09-0363

NEW ISSUE — BOOK-ENTRY ONLY **RATINGS:**

Insured: Aa3/AAA
Underlying: A2/A
(See "**BOND INSURANCE**" and "**MISCELLANEOUS — Ratings**" herein).

*In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing law, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "**TAX MATTERS**" herein.*

$35,000,000
PITTSBURG UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds
Election of 2006, Series B

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

The Pittsburg Unified School District, General Obligation Bonds, Election of 2006, Series B (the "Bonds") are issued on behalf of the Pittsburg Unified School District (the "District"), and the Board of Supervisors of Contra Costa County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), for the payment of interest on, and principal of, the Bonds, all as more fully described herein under "**THE BONDS**" and "***AD VALOREM* PROPERTY TAXATION**."

Interest on the Bonds is payable semiannually on each February 1 and August 1 commencing February 1, 2010. The Bonds, when delivered, will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds as described herein under "**THE BONDS — Book-Entry System.**"

The Bonds due on or before August 1, 2018, are not subject to optional redemption; the Bonds due on and after August 1, 2019, are subject to optional redemption as described herein under "**THE BONDS — Redemption.**"

The Bonds maturing in 2010 and 2011 are not insured. The scheduled payment of principal of and interest on the Bonds maturing in 2012 through 2039 will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **FINANCIAL SECURITY ASSURANCE INC.**

FSA

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

KNN public finance

MATURITY SCHEDULE
(Base CUSIP[1]: 724581)

Maturity (August 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP[1]	Maturity (August 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP[1]
2010	$140,000*	3.000%	1.43%	KP 7	2019	$665,000	5.000%	3.90%**	KY 8
2011	455,000*	3.000	1.93	KQ 5	2020	700,000	5.000	4.10**	KZ 5
2012	470,000	2.500	2.00	KR 3	2021	730,000	5.000	4.24**	LA 9
2013	485,000	2.750	2.31	KS 1	2022	770,000	5.000	4.37**	LB 7
2014	490,000	4.000	2.68	KT 9	2023	810,000	4.250	4.50	LC 5
2015	520,000	4.000	2.95	KU 6	2024	845,000	4.375	4.63	LD 3
2016	555,000	4.000	3.20	KV 4	2025	880,000	4.500	4.76	LE 1
2017	570,000	4.000	3.40	KW 2	2026	920,000	4.750	4.88	LF 8
2018	605,000	5.000	3.65	KX 0					

*Uninsured

$5,370,000 5.500% Term Bonds Due August 1, 2031, Priced to Yield 5.18%** [CUSIP[1] LJ 0]
$5,655,000 5.500% Term Bonds Due August 1, 2034, Priced to Yield 5.30%** [CUSIP[1] LK 7]
13,365,000 5.625% Term Bonds Due August 1, 2039, Priced to Yield 5.36%** [CUSIP[1] LL 5]

**Priced to the August 1, 2018, call date @100%

The Bonds will be offered when, as and if issued by the District and received by Piper Jaffray & Co., the Underwriter, subject to the approval of legality by Quint & Thimmig, LLP, San Francisco, California, Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York, on or about May 27, 2009.

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 Date: May 12, 2009

PiperJaffray

No dealer, broker, salesperson or other person has been authorized by the Pittsburg Unified School 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 any offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

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

THE PRICES OF THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER SUCH BONDS ARE RELEASED FOR SALE AND SUCH BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL SUCH BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES FOR SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS 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.

Other than with respect to information concerning Financial Security Assurance Inc. ("Financial Security") contained under the caption "BOND INSURANCE" and APPENDIX E specimen "MUNICIPAL BOND INSURANCE POLICY" herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax exempt status of the interest on the Bonds.

CONTRA COSTA COUNTY

County Board of Supervisors

Susan A. Bonilla
Chair, Supervisor, District 4

John Gioia
Supervisor, District 1

Mary N. Piepho
Supervisor, District 3

Gayle B. Uilkema
Vice President, Supervisor, District 2

Federal D. Glover
Supervisor, District 5

PITTSBURG UNIFIED SCHOOL DISTRICT

Board of Education

Ruben Rosalez
President

Vincent S. Ferrante
Vice President

Joseph Arenivar
Member

Dr. Laura Canciamilla
Member

Percy D. McGee
Member

District Administration

Barbara B. Wilson, Ph.D.
Superintendent

PROFESSIONAL SERVICES

Financial Advisor

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

Bond Counsel

Quint & Thimmig, LLP
San Francisco, California

Paying Agent

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

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OFFICIAL STATEMENT

$35,000,000
PITTSBURG UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds
Election of 2006, Series B

INTRODUCTION

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

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of $35,000,000 principal amount of Pittsburg Unified School District (Contra Costa County, California), General Obligation Bonds, Election of 2006, Series B (the "Bonds"), as described more fully herein.

The District

The Pittsburg Unified School District (the "District") provides educational services to the residents of the City of Pittsburg (the "City"), in the County of Contra Costa (the "County"), in the State of California (the "State"). More detailed information regarding the area served by the District and the student population of the District may be found under "**DISTRICT INFORMATION**," "**DISTRICT TAX BASE INFORMATION**," and "**ECONOMIC PROFILE**" herein.

Bond Insurance

The Bonds maturing in 2010 and 2011 are not insured. The scheduled payment of principal of and interest on the Bonds maturing in 2012 through 2039 will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Financial Security Assurance Inc. See **"BOND INSURANCE"** herein.

Sources of Payment for the Bonds

The Bonds are obligations of the District issued by the Board of Supervisors of the County on behalf of the District, and the Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), as necessary for payment of interest on and principal of the Bonds. See **"THE BONDS — Security and Sources of Payment"**, **"*AD VALOREM* PROPERTY TAXATION"** and **"DISTRICT TAX BASE INFORMATION"** herein.

Purpose of the Bonds

The proceeds of the Bonds are authorized to be used to build new classrooms at Pittsburg high schools, emphasize science, technology, and vocational rooms, separate ninth and tenth grade classrooms and facilities, upgrade cafeteria and library, renovate restrooms, and upgrade electrical and plumbing systems.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code (the "Government Code") and other applicable law, and pursuant to resolutions adopted by the Board of Education of the District and the Board of Supervisors of the County. See "**THE BONDS — Authority for Issuance**" herein.

Description of the Bonds

The Bonds will be issued as current interest bonds without coupons in denominations of $5,000 each, or any integral multiple thereof 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 Bonds. So long as DTC, or Cede & Co., as its nominee, is the registered owner of all the Bonds, payments on the Bonds will be made directly to DTC, and 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 BONDS — Description of the Bonds; Book-Entry System**" and "**—Payment to Holders**" herein.

The Bonds will bear interest semiannually each February 1 and August 1, commencing February 1, 2010, from the date of delivery, calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of the Bonds will be paid, subject to any optional redemption, on the dates and in the amounts set forth on the cover page hereof. See "**THE BONDS**" herein.

The Bonds maturing on and after August 1, 2019, may be redeemed prior to maturity at the option of the District beginning on August 1, 2018, as described under "**THE BONDS — Redemption**" herein.

Tax Matters

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing law, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "**TAX MATTERS**" herein.

Professionals Involved in the Offering

With respect to the Bonds, KNN Public Finance, A Division of Zions First National Bank, Oakland, California, is the District's financial advisor (the "Financial Advisor") (see "**MISCELLANEOUS — Financial Advisor**" herein) and Quint & Thimmig, LLP, San Francisco, California, is the District's bond counsel (the "Bond Counsel"). The Bank of New York Mellon Trust Company, N.A., San Francisco, California, will act on behalf of the County as paying agent, registrar and transfer agent (the "Paying Agent") with respect to the Bonds. The Financial Advisor, Bond Counsel, and Paying Agent will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Offering and Delivery of the Bonds

The Bonds will be offered when, as and if issued by the District and received by Piper Jaffray & Co., the Underwriter, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York on or about May 27, 2009.

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 Bonds 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 Bonds are available from the Business Office, 2000 Railroad Avenue, Pittsburg, CA 94565, telephone 925-473-4000. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the Constitution and laws of the State of California (the "State"), including the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and applicable provisions of the Education Code of the State and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Education of the District on January 28, 2009 and by the Board of Supervisors of the County on February 24, 2009 (collectively the "Resolution").

The District received authorization to issue $85 million of bonds at an election held on November 7, 2006, by an affirmative vote of 74.12% of the votes cast (the "2006 Authorization"). A 55% vote in favor was required. The Bonds represent the second series issued under the 2006 Authorization:

PITTSBURG UNIFIED SCHOOL DISTRICT
Bonds Issued Under the Authorization

Delivery Date	Series	Amount of Original Issue	Outstanding May 1, 2009
October 10, 2007	Election of 2006, Series A	$15,000,000	$12,920,000

Prior to the 2006 Authorization, the District received authorization in 1995 to issue $30 million in general obligation bonds and in 2004 to issue an additional $40.5 million in general obligation bonds, all of which have been issued. See **"THE DISTRICT – District Debt"** herein.

