

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds
Reserved				
Revolving cash	$ 59,250	$ -	$ -	$ -
Stores inventory	291,463	-	-	48,390
Prepaid expenditures	141,186	14,010	-	158
Restricted programs	7,472,623	-	-	-
Total Reserved	7,964,522	14,010	-	48,548
Unreserved				
Designated				
Economic uncertainties	6,186,229	-	-	-
Other designation	10,526,345	400,000	-	-
Total Designated	16,712,574	400,000	-	-
Undesignated	467,030	113,547,188	269,472	27,497,520
Total Unreserved	17,179,604	113,947,188	269,472	27,497,520
Total	$ 25,144,126	$ 113,961,198	$ 269,472	$ 27,546,068

NOTE 10 - POSTEMPLOYMENT BENEFITS

The District provides postemployment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 10 years of service. Currently, 1,697 employees meet those eligibility requirements. District contributions for retiree benefits range from an amount equal to $100 per month to 100 percent of the amount of premiums incurred by retirees and their dependents and the retiree contributes the remainder. Expenditures for postemployment benefits are recognized on an actuarial basis. During the year, expenditures of $2,804,332 were recognized for retirees' health care benefits.

In anticipation of proposed changes in accounting by the Governmental Accounting Standards Board (GASB) due to the issuance of GASB No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the District established a separate Trust Fund (Retirees Health Care Benefits) to accumulate funds for the future liability. At June 30, 2007, the Trust Fund had a balance of $8,934,183 to cover the costs of the benefits and provide additional funding for the future liabilities associated with the postemployment benefits plan. The District will implement GASB No. 45 during the 2007-08 fiscal year.

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2007, the District contracted with Schools Excess Liability Fund for excess property and liability insurance coverage. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2007, the District participated in the Contra Costa County Schools Insurance Group, an insurance purchasing pool. The intent of the Contra Costa County Schools Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Contra Costa County Schools Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Contra Costa County Schools Insurance Group. Each participant pays its workers ' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of each participating school district. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Contra Costa County Schools Insurance Group. Participation in the Contra Costa County Schools Insurance Group is limited to districts that can meet the Contra Costa County Schools Insurance Group selection criteria.

Coverage provided by Contra Costa County Schools Insurance Group, Northern California Regional Excess Liability Fund, and Schools Excess Liability Fund for property, liability and workers' compensation is as follows:

Insurance Program / Company Name	Type of Coverage	Limits
Workers' Compensation Program		
The Contra Costa County Schools Insurance Group	Workers' Compensation	State of California Statutory Limitations
Property and Liability Program		
Northern California Regional Excess Liability Fund	Property	$50,000-$1,000,000
Schools Association For Excess Risk	Excess Property	$5,250,000-$144,750,000
Northern California Regional Excess Liability Fund	Liability	$50,000-$150,000,000
Schools Excess Liability Fund	Excess Liability	$5,000,000-$10,000,000

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2005 to June 30, 2007:

	Health and Welfare	Property and Liability
Liability Balance, July 1, 2005	$ 117,285	$ 50,005
Claims and changes in estimates	4,104,381	386,119
Claims payments	(4,161,021)	(393,921)
Liability Balance, June 30, 2006	60,645	43,103
Claims and changes in estimates	3,887,414	1,251,337
Claims payments	(3,743,128)	(1,215,192)
Liability Balance, June 30, 2007	$ 204,931	$ 79,248
Assets available to pay claims at June 30, 2007	$ 941,092	$ 133,611

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement 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 Public Employees' Retirement System (PERS).

STRS

Plan Description

The District contributes to the California 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 and disability benefits 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 STRS, 7667 Folsom Blvd., Sacramento, CA 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2006-2007 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the fiscal years ending June 30, 2007, 2006, and 2005, were $7,918,408, $6,916,940, and $6,285,681, respectively, and equal 100 percent of the required contributions for each year.

PERS

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 Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2006-2007 was 9.116 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2007, 2006, and 2005, were $2,499,458, $2,145,835 and $2,129,078, respectively, and equal 100 percent of the required contributions for each year.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of $4,330,708 (4.517 percent of salaries subject to STRS). No contributions were made for PERS for the year ended June 30, 2007. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts have not been included in the budget amounts reported in the General Fund Budgetary Schedule. These amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2007.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2007.

Operating Leases

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the

District will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2008	$ 384,138
2009	242,886
2010	153,360
2011	109,876
2012	63,206
Total	$ 953,466

Construction Commitments

As of June 30, 2007, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion	Funding Source
Greenbrook Modernization	$ 35,763	December 2007	Measure A
Green Valley Modernization	3,609,844	June 2008	Measure A
Diablo Vista Gymnasium	1,173,165	October 2007	Measure A
California HS - Phase IB & II	8,636,927	June 2008	Measure A
Rancho Romero - Kindergarten	1,203,594	March 2008	Measure A
SRVHS - Phase IB	7,536,936	March 2008	Measure A
MVHS classroom/commons/career tech	1,022,435	October 2007	Measure A
Pine Valley Modernization	15,369,370	June 2008	Measure A
John Baldwin Modernization	18,686	November 2007	Measure A
Live Oak construction	433,207	September 2007	Developers
	$ 39,039,927		

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Contra Costa County School Insurance Group, Northern California Regional Excess Liability Fund, and the School Excess Liability Fund public entity risk pools. The District pays an annual premium to the applicable entity for its workers' compensation and property liability coverage. The relationship between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

The District has appointed a board member to the governing board of Contra Costa County Schools Insurance Group and to the Northern California Regional Excess Liability Fund.

During the year ended June 30, 2007, the District made payment of $2,531,937, $758,902, and $45,967 to Contra Costa County Schools Insurance Group, Northern California Regional Excess Liability Fund, and the School Excess Liability Fund, respectively for insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts (GAAP Basis)		Actual	Variances - Positive (Negative)
	Original	*Final*	*(GAAP Basis)*	Final to Actual
REVENUES				
Revenue limit sources	$ 129,082,822	$ 133,094,713	$ 133,096,410	$ 1,697
Federal sources	3,820,024	3,839,871	3,869,943	30,072
Other state sources	20,276,808	28,053,177	32,595,425	4,542,248
Other local sources	26,944,071	31,438,286	31,756,422	318,136
Total Revenues[1]	180,123,725	196,426,047	201,318,200	4,892,153
EXPENDITURES				
Current				
Instruction	112,837,943	124,424,997	128,113,876	(3,688,879)
Instruction-related activities:				
Supervision of instruction	5,791,130	6,393,836	6,116,704	277,132
Instructional library, media, and technology	2,389,026	2,694,666	2,630,395	64,271
School site administration	13,960,602	15,011,902	14,899,472	112,430
Pupil services:				
Home-to-school transportation	2,307,192	3,413,392	3,413,392	-
Food services	-	5,946	5,946	-
All other pupil services	6,777,645	7,718,637	7,610,122	108,515
General administration:				
Data processing	1,787,533	2,426,259	2,235,145	191,114
All other general administration	7,199,763	7,705,233	7,413,034	292,199
Plant services	18,472,866	20,020,531	19,850,150	170,381
Facility acquisition and construction	103,830	214,724	224	214,500
Ancillary services	1,586,334	1,985,733	1,943,646	42,087
Community services	310,472	346,675	346,325	350
Other outgo	-	6,809	6,809	-
Debt service				
Principal	205,886	205,886	205,886	-
Interest	359,809	338,998	338,998	-
Total Expenditures[1]	174,090,031	192,914,224	195,130,124	(2,215,900)
Excess (Deficiency) of Revenues Over Expenditures	6,033,694	3,511,823	6,188,076	2,676,253
Other Financing Sources (Uses):				
Transfers in	-	381,713	380,411	(1,302)
Transfers out	(1,619,776)	(1,697,795)	(1,697,795)	-
Net Financing Sources (Uses)	(1,619,776)	(1,316,082)	(1,317,384)	(1,302)
NET CHANGE IN FUND BALANCES	4,413,918	2,195,741	4,870,692	2,674,951
Fund Balance - Beginning	20,273,434	20,273,434	20,273,434	-
Fund Balance - Ending	$ 24,687,352	$ 22,469,175	$ 25,144,126	$ 2,674,951

[1] On behalf payments of $4,330,708 are included in the actual revenues and expenditures, but have not been included in the budget amounts.