Purpose of Issue

Net proceeds of the Bonds are authorized to be used to build new classrooms at Pittsburg high schools, emphasize science, technology, and vocational rooms, separate ninth and tenth grade classrooms and facilities, upgrade cafeteria and library, renovate restrooms, and upgrade electrical and plumbing systems.

Estimated Sources and Uses of Funds

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

PITTSBURG UNIFIED SCHOOL DISTRICT
Estimated Sources And Uses Of Funds

Sources of Funds	
Principal Amount of Bonds	$35,000,000.00
Original Issue Premium	761,155.80
Total Sources	$35,761,155.80
Uses of Funds	
Project Costs	$35,000,000.00
Underwriter's Compensation	174,566.50
Costs of Issuance[(a)]	543,815.48
Deposit to Debt Service Fund	42,773.82
Total Uses	$35,761,155.80

(a) Includes bond insurance premium of $393,815.48 and estimated fees for Financial Advisor, Bond Counsel, rating agency, printing and distribution of official statement, Paying Agent, and miscellaneous costs of issuance.

Investment of Bond Proceeds

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be deposited in the treasury of the County to the credit of the building fund of the District (the "Building Fund") and will be accounted for separately from all other District and County funds, but may be commingled with the proceeds of sale of other bonds of the District deposited in the Building Fund and authorized to be used for the same purpose. The proceeds may be used only for the purposes for which the Bonds are authorized. Any premium received by the District from the sale of the Bonds will be deposited in the interest and sinking fund of the District (the "Debt Service Fund") and used only for payments of principal of and interest on the Bonds. Interest earned on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund. Interest earned on the investment of monies held in the Building Fund will be retained in the Building Fund.

Monies held in the Building Fund will be invested by the County in any one or more investments generally permitted to school districts under the laws of the State, consistent with the investment policy of the County and the Resolution (the "Building Fund Permitted Investments"). The Building Fund Permitted Investments specifically include: (a) the County Pooled Investment Fund and (b) at the request of the District, (i) the Local Agency Investment Fund maintained by the Treasurer of the State; (ii) other investments permitted under section 53601 of the California Government Code; and (iii) investment agreements with financial institutions with senior unsecured credit ratings in 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 organization then rating the Bonds. 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 proposed for the bidding or the execution of the investment. Consent by the County to a request by the District to use any investments requested by the District specified in clauses (b)(i), (b)(ii) or (b)(iii) above shall in no way imply any endorsement by the County of such investment and the County assumes no liability for the results of such investment or of the provider thereof. Moneys held in the Debt Service Fund will be invested by the County in the County Pooled Investment Fund. See "**GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — County Investment Pool**" herein and "**APPENDIX D —CONTRA COSTA COUNTY INVESTMENT PORTFOLIO REPORT.**"

Security and Sources of Payment

The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, as necessary for payment of interest on and principal of the Bonds, upon all property within the District (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be placed by the County in the Debt Service Fund.

The rate of the *ad valorem* tax will be set annually by the County based on the assessed value of taxable property in the District and the debt service requirement on the outstanding bonds in each year. Variation in the annual debt service requirement and changes in assessed valuation within the District may cause the annual tax rate to change from year to year. For further information regarding *ad valorem* property taxation in general, see "***AD VALOREM* PROPERTY TAXATION**" and within the District in particular, see "**DISTRICT TAX BASE INFORMATION**" herein.

Description of the Bonds

The Bonds in the aggregate principal amount of $35,000,000 will be dated the date of delivery and will bear interest payable semiannually each February 1 and August 1 (each an "Interest Payment Date"), commencing February 1, 2010, at the interest rates shown on the cover hereof. The Bonds will mature on August 1 in each of the years and in the principal amounts shown on the cover page hereof. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond authenticated on or before January 15, 2010, will bear interest from the date of the Bonds. Each Bond authenticated during the period between the 15th day of the month preceding any Interest Payment Date (the "Record Date") and that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If a Payment Date does not fall on a business day, the interest, principal or redemption payment due on such Payment Date will be paid on the next business day.

The Bonds will be issued in the denomination of $5,000 principal amount each or any integral multiple thereof. The Bonds when issued will be registered in the name of Cede & Co., as registered owner and nominee of DTC. So long as DTC, or Cede & Co., as its nominee, is the registered owner of all the Bonds, principal and interest payments on the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined below) will be the responsibility of the DTC Participants, as more fully described below under "**Book-Entry System**." Only if the Bonds should cease to be paid through a book-entry system would the Paying Agent make payments on the Bonds directly to Beneficial Owners, as registered owners of the Bonds, as more fully described below under "**Payment to Holders**."

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 Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. 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.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of redemption proceeds, principal of, and interest on, the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from 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, the District or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District or County may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

Payment to Holders

The following provisions governing the payment, transfer and exchange of the Bonds apply to holders of the Bonds. 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 Bonds. Only in the event that Bonds are printed and delivered to the Beneficial Owners do these provisions then apply directly to Beneficial Owners as holders of the Bonds.

Principal of the Bonds and any premium upon the redemption thereof prior to the maturity will be payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Paying Agent, or such other location as the Paying Agent may specify. Interest shall be paid by check to the owner of any Bond at the address of such owner shown on the registration books of the Paying Agent, or at such other address the owner of the Bond has filed with the Paying Agent for such purpose on or before the Record Date. Owners of not less than $1,000,000 in principal amount of Bonds may, by written request received by the Paying Agent not later than the Record Date immediately preceding any Interest Payment Date, have interest payments made on the date due by wire transfer to an account maintained in the United States of America in immediately available funds.

Any Bond may be exchanged for Bonds of any authorized denominations of the same maturity and interest rate upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at the principal corporate trust 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 Bond or Bonds 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 Bond surrendered and bearing interest at the same rate and maturing on the same date.

The Paying Agent will not be required to exchange or transfer any Bond during the period from the close of business on the applicable Record Date next preceding any Interest Payment Date or redemption date, to and including such Interest Payment Date or redemption date.

Debt Service

Semi-annual debt service obligations for the Bonds, assuming that no optional redemptions are made, are as follows:

PITTSBURG UNIFIED SCHOOL DISTRICT
Semi-Annual Debt Service

Payment Date	Outstanding Bonds[(a)]	The Bonds Principal	The Bonds Interest	The Bonds Total	Total Annual Debt Service
August 1, 2009	$ 4,326,733.15				$ 4,326,733.15
February 1, 2010	1,587,231.90		$ 1,229,954.86	$ 1,229,954.86	
August 1, 2010	3,812,231.90	$ 140,000	907,343.75	1,047,343.75	7,676,762.41
February 1, 2011	1,526,328.77		905,243.75	905,243.75	
August 1, 2011	3,916,328.77	455,000	905,243.75	1,360,243.75	7,708,145.04
February 1, 2012	1,463,166.27		898,418.75	898,418.75	
August 1, 2012	4,008,166.27	470,000	898,418.75	1,368,418.75	7,738,170.04
February 1, 2013	1,407,743.77		892,543.75	892,543.75	
August 1, 2013	4,112,743.77	485,000	892,543.75	1,377,543.75	7,790,575.04
February 1, 2014	1,353,808.77		885,875.00	885,875.00	
August 1, 2014	4,228,808.77	490,000	885,875.00	1,375,875.00	7,844,367.54
February 1, 2015	1,295,241.27		876,075.00	876,075.00	
August 1, 2015	4,350,241.27	520,000	876,075.00	1,396,075.00	7,917,632.54
February 1, 2016	1,231,878.77		865,675.00	865,675.00	
August 1, 2016	4,456,878.77	555,000	865,675.00	1,420,675.00	7,975,107.54
February 1, 2017	1,164,940.02		854,575.00	854,575.00	
August 1, 2017	4,594,940.02	570,000	854,575.00	1,424,575.00	8,039,030.04
February 1, 2018	1,094,080.02		843,175.00	843,175.00	
August 1, 2018	4,719,080.02	605,000	843,175.00	1,448,175.00	8,104,510.04
February 1, 2019	1,018,638.14		828,050.00	828,050.00	
August 1, 2019	4,873,638.14	665,000	828,050.00	1,493,050.00	8,213,376.28
February 1, 2020	937,786.89		811,425.00	811,425.00	
August 1, 2020	5,017,786.89	700,000	811,425.00	1,511,425.00	8,278,423.78
February 1, 2021	850,286.27		793,925.00	793,925.00	
August 1, 2021	4,805,286.27	730,000	793,925.00	1,523,925.00	7,973,422.54
February 1, 2022	764,868.14		775,675.00	775,675.00	
August 1, 2022	4,594,868.14	770,000	775,675.00	1,545,675.00	7,681,086.28
February 1, 2023	679,255.64		756,425.00	756,425.00	
August 1, 2023	4,369,255.64	810,000	756,425.00	1,566,425.00	7,371,361.28
February 1, 2024	595,889.39		739,212.50	739,212.50	
August 1, 2024	3,795,889.39	845,000	739,212.50	1,584,212.50	6,715,203.78
February 1, 2025	526,001.88		720,728.13	720,728.13	
August 1, 2025	3,586,001.88	880,000	720,728.13	1,600,728.13	6,433,460.02
February 1, 2026	458,955.63		700,928.13	700,928.13	
August 1, 2026	3,728,955.63	920,000	700,928.13	1,620,928.13	6,509,767.52
February 1, 2027	386,470.63		679,078.13	679,078.13	
August 1, 2027	3,886,470.63	965,000	679,078.13	1,644,078.13	6,596,097.52
February 1, 2028	303,895.63		652,540.63	652,540.63	
August 1, 2028	4,038,895.63	1,015,000	652,540.63	1,667,540.63	6,662,872.52
February 1, 2029	219,858.13		624,628.13	624,628.13	
August 1, 2029	4,209,858.13	1,070,000	624,628.13	1,694,628.13	6,748,972.52
February 1, 2030	129,305.00		595,203.13	595,203.13	
August 1, 2030	2,759,305.00	1,135,000	595,203.13	1,730,203.13	5,214,016.26
February 1, 2031	68,162.50		563,990.63	563,990.63	
August 1, 2031	1,468,162.50	1,185,000	563,990.63	1,748,990.63	3,849,306.26
February 1, 2032	34,912.50		531,403.13	531,403.13	
August 1, 2032	1,504,912.50	1,245,000	531,403.13	1,776,403.13	3,847,631.26
February 1, 2033			497,165.63	497,165.63	
August 1, 2033		2,145,000	497,165.63	2,642,165.63	3,139,331.26
February 1, 2034			438,178.13	438,178.13	
August 1, 2034		2,265,000	438,178.13	2,703,178.13	3,141,356.26
February 1, 2035			375,890.63	375,890.63	
August 1, 2035		2,390,000	375,890.63	2,765,890.63	3,141,781.26
February 1, 2036			308,671.88	308,671.88	
August 1, 2036		2,525,000	308,671.88	2,833,671.88	3,142,343.76
February 1, 2037			237,656.25	237,656.25	
August 1, 2037		2,665,000	237,656.25	2,902,656.25	3,140,312.50
February 1, 2038			162,703.13	162,703.13	
August 1, 2038		2,815,000	162,703.13	2,977,703.13	3,140,406.26
February 1, 2039			83,531.25	83,531.25	
August 1, 2039		2,970,000	83,531.25	3,053,531.25	3,137,062.50
TOTAL	$114,264,145.01	$35,000,000	$39,934,479.99	$74,934,479.99	$189,198,625.00

(a) See "**DISTRICT INFORMATION – District Debt**" for a description of other outstanding bonds of the District.

Source: The District.

Redemption

Optional Redemption

The Bonds maturing on or before August 1, 2018, are not subject to optional redemption. Bonds maturing on and after August 1, 2019, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2018, at the optional redemption prices set forth below. If less than all of the Bonds are called for redemption, such Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity to be redeemed shall be determined by lot.

Redemption Date	Redemption Price
August 1, 2018, and thereafter	100%

Mandatory Sinking Fund Redemption

Term Bonds maturing on August 1, 2031, shall be subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking fund payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, together with interest accrued thereon to the date fixed for redemption:

Redemption Date	Principal Amount
August 1, 2027	$ 965,000
August 1, 2028	1,015,000
August 1, 2029	1,070,000
August 1, 2030	1,135,000
August 1, 2031*	1,185,000
	$5,370,000

*Maturity

Term Bonds maturing on August 1, 2034, shall be subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking fund payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, together with interest accrued thereon to the date fixed for redemption:

Redemption Date	Principal Amount
August 1, 2032	$1,245,000
August 1, 2033	2,145,000
August 1, 2034*	2,265,000
	$5,655,000

*Maturity

Term Bonds maturing on August 1, 2039, shall be subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking fund payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, together with interest accrued thereon to the date fixed for redemption:

Redemption Date	Principal Amount
August 1, 2035	$ 2,390,000
August 1, 2036	2,525,000
August 1, 2037	2,665,000
August 1, 2038	2,815,000
August 1, 2039*	2,970,000
	$13,365,000

*Maturity

The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date.

Notice of Redemption

Notice of redemption will be given by the Paying Agent at the expense of the District. Such notice will specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and maturity date. Such notice of redemption will also state that the Bonds, along with the interest accrued to such date and the redemption premium, if any, will become due and payable on the specified date, and that from and after such date interest with respect to the Bonds will cease to accrue.

Notice of redemption will be made by first class mail, postage prepaid, to (a) the registered owners of the Bonds being redeemed (or, if such owner is a syndicate, to the managing member of such syndicate), (b) a municipal registered securities depository, and (c) a national information service that disseminates securities redemption notices. Notice of redemption will be at least thirty days, but not more than sixty days, prior to the redemption date. Neither failure to receive such notice nor any defect in the content of such notice will affect the sufficiency of the proceeding for the redemption of the Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Financial Security Assurance Inc. ("Financial Security") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

Financial Security Assurance Inc.

Financial Security is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Dexia, S.A. ("Dexia"), a publicly held Belgian corporation, and of Dexia Credit Local S.A., a direct wholly-owned subsidiary of Dexia. Dexia, through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

In November 2008, an affiliate of Dexia, the parent of Holdings, entered into a purchase agreement providing for the sale of Holdings to Assured Guaranty Ltd. ("Assured"), subject to the satisfaction of specified closing conditions, including regulatory approvals, absence of rating impairment and segregation or separation of Holdings' financial products operations (the "FP Business") from Holdings' financial guaranty operations. Pursuant to such agreement, the FP Business is expected to be separated from Holdings' financial guaranty operations and retained by Dexia. No assurance can be given that the acquisition of Holdings by Assured will be consummated.

As of December 31, 2008, the FP Business had guaranteed investment contracts and other investment agreements ("GICs") outstanding with a principal amount of $15.248 billion that provide for repayment in the event of a downgrade of Financial Security's financial strength ratings beyond certain thresholds absent collateralization of the GIC obligations. Bank affiliates of Dexia have entered into agreements intended to assume the credit and liquidity risk of the FP Business, including $8 billion of liquidity facilities for the FP Business intended to address the GIC repayment and collateralization consequences of a downgrade of Financial Security. Dexia has announced its intention to obtain Belgium and French government guaranties to backstop Dexia's support obligations with respect to the FP Business, and, according to Dexia, the European Commission has approved the issuance of such guaranties. No assurance can be given that the Belgium and French government guaranties will be issued. Absent those guaranties, Financial Security has significant exposure to Dexia in addressing the current and potential liquidity requirements of the FP Business. Any failure by Dexia to support the FP Business could have a material adverse effect on Financial Security.

At December 31, 2008, Financial Security's consolidated policyholders' surplus and contingency reserves were approximately $1,992,383,920 and its total net unearned premium reserve was approximately $2,520,098,950 in accordance with statutory accounting principles. At December 31, 2008, Financial Security's consolidated shareholder's equity was approximately $2,250,990,129 and its total net unearned premium reserve was approximately $2,040,928,581 in accordance with accounting principles generally accepted in the United States of America.

Portions of the following document filed by Holdings with the Securities and Exchange Commission ("SEC") that relate to Financial Security are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) Annual Report of Holdings on Form 10-K for the year ended December 31, 2008.

All information relating to Financial Security included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at **http://www.sec.gov** or at Holding's website at **http://www.fsa.com** or will be provided upon request to Financial Security Assurance Inc.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding Financial Security included herein under the captions **"BOND INSURANCE – Financial Security Assurance Inc."** and **" – Recent Events Regarding Financial Security's Ratings"** or included in a document incorporated by reference herein (collectively, the "Financial Security Information") shall be modified or superseded to the extent that any subsequently included Financial Security Information (either directly or through incorporation by reference) modifies or supersedes such previously included Financial Security Information. Any Financial Security Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

The Policy does not protect investors against changes in market value of the Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Bonds or the advisability of investing in the Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the Issuer the information presented under this caption for inclusion in the Official Statement.

Recent Events Regarding Financial Security's Ratings

On November 21, 2008, Moody's Investors Service, Inc. downgraded to "Aa3" (with developing outlook) from "Aaa" the insurance financial strength rating of Financial Security.

On April 21, 2009, Standard & Poor's Ratings Services ("S&P") affirmed Financial Security's "AAA" financial strength rating and removed it from Credit Watch with negative implications. In connection with such ratings affirmation, S&P assigned a negative outlook to Financial Security's "AAA" financial strength rating.

On May 11, 2009, Fitch Ratings downgraded to "AA+" (Ratings Watch Negative) from "AAA" the insurer financial strength rating of Financial Security.