SUPPLEMENTARY INFORMATION

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
No Child Left Behind			
Title II - Improving Teacher Quality	84.367	14341	$ 325,917
Title II - Principal Training	84.368	14344	841
Title III - Limited English Proficiency	84.365	10084	41,830
Title IV - Drug Free Schools	84.186	14347	39,642
Title V - Innovative Education Strategies	84.298	13340	16,626
Vocational Education	84.053	13924	66,288
Special Education - State Grants [1]			
Preschool Grants	84.173	13430	120,172
Local Assistance	84.027	13379	2,873,989
Preschool Local Entitlement	84.028	13682	241,986
Preschool Staff Development	84.032	13613	7,284
Early Intervention	84.181	23761	112,577
Emergency Impact AID for Displaced Students	84.938C	14792	22,791
Total U.S. Department of Education			3,869,943
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
National School Lunch	10.553	13390	244,787
Total U.S. Department of Agriculture			244,787
Total Expenditures of Federal Awards			$ 4,114,730

[1] Tested as a major program

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2007

ORGANIZATION

The San Ramon Valley Unified School District was established on July 1, 1965 and consists of an area comprising approximately 104 square miles. The District operates 19 elementary schools, seven middle schools, three high schools, a continuation, and an independent study.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Paul Gardner	President	2008
Greg Marvel	Vice President	2008
Joan Buchanan	Clerk	2010
Bill Clarkson	Member	2010
Rachel Hurd	Member	2010

ADMINISTRATION

NAME	TITLE
Robert Kessler	Superintendent
Michael Bush	Assistant Superintendent, Business Services
Robert Silverstein	Assistant Superintendent, Human Resources
Christine Williams	Assistant Superintendent, Educational Services
Margaret Brown	Assistant Superintendent, Facilities Development

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2007

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	1,764	1,770
First through third	5,363	5,382
Fourth through sixth	5,442	5,457
Seventh and eighth	3,638	3,640
Home and hospital	3	4
Special education	211	212
Total Elementary	16,421	16,465
SECONDARY		
Regular classes	7,248	7,221
Continuation education	81	82
Home and hospital	4	5
Special education	164	160
Total Secondary	7,497	7,468
Total K-12	23,918	23,933
CLASSES FOR ADULTS		
Concurrently enrolled	10	10
Full-time independent study	4	3
Total Classes for Adults	14	13
Grand Total	23,932	23,946

	Hours of Attendance
SUMMER SCHOOL	
Elementary	99,113
High school	84,107
Total Hours	183,220

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2007

Grade Level	1982-83 Actual Minutes	1986-87 Minutes Requirement	2006-2007 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	31,680	36,000	36,000	180	N/A	In compliance
Grades 1	46,640	50,400	52,010	180	N/A	In compliance
Grades 2	46,640	50,400	52,010	180	N/A	In compliance
Grades 3	46,640	50,400	52,010	180	N/A	In compliance
Grades 4	52,500	54,000	54,140	180	N/A	In compliance
Grades 5	52,500	54,000	54,140	180	N/A	In compliance
Grades 6	52,500	54,000	54,140	180	N/A	In compliance
Grades 7	59,448	54,000	59,626	180	N/A	In compliance
Grades 8	59,448	54,000	59,626	180	N/A	In compliance
Grades 9	61,599	64,800	66,725	180	N/A	In compliance
Grades 10	61,599	64,800	66,725	180	N/A	In compliance
Grades 11	61,599	64,800	66,725	180	N/A	In compliance
Grades 12	61,599	64,800	66,725	180	N/A	In compliance

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

There were no adjustments to the Annual Financial and Budget Report Unaudited Actuals, which required reconciliation to the audited financial statements at June 30, 2007.