These ratings reflect only the views of the respective rating agencies, are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time by those rating agencies. See **"MISCELLANEOUS — Ratings"** herein.

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." Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law 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 the bonds. See **"DISTRICT TAX BASE INFORMATION — Secured Tax Charges and Delinquencies"** herein for a history of property tax collections and delinquencies in the District.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE 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. The tax for the District Bonds was approved in conformity with all applicable constitutional and statutory limitations. For specific financial information on the District, see ***"DISTRICT INFORMATION"*** *herein.*

Article XIIIA

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

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 Bonds.

Propositions 98 and 111

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

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

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 $14.1 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

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 Bonds is a "special tax" approved by 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 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.

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 to 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.

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 announced State tax revenue to be falling below the levels assumed in the 2008/09 Budget. On November 11, 2008, the independent Legislative Analysts Office (the "LAO") provided to the State Legislature its report "Overview of the Governor's Special Session Proposals" and on November 20, 2008 the LAO provided a second report to the State Legislature entitled "California's Fiscal Outlook: LAO Projections 2008/09 through 2013/14" (together the "LAO Reports"). Copies of the LAO Reports are available at **www.lao.ca.gov**. The LAO Reports state that the State's revenue collapse is so dramatic and the underlying economic factors are so weak that absent corrective action, the State will experience annual shortfalls in the range of $22 billion through fiscal year 2013/14. On December 1, 2008, the Governor declared a fiscal emergency for the State, and has since convened three special sessions of the Legislature to address this emergency. On December 10, 2008, the Governor announced that the 2008/09 shortfall had become at least $14.8 billion, and if unaddressed for 2008/09 and 2009/10, the cumulative budget shortfall by the end of 2009/10 could reach $41.6 billion. On January 9, 2009 the Governor presented his proposed *Budget for 2009/10* , designed to remove this shortfall. On February 20, 2008, the

State enacted its *2009 Budget Act* (the "2009/10 Budget"), a "17 month budget" for 2009/10 that includes certain revisions for 2008/09 as well, that aims at balancing State revenues and expenditures by the end of 2009/10, closing completely the $41.6 billion budget gap by a combination of expenditure reductions, increases in taxes on income, sales and vehicles, borrowing and receipt of federal stimulus funds. Certain fund diversions and other aspects of the budget plan will require voter approval (election is scheduled for May 19, 2009). The Governor has indicated that there will be further budget action for 2009/10; a "May Revise" is anticipated for May 25, 2009.

2008/09 Budget

As adopted, 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 billion 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 a deficit factor) 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.

2009/10 Budget

The 2009/10 Budget reports for 2008/09 prior year resources available of $2.375 billion and projects revenues and transfers-in of $89.373 billion, for a total of $91.749 billion in total resources available; and for 2009/10 projects prior year resources available of ($2,435) billion and revenues and transfers-in of $97.729 billion, for a total of $95.294 billion in total resources available. General fund expenditures are projected to be $94.184 billion for 2008/09 and $92.165 billion for 2009-10, with general fund ending balances of ($2.435) billion and $3.128 billion, respectively.

The 2009/10 Budget projects Proposition 98 funding of K-12 and community college education, including local property tax revenue, of $50.8 billion for 2008/09 and $55.9 billion for 2009/10. Of these amounts, the State general fund provides $35.036 billion in 2008/09 and $40.524 billion in 2009/10; the difference from total Proposition 98 funding is funded from local property tax revenue projected for each school district. The 2009/10 Budget rescinds payment of the 2008/09 COLA and does not fund the 5.02% statutory COLA for 2009/10, and assumes a 0.300% decline in A.D.A. statewide. The 2009/10

Budget assumes total Proposition 98 K-12 funding on a per A.D.A. basis at $7,450 for 2008/09 and $8,249 for 2009/10 ($151 of which in 2009/10 is backfill for the loss of State lottery revenue in 2009/10 that will result if proposed securitization of the State lottery is approved by the voters and occurs).

In addition to reductions in revenue limit funding for 2009/10, there also are various significant deferrals to school districts in State payments of four to six months duration, often over fiscal year end, that school districts individually will have to accommodate. State-wide, approximately $6 billion in 2009/10 State funding to school districts is or will be deferred. There also is new flexibility for individual school districts to use many of their categorical fund balances as they see fit rather than keep them restricted to their original categorical purpose.

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. During the recent delayed adoption of the 2008/09 budget, the State Controller also delayed these disbursements until the *2008/09 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 bond measures require approval by a simple majority of those voting. Proposition 47, passed by 58.9% of the State-wide vote on November 5, 2002, authorized $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. Proposition 55, passed by 50.6% of the State-wide vote on March 2, 2004, authorized $12.3 billion, $10.0 billion of which was for K-12 school facilities and $2.3 billion of which was for higher education facilities. Proposition 1D, passed by 56.9% of the State-wide vote on November 7, 2006, authorized

$7.329 billion for construction, modernization and related purposes for K-12 school districts. The State has proposed a similar bond measure in 2008 that would, if approved by voters, authorize a further $6.47 billion for K-12 school districts, and a similar bond measure again in 2010 that would authorize $5.13 billion for K-12 school districts.

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 1st through October 31st, and a Second Interim Financial Report by March 15th covering financial operations from November 1st 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 is not prepared. Each interim report shows fiscal year to date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. 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.

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 **"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 serves as *ex officio* treasurer for those school districts located within the county. Each county treasurer has the authority to invest school district funds held in the county treasury. Generally, the county treasurer pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis.

Each county 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, Auditor/Controller's Office, 625 Court Street, Room 103, Martinez, CA 94553 1282, telephone: 925-646-2184. 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 December 31, 2008, is included herein in **"APPENDIX D - CONTRA COSTA COUNTY INVESTMENT PORTFOLIO REPORT."**

DISTRICT INFORMATION

The description in this section concerning District general operating and financial information is provided as supplementary information only. It should not be inferred from the inclusion of this information that any of the matters discussed in this section affect in any way the obligation of the County on behalf of the District to levy ad valorem *taxes on taxable property within the District in an amount sufficient to pay all amounts due on the Bonds.*

General Information

The District includes approximately 25 square miles in the northern part of Contra Costa County and provides educational services (K-12) services to the residents of most of the City of Pittsburg (the "City"). The District operates seven elementary schools, two middle schools, and two high schools. The estimated population of the District is 52,723.

The District is governed by a Board of Education consisting of five members. Members are elected to four-year terms in staggered years. The day-to-day operations are managed by a board-appointed Superintendent of Schools. Dr. Barbara Wilson has served in this capacity since June 2007.

Average Daily Attendance and Revenue Limit

The following table summarizes the historical and current year estimated average daily attendance for the District.

PITTSBURG UNIFIED SCHOOL DISTRICT
Average Daily Attendance Second Period Report

Academic Year	Average Daily Attendance[(a)]
2004/05	8,966
2005/06	8,714
2006/07	8,873
2007/08	8,847
2008/09[(b)]	9,037

(a) *Includes K-12, special education, and continuation students; excludes Adult education and ROP.*
(b) Estimated at 2nd Interim Report, March 11, 2009

Source: The District.

The District is not a Basic Aid District. The District's statutory base revenue limit per A.D.A. under the State revenue limit formula was $5,788.09 for 2007/08, and is projected to be $6,116.09 per A.D.A. for 2008/09. See **"GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — State Funding of School Districts"** herein.

Labor Relations

Currently the District employs 505.2 full-time equivalent (FTE) certificated employees, 319.7 FTE classified employees and 54 management employees. There are two formal bargain units operating in the District which are described in the table below.

PITTSBURG UNIFIED SCHOOL DISTRICT
Labor Organizations

Labor Organization	Contract Expiration
Pittsburg Teachers Association	June 30, 2011
California Schools Employees Association	June 30, 2007[a]

[a] Contract is still under negotiation.

Source: The District.

See "— **Comparative Financial Statements**" below for historical comparison of salary expense for the District.

Retirement Programs

The District's contribution to STRS for fiscal year 2007/08 was $2,825,074 and in fiscal year 2008/09 is estimated to be $2,856,630. The District's contribution to PERS for fiscal year 2007/08 was $942,695 and for fiscal year 2008/09 is projected to be $975,676. See **"GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — State Retirement Programs"** herein.

Comparative Financial Statements

The table below summarizes the District's historical and current General Fund revenue, expenditures, and fund balances from fiscal year 2004/05 through 2008/09. For the District's combined audited basic financial statements for the year ended June 30, 2008, independent auditor's letter and management's discussion and analysis, all prepared according to GASB 34, see **"APPENDIX A"** hereto.

The District's First Interim Report for fiscal year 2008/09 was certified as "positive." For a description of the interim report certification process, see **"GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — School District Budget Process"** herein. The District's 2008/09 budget has been approved by the County Superintendent.