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

	(Budget) 2008[1]	2007	2006	2005
GENERAL FUND				
Revenues	$ 199,308,893	$ 201,318,200	$ 175,773,506	$ 158,573,788
Other sources and transfers in	-	380,411	704,208	283,822
Total Revenues and Other Sources	199,308,893	201,698,611	176,477,714	158,857,610
Expenditures	198,271,803	195,130,124	170,293,370	153,019,530
Other uses and transfers out	1,281,600	1,697,795	1,432,774	1,910,332
Total Expenditures and Other Uses	199,553,403	196,827,919	171,726,144	154,929,862
INCREASE (DECREASE) IN FUND BALANCE	$ (244,510)	$ 4,870,692	$ 4,751,570	$ 3,927,748
ENDING FUND BALANCE	$ 24,899,616	$ 25,144,126	$ 20,273,434	$ 15,521,864
AVAILABLE RESERVES [2]	$ 8,327,751	$ 6,653,259	$ 5,588,516	$ 5,614,798
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO[3]	4.17%	3.46%	3.33%	3.71%
LONG-TERM DEBT	$ 337,102,000	$ 344,975,420	$ 257,566,556	$ 262,121,546
K-12 AVERAGE DAILY ATTENDANCE AT P-2	24,439	23,918	23,090	22,147

The General Fund balance has increased by $9,622,262 over the past two years. The fiscal year 2007-2008 budget projects a decrease of $224,510 (one percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in the past three years and anticipates incurring an operating deficit during the 2007-2008 fiscal year. Total long-term obligations have increased by $82,853,874 over the past two years, which is primarily due to the issuance of general obligations bonds in the amount of $100 million in 2005-06 and $88 million in current year.

Average daily attendance has increased by 1,771 over the past two years. Additional growth of 521 ADA is anticipated during fiscal year 2007-2008.

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1 Budget 2008 is included for analytical purposes only and has not been subjected to audit.

2 Available reserves consist of undesignated fund balance and fund designated for economic uncertainty contained within the General Fund.

3 On-behalf payments of $4,330,708, $3,787,125, and $3,439,870 have been excluded from the calculation of available reserves for fiscal years ending June 30, 2007, 2006, and 2005.

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

EXCESS SICK LEAVE
JUNE 30, 2007

Section 19833.5 (a)(3)(c) Disclosure

San Ramon Valley Unified School District provides more than 12 sick leave days in a school year to the following groups of employees who are CalSTRS members:

1. Superintendent
2. Assistant Superintendent
3. Principals and other management

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2007

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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 46200 through 46206.

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by Education Code Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Excess Sick Leave

This schedule provides information required by the Audit Guide for California K-12 Local Educational Agencies for excess sick leave authorized or accrued for members of the California State Teachers Retirement System (CalSTRS).

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SUPPLEMENTARY INFORMATION - UNAUDITED

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - UNAUDITED
JUNE 30, 2007

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS			
Deposits and investments	$ 25,972	$ 68,231	$ 1,186,917
Receivables	2,071	219,390	-
Due from other funds	390	-	21,387
Prepaid expenses	-	158	-
Stores inventories	-	48,390	-
Total Assets	$ 28,433	$ 336,169	$ 1,208,304
LIABILITIES AND FUND BALANCES			
Liabilities:			
Overdrafts	$ -	$ 102,551	$ -
Accounts payable	2,630	169,872	111,607
Due to other funds	-	14,245	-
Total Liabilities	2,630	286,668	111,607
Fund Balances:			
Reserved for:			
Other reservations	-	48,548	-
Unreserved:			
Undesignated, reported in:			
Special revenue funds	25,803	953	1,096,697
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total Fund Balance	25,803	49,501	1,096,697
Total Liabilities and Fund Balances	$ 28,433	$ 336,169	$ 1,208,304

See accompanying note to supplementary information - unaudited.