PITTSBURG UNIFIED SCHOOL DISTRICT
General Fund Revenue, Expenditures and Fund Balances
2004/05 through 2008/09

	Actuals 2004/05[a]	Actuals 2005/06[a]	Actuals 2006/07[a]	Unaudited Actuals 2007/08[b]	Second Interim Report 2008/09[c]
Revenues					
Revenue Limit Sources					$51,832,572
State Aid	$35,018,918	$38,530,819	42,291,180	$44,615,832	
Property Taxes	10,466,569	9,794,281	8,745,146	8,200,080	
Federal Revenue	5,805,392	6,452,303	5,187,899	4,445,242	5,466,782
Other State Revenue	9,630,479	9,367,279	13,622,330	15,050,414	14,810,071
Other Local Revenue	4,388,709	4,596,110	5,055,207	4,561,912	3,733,482
Total Revenues	65,310,067	68,740,792	74,901,762	76,873,480	75,842,907
Expenditures					
Certificated Salaries	31,394,368	32,564,017	33,636,239	35,326,852	34,450,442
Classified Salaries	9,426,972	9,590,841	10,580,961	10,884,818	10,614,371
Employee Benefits	13,056,571	14,258,862	15,188,772	15,325,326	16,065,383
Books and Supplies	3,128,553	3,603,601	4,190,002	3,458,292	5,672,371
Services, Other Operating Expenses	7,460,069	8,131,419	9,939,964	10,320,211	11,827,270
Capital Outlay	813,745	322,342	333,974	525,632	581,347
Other Outlay	(194,867)	17,171	15,682	15,765	16,000
Transfers of Indirect/Direct Support Costs	-	-	9,989	(316,778)	(295,197)
Total Expenditures	65,085,411	68,488,253	73,895,583	75,540,118	78,931,987
Other Financing Sources/(Uses)					
Interfund Transfers In / Other Sources	271,124	262,458	293,817	0	1,000,000
Interfund Transfers Out / Other Uses	(583,673)	(581,782)	(500,736)	0	0
Total Other Financing Sources/(Uses)	(312,549)	(319,324)	(206,919)	0	1,000,000
Excess of Revenues Over (Under) Expenditures	(87,893)	(66,785)	799,260	1,333,362	(2,089,080)
Beginning Fund Balance	7,274,825	7,186,932	7,120,147	7,919,407	9,238,152
Restatement				(14,613)	0
Ending Fund Balance	$ 7,186,932	$ 7,120,147	$ 7,919,407	$ 9,238,156	$ 7,149,072

[a] Based on audited financial statement data.
[b] 2007/08 Unaudited Actuals dated September 24, 2008.
[c] Second Interim Report dated March 11, 2009.

Audit

Excerpts from the 2007/08 audited financial statements are included in **APPENDIX A,** herein. The District is required to accept its annual audit at a public meeting no later than January 31st of the following year. The District considers its audited financial statements to be documents of public record. The District has not requested its auditors to review this Official Statement, nor have they done so.

Parcel Tax

On November 4, 2008, 72% of District voters authorized a qualified special tax. Starting in fiscal year 2009/10, the District will collect $65 per parcel annually to be used for various educational program enhancements throughout the District. The authorization expires on June 30, 2016. The District expects to collect parcel tax revenues of $760,000 in 2009/10. See **"CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS — Articles XIIIC and XIIID"** and **"— Future Initiatives"** herein.

District Debt

General Obligation Bonds. The District received authorization from voters to issue $30 million in general obligation bonds at an election held on November 7, 1995. The District issued the entire amount of the authorization in five series of bonds. In 2003, the District refunded the callable Series A and Series B bonds. In 2005, the District refunded the callable Series C and Series E bonds. The table below lists the bonds outstanding under this authorization.

The District received authorization to issue $40.5 million in general obligation bonds at an election held on November 2, 2004, (the "2004 Authorization"). The District issued the entire amount of the authorization in three series of bonds, as listed in the table below.

The District received authorization to issue $85 million of bonds at an election held on November 7, 2006 (the "2006 Authorization"). The Bonds represent the second series issued under the 2006 Authorization. See **"THE BONDS — Authority for Issuance"** and **"THE BONDS — Debt Service"** herein.

PITTSBURG UNIFIED SCHOOL DISTRICT
Outstanding General Obligation Bonds
As of May 1, 2009

Date Issued	Series	Amount of Original Issue	Outstanding Mary 1, 2009
February 1, 1999	Election of 1995, Series D	$ 10,000,000	$ 7,620,000
September 18, 2003	2003 General Obligation Refunding Bonds	8,825,000	7,110,000
March 23, 2005	Election of 2004, Series A	17,100,000	15,975,000
September 15, 2005	2005 General Obligation Refunding Bonds	8,565,000	8,020,000
June 22, 2006	Election of 2004. Series B	13,350,000	12,755,000
October 20, 2007	Election of 2004, Series C	10,050,000	10,000,000
October 10, 2007	Election of 2006, Series A	15,000,000	12,920,000
			$74,400,000

Source: The District.

The annual requirements to amortize general obligation bonds payable, outstanding as of May 1, 2009, are as follows:

PITTSBURG UNIFIED SCHOOL DISTRICT
General Obligation Bonds – Debt Service

Period	Election of 1995			Election of 2004			Election of 2006	Aggregate
Ending	Series 1999 D	Refund 2003	Refund 2005	Series A (2005)	Series B (2006)	Series C (2007	Series A (2007)	Debt Service
8/1/2009[a]	$ 714,683.76	$ 733,947.50	$ 718,237.50	$ 884,243.76	$ 698,021.26	$703,433.76	$ 1,540,898.76	$ 5,993,466.30
8/1/2010	719,718.76	733,197.50	718,050.00	925,243.76	711,721.26	694,233.76	897,298.76	5,399,463.80
8/1/2011	718,837.50	736,922.50	717,300.00	961,843.76	729,221.26	704,233.76	874,298.76	5,442,657.54
8/1/2012	716,837.50	738,735.00	720,987.50	985,468.76	750,221.26	684,633.76	874,448.76	5,471,332.54
8/1/2013	718,992.50	739,797.50	718,925.00	1,007,318.76	779,421.26	687,733.76	868,298.76	5,520,487.54
8/1/2014	719,852.50	740,110.00	717,945.00	1,044,368.76	798,421.26	685,196.26	876,723.76	5,582,617.54
8/1/2015	719,377.50	738,855.00	725,970.00	1,079,038.76	825,921.26	687,233.76	869,086.26	5,645,482.54
8/1/2016	717,527.50	741,255.00	722,482.50	1,116,413.76	846,421.26	688,633.76	856,023.76	5,688,757.54
8/1/2017	719,262.50	747,655.00	722,795.00	1,150,938.76	870,171.26	690,233.76	858,823.76	5,759,880.04
8/1/2018	719,562.50	747,235.00	725,995.00	1,187,738.76	895,571.26	686,233.76	850,823.76	5,813,160.04
8/1/2019	718,675.00	740,145.00	728,195.00	1,222,138.76	983,865.00	681,833.76	817,423.76	5,892,276.28
8/1/2020	716,600.00	746,550.00	723,800.00	1,254,138.76	1,012,827.50	682,033.76	819,623.76	5,955,573.78
8/1/2021	718,337.50	365,750.00	728,431.26	1,292,218.76	1,044,027.50	686,248.76	820,558.76	5,655,572.54
8/1/2022	718,650.00		731,825.00	1,326,943.76	1,077,890.00	684,238.76	820,188.76	5,359,736.28
8/1/2023	717,537.50	-	358,475.00	1,368,243.76	1,104,140.00	681,388.76	818,726.26	5,048,511.28
8/1/2024		-	354,450.00	1,406,103.76	1,132,390.00	682,683.76	816,151.26	4,391,778.78
8/1/2025	-	-	-	1,444,728.76	1,167,190.00	682,777.50	817,307.50	4,112,003.76
8/1/2026	-	-	-	1,489,635.00	1,198,910.00	681,996.26	817,370.00	4,187,911.26
8/1/2027	-	-	-	1,535,075.00	1,237,550.00	684,721.26	815,595.00	4,272,941.26
8/1/2028	-	-	-	1,574,775.00	1,264,000.00	686,321.26	817,695.00	4,342,791.26
8/1/2029	-	-	-	1,624,975.00	1,304,500.00	681,796.26	818,445.00	4,429,716.26
8/1/2030					1,385,950.00	685,665.00	816,995.00	2,888,610.00
8/1/2031						707,700.00	828,625.00	1,536,325.00
8/1/2032	-	-	-			707,062.50	832,762.50	1,539,825.00
Total	$10,774,452.52	$9,250,155.00	$10,833,863.76	$25,881,593.92	$21,818,352.60	$16,528,267.70	$20,844,192.66	$115,930,878.16

[a] Includes February 1, 2009, payment.

All debt service payments on the bonds, including refunding bonds, are payable from an *ad valorem* tax levied and collected by the County on assessed property in the District.

Certificates of Participation. — Fixed Rate. In May 1994, the District issued $10,295,000 of 1994 Certificates of Participation which were refunded in October 1998 with $11,720,000 Certificates of Participation, 1998 Refinancing Project (the "1998 Refunding COPs"). As of March 1, 2009, $8,715,000 of the 1998 Refunding COPs is outstanding.

In February 2001, the District issued $3,000,000 Certificates of Participation, 2001 Capital Improvements Projects (the "2001 COPs") to finance renovation to existing buildings. As of March 1, 2009, $1,745,000 of the 2001 COPs is outstanding. The following table sets forth scheduled lease payments for the 1998 Refunding COPs and the 2001 COPs.

PITTSBURG UNIFIED SCHOOL DISTRICT
Fixed Rate
Aggregate Annual Lease Payment Schedule

Fiscal Year Ending June 30	1998 Refunding COPs	2001 COPs	Total
2009	$ 780,827.50	$ 254,706.26	$ 1,035,533.76
2010	770,327.50	257,768.76	1,028,096.26
2011	774,327.50	255,428.13	1,029,755.63
2012	772,415.00	257,652.50	1,030,067.50
2013	769,462.50	259,355.00	1,028,817.50
2014	770,332.50	255,517.50	1,025,850.00
2015	765,051.88	256,150.00	1,021,201.88
2016	763,771.26	256,160.00	1,019,931.26
2017	766,181.26	255,500.00	1,021,681.26
2018	767,218.76		767,218.76
2019	767,131.26		767,131.26
2020	765,546.88		765,546.88
2021	767,334.38		767,334.38
2022	762,850.01		762,850.01
2023	762,093.76		762,093.76
2024	759,950.01		759,950.01
2025	741,765.63		741,765.63
Total	$13,026,587.59	$2,308,238.15	$15,334,825.74

Source: The District

Certificates of Participation — Variable Rate. In July 30, 1997, Alameda-Contra Costa Schools Financing Authority issued Series D Certificates of Participation in the amount of $1,020,000 in the name of Pittsburg Unified School District. Interest rates are set weekly and paid quarterly. The annual requirements to amortize the variable rate certificates payable outstanding as of March 1, 2009, are as follows:

CERTIFICATES OF PARTICIPATION
Variable Rate
(Annual Principal Obligations)

Payment Due July 1,	Principal Amount
2009	$ 80,000
2010	85,000
2011	85,000
2012	90,000
Total	$340,000

Capital Leases. The District leases vehicles, buildings, and equipment under agreements that provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

PITTSBURG UNIFIED SCHOOL DISTRICT
Capital Leases

Fiscal Year Ending June 30,	Lease Payments
2009	$ 9,988
Less Amount Representing Interest	(220)
Present Value of Net Minimum Lease Payments	$9,768

The District will receive no sublease rental revenues nor pay any contingent rentals for these leased assets.

Other Post Employment Benefits

The District provides post employment health care benefits to District employees who retire from the District, on or after attaining the age of 55, until age of 65, provided they have met certain service requirements. As of June 30, 2008, 65 retirees meet these eligibility requirements. Based on an actuarial report dated September 12, 2007, the District's actuarial accrued liability for retirees and current employees for post employment benefits is $12,400,075. During fiscal year 2008/09, the District expects to pay $516,000 for these benefits.

In July of 2004, the Governmental Accounting Standards Board issued GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* with requirement implementation for the District during the 2009/10 fiscal year. The new statement will significantly change the way state and local governments report their "other postemployment benefits" to the public. As a result of GASB 45, state and local governments will be required to (1) recognize the cost of these benefits in periods when the related services were rendered to the employer, (2) provide information about the actuarial accrued liabilities for promised benefits associated with past services and to what extent those benefits have been funded, (3) and provide information useful in assessing potential demands on the employer's cash flow.

Availability of Documents

Additional public documents will be made available upon request through the Business Office 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 is assessed, and how taxes are 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. For more information regarding how property is assessed in the State of California, see **"*AD VALOREM* PROPERTY TAXATION — Assessed Valuation"** herein.

PITTSBURG UNIFIED SCHOOL DISTRICT
Assessed Valuation

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2004/05	$3,223,861,392	$709,590,099	$619,930,721	$4,553,382,212	N.A
2005/06	3,577,608,962	638,929,753	669,093,872	4,885,632,587	7.30%
2006/07	4,242,668,038	529,088,058	688,977,202	5,460,733,298	11.77
2007/08	4,466,682,189	493,394,418	650,336,655	5,610,413,262	2.74
2008/09	4,217,830,090	515,631,604	725,978,921	5,459,440,615	(2.69)

Source: California Municipal Statistics, Inc.

The *ad valorem* property tax to pay debt service on the Bonds and all other outstanding bonds is levied on total assessed value of all taxable property within the District before deducting any redevelopment agency tax increment. The District's general fund property tax revenue is a percentage of the County-wide 1% general purpose tax rate levied on total assessed value of all taxable property within the District after deducting redevelopment agency tax increment.

Secured Tax Charges and Delinquencies

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

PITTSBURG UNIFIED SCHOOL DISTRICT
Secured Tax Charge and Delinquency

Fiscal Year	Secured Tax Charge	Amount Delinquent as of June 30	Percent Delinquent June 30
2003/04	$45,636,403.62	$3,288,110.79	7.21%
2004/05	45,850,075.02	1,129,346.67	2.46
2005/06	52,170,513.71	1,788,897.34	3.43
2006/07	58,526,710.07	4,064,577.43	6.94
2007/08	64,765,369.65	6,118,115.00	9.45

Note: 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 *does* include the secured, but not the unsecured, *ad valorem* tax levy for the District's general obligation bonds under the Teeter Plan. 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 7-004, within the District. TRA 7-004 has a total 2008/09 assessed valuation of $2,354,142,794, approximately 43% of the District's total assessed valuation. See "*AD VALOREM* **PROPERTY TAXATION**" for further information on establishing tax rates.

PITTSBURG UNIFIED SCHOOL DISTRICT
Tax Rates - TRA 7-004

	2004/05	2005/06	2006/07	2007/08	2008/09
County-wide Rate[a]	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Bay Area Rapid Transit District	--	0.0048	0.0050	0.0076	0.0090
Contra Costa Community College District	0.0042	0.0047	0.0043	0.0108	0.0066
Pittsburg Unified School District	0.0309	0.0606	0.0508	0.0948	0.0571
East Bay Regional Park District	0.0057	0.0057	0.0085	0.0080	0.0100
Total All Property	1.0264%	1.0758%	1.0686%	1.1212%	1.0827%
Total Land Only	0.0057%	0.0050%	0.0043%	0.0039%	0.0041%

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

Source: California Municipal Statistics, Inc.

Largest Taxpayers

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

PITTSBURG UNIFIED SCHOOL DISTRICT
Largest Taxpayers

Name	Primary Land Use	2008/09 Assessed Valuation	Percent of Total[(a)]
Delta Energy Center LLC	Power Plant	$ 438,400,000	9.26%
USS Posco Industries	Industrial	297,708,278	6.29
Dow Chemical Company	Industrial	114,280,163	2.41
Kirker Creek BBS LP	Apartments	77,611,979	1.64
Sierra Pacific Properties Inc.	Apartments	59,720,516	1.26
Mirant Delta LLC	Power Plant	58,000,000	1.23
GWE Power Systems	Industrial	50,379,312	1.06
Deutsche Bank National Trust Co.	Residential	31,133,149	0.66
Fund VIII PR Pittsburg LLC	Apartments	29,223,650	0.62
Pittsburg Meridian Properties	Apartments	20,134,492	0.43
Albert D. Seeno Construction Co.	Commercial	19,578,835	0.41
Aspen Loveridge LLC	Apartments	18,807,630	0.40
Wal-Mart Real Estate Business	Commercial	15,891,884	0.34
Signode Corporation	Industrial	15,283,004	0.32
Union Carbide Industrial Gases Inc.	Industrial	15,006,987	0.32
U.S. Bank National	Residential	14,239,800	0.30
Valero Logistic Operations	Industrial	13,809,826	0.29
Public Storage Inc.	Industrial	12,484,800	0.26
Contra Costa Waste Service Inc.	Industrial	12,417,097	0.26
Seeno Enterprises	Shopping Center	12,095,821	0.26
TOTAL		$1,326,207,223	28.02%

[(a)] Total Local Secured Assessed Valuation for 2008/09: $4,733,461,694

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 March 1, 2009. 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 of the Debt Report 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 to property 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.