Special Reserve Non-Capital Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Tax Override Fund	Total Non-Major Governmental Funds
$ 3,686,814	$ 5,788,513	$ 16,700,606	$ 2	$ 27,457,055
-	35,445	109,109	16	366,031
47,180	82,392	-	-	151,349
-	-	-	-	158
-	-	-	-	48,390
$ 3,733,994	$ 5,906,350	$ 16,809,715	$ 18	$ 28,022,983
$ -	$ -	$ -	$ -	$ 102,551
-	74,610	68	-	358,787
-	1,314	-	18	15,577
-	75,924	68	18	476,915
-	-	-	-	48,548
3,733,994	-	-	-	4,857,447
-	-	16,809,647	-	16,809,647
-	5,830,426	-	-	5,830,426
3,733,994	5,830,426	16,809,647	-	27,546,068
$ 3,733,994	$ 5,906,350	$ 16,809,715	$ 18	$ 28,022,983

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2007

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES			
Revenue limit sources	$ 27,974	$ -	$ -
Federal sources	-	244,787	-
Other state sources	-	6,580	889,436
Other local sources	1,702	4,165,944	31,823
Total Revenues	29,676	4,417,311	921,259
EXPENDITURES			
Current			
Instruction	21,443	-	-
Pupil services:			
Food services	-	4,289,000	-
General administration:			
All other general administration	1,055	214,505	-
Plant services	-	-	916,047
Facility acquisition and construction	-	-	607,983
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	22,498	4,503,505	1,524,030
Excess (Deficiency) of Revenues Over Expenditures	7,178	(86,194)	(602,771)
Other Financing Sources (Uses):			
Transfers in	-	8,058	971,774
Transfers out	-	-	-
Net Financing Sources (Uses)	-	8,058	971,774
NET CHANGE IN FUND BALANCES	7,178	(78,136)	369,003
Fund Balance - Beginning	18,625	127,637	727,694
Fund Balance - Ending	$ 25,803	$ 49,501	$ 1,096,697

See accompanying note to supplementary information - unaudited.

Special Reserve Non-Capital Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
$ -	$ -	$ -	$ 27,974
-	-	-	244,787
-	-	129,334	1,025,350
183,539	3,286,538	18,667,078	26,337,099
183,539	3,286,538	18,796,412	27,635,210
-	-	-	21,443
-	-	-	4,289,000
-	8,960	-	224,520
-	892,117	-	1,808,164
-	2,865,997	-	3,473,980
-	-	6,440,520	6,440,520
-	-	12,222,354	12,222,354
-	3,767,074	18,662,874	28,479,981
183,539	(480,536)	133,538	(844,771)
1,000,000	-	2,330,223	4,310,055
(380,411)	(56,000)	-	(436,886)
619,589	(56,000)	2,330,223	3,873,169
803,128	(536,536)	2,463,761	3,028,398
2,930,866	6,366,962	14,345,886	24,517,670
$ 3,733,994	$ 5,830,426	$ 16,809,647	$ 27,546,068

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

ASSESSED VALUATION OF TAXABLE PROPERTIES AND SECURED TAX CHARGES AND DELINQUENCIES WITHIN THE SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT BOUNDARIES - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2007

Assessed Valuation	$ 31,666,854,577
Less: Exemptions	(449,649,004)
Total 2006-07 Assessed Valuation	$ 31,217,205,573

See accompanying note to supplementary information - unaudited.

NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED
JUNE 30, 2007

NOTE 1 - PURPOSE OF SCHEDULES

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Unaudited

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

Assessed Valuation of Taxable Properties and Secured Tax Charges and Delinquencies within the San Ramon Valley Unified School District Boundaries – Unaudited

As part of the District's continuing disclosure certification of reporting to official depositories the assessed valuation of taxable properties and secured tax charges and delinquencies within San Ramon Valley Unified School District boundaries have been presented. This information was prepared by the Auditor/Controller's Office of Contra Costa County. We have not audited this information and therefore, do not express an opinion on this information.