PITTSBURG UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Debt

2008/09 Assessed Valuation:	$5,459,440,615
Redevelopment Incremental Valuation:	(3,632,731,695)
Adjusted Assessed Valuation:	$1,826,708,920

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Percent Applicable	Debt 3/1/09
Bay Area Rapid Transit District	0.414%	$ 1,827,230
Contra Costa Community College District	1.324	2,330,902
Pittsburg Unified School District	**100.000**	**74,400,000**[(a)]
City of Pittsburg 1915 Act Bonds	22.768-100.	3,602,870
East Bay Regional Park District	0.611	768,944
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		82,929,946
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	1.319	3,956,736
Contra Costa County Pension Obligations	1.319	6,502,472
Contra Costa Community College District Certificates of Participation	1.324	14,696
Contra Costa Fire Protection District Pension Obligations	2.944	3,634,810
Pittsburg Unified School District Certificates of Participation	**100.000**	**10,800,000**
City of Pittsburg Pension Obligations	80.031	31,565,072
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 56,473,786
COMBINED TOTAL DEBT		$139,403,732 [(b)]

(a) Excludes general obligation bonds to be sold.
(b) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008/09 Assessed Valuation:
Direct Debt ($74,400,000) 1.36%
Total Direct and Overlapping Tax and Assessment Debt 1.52%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($85,200,000) 4.66%
Combined Total Debt 7.63%

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

Source: California Municipal Statistics, Inc.

ECONOMIC PROFILE

While the economics of the City of Pittsburg and County and surrounding region influence the economics within the District, only property within the District is subject to an unlimited ad valorem *tax levy to pay debt service on the Bonds.*

Introduction

The District is located in the City of Pittsburg in Contra Costa County.

Situated northeast of San Francisco, Contra Costa County is bounded by San Francisco Bay to the west, the San Pablo Bay and the Sacramento River delta to the north, and by Alameda County on the south. Ranges of hills effectively divide Contra Costa County into three distinct regions. The western portion, with its access to water, contains much of Contra Costa County's heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. Contra Costa County has extensive and varied transportation facilities — ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

Population

The following table summarizes population figures for the City and for the County.

CITY OF PITTSBURG AND CONTRA COSTA COUNTY
Population

Year	City of Pittsburg	Contra Costa County
1980	33,034	656,380
1990	47,607	803,732
2000	56,769	948,816
2004	61,500	1,008,944
2005	62,521	1,109,101
2006	62,492	1,030,732
2007	62,712	1,037,580
2008	63,652	1,051,674

Source: The 1980, 1990 and 2000 totals are U.S. Census figures. The figures for the years 2004 through 2008 are based upon adjusted January 1 estimates provided by the State.

Employment

The following table summarizes historical employment and unemployment in the Oakland Metropolitan Statistical Area, which is comprised of both Alameda and Contra Costa Counties.

OAKLAND MSA
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 Metropolitan Statistical Area, which is comprised of both Alameda and Contra Costa Counties, by industry.

OAKLAND MSA
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	73,300	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 summarizes the major employers in the City:

CITY OF PITTSBURG
Major Employers

Company	Product/Service	Employees
USS Posco Industries	Manufactures cold-rolled steel sheet or strip from own hot-rolled steel	750
Dow Chemical Co.	Manufactures inorganic chemicals	500
Pacific Gas & Electric Co.	Electric services	270
Henkel Corp.	Manufactures adhesives	170
Mirant Delta LLC	Electric services	150
Safeway Inc.	Retail supermarket chain	130
American Color Graphics Inc.	Commercial lithographic printing	130
Redwood Painting Co. Inc.	Commercial painting contractor	110
Criterion Catalyst & Techs	Manufactures chemical catalysts	100
Diamond Black Electric Inc.	Electrical contractor	100
Brenden Theatre Corp.	Indoor movie theater	100
Clyde Miles Construction	Single family housing construction	100
Ambrose Recreation & Park District	Recreation services	100
Diamond Ridge Healthcare Center	Skilled nursing care facility	99
Illinois Tool Works Inc.	Manufactures wire or cut steel staples	96
Roll Technology West	Metals or formed product chromium plating services	91

Source: 2008 Harris InfoSource, February 2008.

The following table summarizes the major employers in Contra Costa County.

CONTRA COSTA COUNTY
Major Employers

Employer	Product/Service	Employees
AT&T Inc.	Wired telecommunications carrier & service	10,820
John Muir Medical Centers	Medical hospitals	5,685
Summerville Management LLC	Extended care facility	4,000
Chevron Corp.	Petroleum refining	3,577
Kaiser Foundation Hospitals	Medical hospital & health insurance maintenance organization	3,037
Diablo Valley College	Community college	2,000
Diamond Environmental	Environmental consultant	1,700
Cellco Partnership (Verizon)	Cellular telephone services	1,540
Contra Costa Newspapers	Publishes & prints newspapers	1,232
Doctor's Medical Center – San Pablo	Medical hospital	1,200
Bio-Rad Laboratories Inc.	Manufactures analytical instruments	1,030
Frances Mary Accessories Inc.	Manufactures women's handbags	1,020
Tenet Health Systems Hospitals	Medical hospital	1,000
Solera Holdings Inc.	Computer software development & applications	1,000
Audatex North America Inc.	Business & professional software publishers	990
Shell Martinez Refinery	*Petroleum refining*	965
Pacific Gas & Electric Co.	Electric services	873
Bayer Healthcare	Manufactures pharmaceutical preparations	825
Texaco Exploration India Inc.	Gas & oil field exploration services	800
PMI Group Inc.	Surety reinsurance carrier	757

Source: 2008 Harris InfoSource, February 2008.

Construction Activity

The following table summarizes historical residential building permit valuation for the City and the County.

CITY OF PITTSBURG AND CONTRA COSTA COUNTY
Residential Building Permit Valuation
(Dollars in Thousands)

	City of Pittsburg		Contra Costa County	
Year[(a)]	Units[(b)]	Valuation[(c)]	Units[(b)]	Valuation[(c)]
2003	778	108,903	6,883	$1,451,454
2004	216	37,611	5,588	1,240,803
2005	411	175,538	6,445	1,703,912
2006	157	28,110	4,218	1,111,325
2007	559	70,195	3,418	875,998

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

Source: U.S. Bureau of the Census.

Commercial Activity

The following table summarizes historical taxable transactions in the City and the County.

CITY OF PITTSBURG AND CONTRA COSTA COUNTY
Taxable Transactions
(Dollars in Thousands)

	City of Pittsburg		Contra Costa County	
Year	Outlets	Taxable Transactions	Outlets	Taxable Transactions
2003	852	$599,319	23,253	$12,223,295
2004	840	688,738	23,571	12,990,538
2005	862	747,979	23,692	13,480,075
2006	841	705,357	23,249	13,867,661
2007	856	687,405	23,181	14,086,295

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, County, State of California and United States of America.

**CITY OF PITTSBURG, CONTRA COSTA COUNTY,
STATE OF CALIFORNIA AND UNITED STATES OF AMERICA
Median Household Effective Buying Income**

Year	City of Pittsburg	Contra Costa County	State of California	United States of America
2004	45,433	$54,862	$42,924	$38,201
2005	46,396	56,165	43,915	39,324
2006		Data Not Available		
2007		Data Not Available		
2008	49,340	61,123	48,203	41,792

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

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, interest on the Bonds (i) is excludable from the gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing "adjusted current earnings" as described below.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporations' taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest on the Bonds.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within their respective knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price, or purchase Bonds subsequent to the initial public offering, should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity (the "Reduced Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds. .

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W 9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in **APPENDIX B — "PROPOSED FORM OF LEGAL OPINION."**

No Litigation

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

Legality for Investment in California

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

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement.

MISCELLANEOUS

Ratings

Moody's Investors Service and Standard & Poor's assigned their municipal bond ratings of "Aa3" and "AAA" respectively, to the Insured Bonds, based solely upon the issuance of the Policy concurrently with the issuance of the Bonds. See **"BOND INSURANCE"** herein. Moody's Investors Service and Standard & Poor's have assigned their underlying municipal bond ratings of "A2" and "A", respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody's Investors Service, 99 Church Street, New York, NY, 10007; Standard & Poor's, 55 Water Street, 38th Floor, New York, NY 10041.

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

Underwriting

The Bonds are being purchased for reoffering pursuant to a bond purchase agreement dated May 12, 2009, by Piper Jaffray & Co., (the "Underwriter"). The Underwriter has agreed to purchase the Bonds pursuant to a contract of purchase between the District, the County and the Underwriter (the "Purchase Contract") at an aggregate purchase price of $35,042,773.82. The Purchase Contract sets forth certain representations and agreements of both the District and the Underwriter, and certain conditions to closing. The Underwriter has represented to the District that the Bonds were reoffered at an aggregate reoffering price of $35,761,155.80. Based on such representations, Underwriter's compensation for the Bonds will be $174,566.51. The Underwriter will also pay for certain costs of issuance totaling $543,815.48, including the bond insurance premium. The Underwriter may offer and sell Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page hereon. The offering price may be changed from time to time by the Underwriter

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than nine months following the end of the District's fiscal year (the "Annual Report"), commencing with the Annual Report for the 2008/09 Fiscal Year, which is due no later than April 1, 2010, and to provide notices of the occurrence of certain enumerated events, if material. Currently, the District's Fiscal Year ends on June 30 of each year. The Annual Report will be filed by the District in readable PDF or other acceptable electronic form with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board ("EMMA"). Prior to July 1, 2009 (or such later date set by the Securities and Exchange Commission for the implementation of EMMA), any notices of material events will be filed by the District with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") and with the state information repository, if any. On and after July 1, 2009 (or such later date set by the Securities and Exchange Commission for the implementation of EMMA), any notices of material events will be filed with EMMA in the same manner as an Annual Report. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth below under the caption **"Appendix C — Form of Continuing Disclosure Certificate."** These covenants have been made to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The District has never 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.