APPENDIX B

FORM OF LEGAL OPINION

APPENDIX B

FORM OF LEGAL OPINION

[Letterhead of Jones Hall]

November 18, 2008

Board of Trustees
San Ramon Valley Unified School District
699 Old Orchard Drive
Danville, CA 92526

OPINION: $25,000,000 San Ramon Valley Unified School District (Contra Costa County, California) 2008 Tax and Revenue Anticipation Notes

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Members of the Board of Trustees:

We have acted as bond counsel to the San Ramon Valley Unified School District (the "District") in connection with the issuance by the Board of Supervisors of Contra Costa County (the "Board") of $25,000,000 principal amount of San Ramon Valley Unified School District (Contra Costa County, California) 2008 Tax and Revenue Anticipation Notes, dated November 18, 2008 (the "Notes"), pursuant to Article 7.6 (commencing with section 53850), Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and a resolution of the Board adopted on October 28, 2008 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The District is duly created and validly existing as a school district with the power to cause the Board to issue the Notes in its name and to perform its obligations under the Resolution and the Notes.

2. The Resolution has been duly adopted by the Board, and creates a valid first lien on the funds pledged under the Resolution for the security of the Notes.

3. The Notes have been duly authorized, issued and delivered by the Board, and are valid and binding general obligations of the District, enforceable in accordance with their terms.

4. The interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

5. The interest on the Notes is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

A Professional Law Corporation

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX C

FORM OF
CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT (the "District") in connection with the issuance by the Board of Supervisors of Contra Costa County (the "Board") in the name of the District of $25,000,000 San Ramon Valley Unified School District (Contra Costa County, California) 2008 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution adopted by the Board of Trustees of the District on October 7, 2008, and a resolution adopted by the Board on October 28, 2008 (collectively, the "Resolution"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

"*Dissemination Agent*" shall mean the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"*Participating Underwriter*" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"*Repository*" shall mean each State Repository.

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

Section 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

(1) Principal and interest payment delinquencies.
(2) Non-payment related defaults.
(3) Unscheduled draws on debt service reserves reflecting financial difficulties.
(4) Unscheduled draws on credit enhancements reflecting financial difficulties.
(5) Substitution of credit or liquidity providers, or their failure to perform.
(6) Adverse tax opinions or events affecting the tax-exempt status of the security.
(7) Modifications to rights of security holders.
(8) Contingent or unscheduled bond calls.

(9) Defeasances.
(10) Release, substitution, or sale of property securing repayment of the securities.
(11) Rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Notes pursuant to the Resolution.

Section 4. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the District shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

Section 5. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the District.

Section 6. 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 Section 3(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 Notes, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Notes , or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Notes.

Section 7. 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 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 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 Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. 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 Notes 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 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. 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 Notes, and shall create no rights in any other person or entity.

Date: November 18, 2008

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

By _____

_____,

_____

APPENDIX D

CONTRA COSTA COUNTY INVESTMENT POOL

CONTRA COSTA COUNTY

INVESTMENT POLICY

JUNE 2008

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CONTRA COSTA COUNTY
INVESTMENT POLICY
JUNE 2008

STANDARDS AND OBJECTIVES

§53600.3.[1] Standard for Governing Bodies or Persons Authorized to Make Investment Decisions for Local Agencies

Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter 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.

§53600.5. Trustee's Objectives Regarding Funds

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.

[1] *Number refers to Government Code number and section.*

INSTRUMENTS AUTHORIZED FOR INVESTMENT

§53601. Instruments Authorized for Investment

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.

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.

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.

D. ***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.

E. ***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.

F. ***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).

G. ***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 (1) or paragraph (2):

(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 money in eligible commercial paper. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635. Following are the concentration limits (Government Code Section 53635, subdivision (a)):

1. Not more than 40 percent of the local agency's money may be invested in eligible commercial paper.
2. 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.

H. ***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.

I. 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.

1. **"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.

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

b. 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.

2. **"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.

Reverse repurchase agreements may be utilized only when all of the following conditions are met:

The security to be sold on reverse repurchase agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale; the total of all reverse repurchase agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio; 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 and the final maturity date of the same security.

Investments in reverse repurchase agreements shall only be made 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..."Significant banking relationship" means any of the following activities of a bank:

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

b. Financing of a local agency's activities.

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

J. ***Medium-term notes*** of a maximum of five-years maturity 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 in a rating category of "A" or its equivalent or better by a nationally-recognized rating service. Purchases of medium-term notes may not exceed 30 percent of the agency's money that may be invested pursuant to this section.

K. 1. ***Shares of beneficial interest*** issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (j), inclusive, or subdivision (m) or (n) and that comply with the investment restrictions of this article and Article 2.

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 (I5 U.S.C. Sec. 80a-1 et seq.).

3. 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 managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

4. 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).

L. ***Moneys held by a trustee or fiscal agen***t 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.

M. ***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.

N. ***Any mortgage pass-through security, collaterialized 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.

O. Shares of beneficial interest issued by a joint powers 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).

P. Local Agency Investments – LAIF - (All references in this section to the Treasurer and the Controller pertain to the State Treasurer and the State Controller).

§16305.9. (a) All money in the Local Agency Investment Fund shall be held in trust in the custody of the Treasurer.

(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.

(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.

(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.

§16429.1. Existence and Appropriation of Fund; Investment and Distribution of Deposits

(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.

(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.

(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.

(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.

(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.

(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.

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

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

(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.

(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.

(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.

(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.

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

FURTHER RESTRICTIONS/LIMITATIONS BY GOVERNMENT CODE AND COUNTY TREASURER

Further Restrictions Set by Treasurer

A. Reverse repurchase agreements will be used strictly for the purpose of supplementing income with a limit of 10 percent of the total portfolio without prior approval of the Treasurer.

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

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

D. Repurchase Agreements will generally be 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.

E. 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.

F. Bank C.D.s or non-negotiable C.D.s 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.

G. 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.

H. All legal securities issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars or snuff or for smoking in pipes or a company that has total

revenues of 15 percent or more from the sale of such products. The tobacco-related issuers restricted from any investment are British American Tobacco, Gallaher Group PLC, Imasco Ltd., Lowes Companies, ALTRIA Group, Inc., RJ Reynolds Tobacco Holdings, Inc., Brooke Groupe LTD., UST, Inc. and Universal Corp. However, tobacco-related companies will not be limited to the foregoing list. Additional companies will be prohibited as long as said entities fall within the definition of tobacco-related companies.

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

J. No more than 10 percent of the local agency's money may be invested in the outstanding commercial paper of any single issuer.

K. No more than 10 percent of the outstanding commercial paper of any single issuer may be purchased by the local agency.

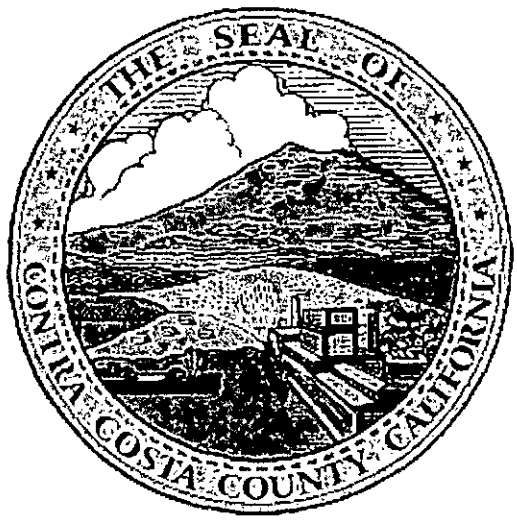
§53601.6. Prohibited Investments by Government Code

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.

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 (k) of Section 53601.

§53601. Instruments Authorized for Investments: Maturity

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 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.



CONTRA COSTA COUNTY

TREASURER'S QUARTERLY INVESTMENT REPORT

AS OF JUNE 30, 2008

EXECUTIVE SUMMARY

- The Treasurer's investment portfolio is in compliance with Government Code 53600 et. seq. and other applicable sections.

- 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.

- The total investment pool equaled **$2,102,463,812** on June 30, 2008. The fair value was **$2,106,747,668** which was 100.20% of cost.

- The weighted average maturity of the total investment pool was 118.13 days. More than 90 percent of the portfolio or over $1.895 billion will mature in less than a year. The County is unable to determine if it can meet its cash flow needs for the next six months because a State Budget has not been adopted.

- The audit for CY 2007 on the activities of the County Treasurer's Office and the Treasury Oversight Committee was reviewed by the committee. Although the audit contained one finding, the Treasurer's Office had already implemented a policy of further verification and authorization when differences in interest earnings are present. The audit was accepted by the Board of Supervisors on June 17, 2008.

- The Treasurer's Investment Policy for FY 2008-2009 and the Treasurer's Investment Report of March 31, 2008 were accepted by the Board of Supervisors on June 17, 2008.

CONTRA COSTA COUNTY INVESTMENT POOL SUMMARY
AS OF JUNE 30, 2008

TYPE	COST	PAR VALUE	FAIR VALUE	PORTFO % OF C(
A. Investments Managed by Treasurer's Office				
1. U.S. Treasuries (STRIPS, Bills, Notes)	$22,596,478.22	$23,178,000.00	$23,836,648.14	1.
2. U.S. Agencies				
Federal Agriculture	9,299,879.75	9,013,000.00	9,281,180.00	0.
Federal Farm Credit Banks	28,409,494.55	28,530,000.00	28,773,702.52	1.
Federal Home Loan Banks	131,617,778.23	131,218,000.00	132,445,969.80	6.
Federal National Mortgage Association	64,167,837.05	63,997,000.00	64,739,837.22	3.
Federal Home Loan Mortgage Corporation	31,828,859.07	31,578,757.70	32,142,113.18	1.
Municipal Bonds	2,130,093.89	2,125,000.00	2,129,005.00	0.
Subtotal	267,453,942.54	266,461,757.70	269,511,807.72	12.
3. Money Market Instruments				
Repurchase Agreement	293,755,000.00	293,755,000.00	293,755,000.00	13.
Bankers Acceptance	59,633,805.56	60,000,000.00	59,834,508.33	2.
Commercial Paper	369,221,894.00	370,278,000.00	369,903,585.12	17.
Negotiable Certificates of Deposit	165,000,000.00	165,000,000.00	165,013,923.11	7.
Corporate Notes	42,285,050.24	41,286,000.00	41,270,665.94	2.
Time Deposit	1,543,076.96	1,543,076.96	1,551,313.91	0.
Subtotal	931,438,826.76	931,862,076.96	931,328,996.41	44.
TOTAL	1,221,489,247.52	1,221,501,834.66	1,224,677,452.27	58
B. Investments Managed by Outside Contractors				
1. Local Agency Investment Fund	420,692,095.48	420,692,095.48	420,671,153.01	20.
2. Other				
a. Redevelopment Agency	28,770.86	28,770.86	28,830.08	0.
b. Other	671,307.16	671,307.16	671,307.16	0.
c. Wells Fargo Asset Management (324-131235)	45,209,575.00	45,209,575.00	45,364,000.08	2.
d. Columbia Management Group (Bank of America)	38,712,693.00	38,712,693.00	38,841,823.00	1.
e. Caltrust	70,999,659.89	70,999,659.89	71,149,463.17	3.
f. Guaranteed Investment Contract	189,418,308.44	189,418,308.44	190,101,485.11	9
Subtotal	345,040,314.35	345,040,314.35	346,156,908.60	16
TOTAL	765,732,409.83	765,732,409.83	766,828,061.61	36
C. Cash	115,242,154.61	115,242,154.61	115,242,154.61	5
GRAND TOTAL (FOR A , B, & C)	$2,102,463,811.96	$2,102,476,399.10	$2,106,747,668.49	1