Financial Advisor

The District has entered into an agreement with KNN Public Finance, A Division of Zions First National Bank, whereunder the Financial Advisor provides financial recommendations and guidance to the District with respect to preparation and sale of the Bonds. 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.

Additional Information

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

PITTSBURG UNIFIED SCHOOL DISTRICT

By: /s/ Barbara B. Wilson
Superintendent

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APPENDIX A

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008, WITH INDEPENDENT AUDITOR'S LETTER AND MANAGEMENT'S DISCUSSION AND ANALYSIS

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PITTSBURG UNIFIED SCHOOL DISTRICT

COUNTY OF CONTRA COSTA

PITTSBURG, CALIFORNIA

FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2008

AND

INDEPENDENT AUDITOR'S REPORT

PITTSBURG UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2008

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PITTSBURG UNIFIED SCHOOL DISTRICT

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WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2008

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PERRY-SMITH LLP
ACCOUNTANTS

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Sacramento, CA 95814
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916.441.1000

INDEPENDENT AUDITOR'S REPORT

Board of Education
Pittsburg Unified School District
Pittsburg, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pittsburg Unified School District, as of and for the year ended June 30, 2008, which collectively comprise Pittsburg Unified School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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 Pittsburg Unified School District as of June 30, 2008, and the respective changes in financial position 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 January 29, 2009 on our consideration of Pittsburg Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

PERRY-SMITH LLP
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Perry-Smith LLP

Sacramento, California
January 29, 2009

This section of Pittsburg Unified School District's (the "District") annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2008. Please read it in conjunction with the Independent Auditors' Report presented on page 1, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities, presented on pages 14 and 15, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 16 through 22, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements on pages 23 through 43 provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

- The District's financial condition improved during the 2007-08 fiscal year. Over the course of the year, total net assets increased by 23.03%.

- On the Statement of Activities, total current year revenues were more than total current year expenses by $21,002,947.

- On the Statement of Revenues, Expenditures and Change in Fund Balance, total fund balances increased by $15,498,297.

- Capital assets increased $28,032,897 due work-in-progress.

- Total long-term liabilities increased $22,073,844 during the 2007-08 fiscal year. During the 2007-08 fiscal year, the District issued $25.05 million of General Obligation Bonds and made payments of $620,000 on Certificates of Participation. The Schedule of Changes in Long-Term Liabilities on page 39 provides additions and deductions to the District's long-term liabilities.

- The District's P-2 average daily attendance (ADA), excluding adult education, decreased from 8,873 ADA in fiscal year 2006-07 to 8,847 ADA in fiscal year 2007-08.

- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of general fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2007-08, General Fund expenditures and other financing uses totaled $75,871,511 excluding state on-behalf payments made by the State of California. At June 30, 2008, the District has available reserves of $2,693,372 in the General Fund, which represents a reserve of 3.5%.

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and Management's Discussion and Analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, *government-wide and funds.*

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
  - Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.
  - Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary *funds statements.*

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The supplementary information provides further explanations and provides additional support for the financial statements.

Reporting the District as a Whole

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

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

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

THE FINANCIAL REPORT (CONTINUED)

Reporting the District as a Whole (CONTINUED)

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

Governmental Activities:

The basic services provided by the District, such as regular and special education, adult education, administration, and transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition and child development are also included here, but are financed by a combination of state and federal contracts and grants, and local revenues.

Business-type Activities:

The District does not provide any services that should be included in this category.

Reporting the District's Most Significant Funds:

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

Governmental Funds

The major governmental funds of the Pittsburg Unified School District are the General Fund, County School Facilities Fund, and Building Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

Proprietary Funds

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. These include both Enterprise funds and Internal Service funds. Enterprise funds are considered business-type activities and are also reported under a full accrual method. This is the same basis as business-type activities; therefore no reconciling entries are required. Internal service funds are reported with the Governmental Funds. The District has no funds of this type.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship and student activity funds. All of the District's fiduciary activities are reported in separate fiduciary statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENTAL ACTIVITIES

The District's net assets increased from $91,209,723 at June 30, 2007 to $112,212,670 at June 30, 2008, more than 23%.

Comparative Statement of Net Assets

	Governmental Activities	
	2007	2008
Assets		
Cash and Investments	$ 50,649,686	$ 62,633,384
Receivables	7,406,472	9,632,549
Stores Inventories	98,010	75,932
Prepaid Expenses	666,210	617,900
Capital Assets, net	111,670,484	139,703,381
Total Assets	170,490,862	212,663,146
Liabilities		
Current	9,600,786	8,696,279
Long-term	69,680,353	91,754,197
Total Liabilities	79,281,139	100,450,476
Net Assets		
Invested in Capital Assets - Net of Related Debt	45,532,432	51,244,701
Restricted	44,660,519	60,769,026
Unrestricted	1,016,772	198,943
Total Net Assets	$ 91,209,723	$ 112,212,670

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Comparative Statement of Change in Net Assets

	Governmental Activities	
	2007	2008
Program Revenues		
Charges for Services	$ 940,683	$ $935,466
Operating Grants and Contributions	25,495,017	32,037,396
Capital Grants and Contributions	293,631	25,899,980
General Revenues		
Taxes Levied	15,968,024	18,170,393
Federal and State Aid	46,988,086	49,954,143
Interest and Investment Earnings	2,732,978	1,987,663
Miscellaneous	1,006,830	595,720
Total Revenues	93,425,249	129,580,761
Expenses		
Instruction	50,237,447	49,649,901
Instruction Related Services	9,437,062	9,969,312
Pupil Services	8,760,985	9,507,980
General Administration	4,035,373	4,961,051
Plant Services	10,810,853	10,607,498
Facilities Acquisition and Construction		
Ancillary Services	263,202	355,344
Community Services	17,444	59,207
Interest on Long-Term Liabilities	2,988,541	3,659,627
Other Outgo	76,745	69,677
Depreciation (unallocated)	4,973,106	19,738,217
Total Expenses	91,600,758	108,577,814
Change in Net Assets	$ 1,824,491	$ 21,002,947

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

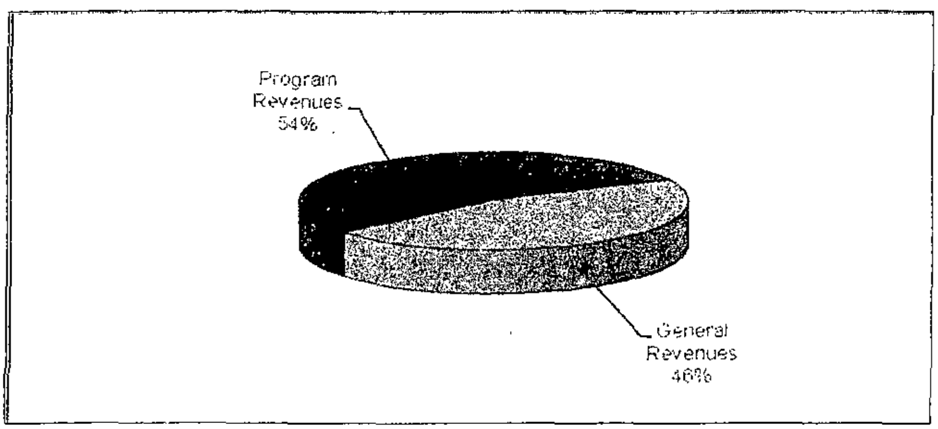
GOVERNMENTAL ACTIVITIES (CONTINUED)

The table below presents the cost of major District activities. The table also shows each activity's net cost (*total cost less fees generated by the activities and intergovernmental aid* provided for specific programs). The $49,704,972 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed. Further detail is available on page 15 of the audit report.

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost of Services	
	2007	2008	2007	2008
Instruction	$ 50,237,447	$ 49,649,901	$ $34,170,246	$ 7,595,748
Instruction Related Services	9,437,062	9,969,312	6,807,935	6,876,228
Pupil Services	8,760,985	9,507,980	3,526,204	3,629,685
General Administration	4,035,373	4,961,051	3,374,154	4,210,863
Plant Services	10,810,853	10,607,498	8,907,128	4,157,422
Ancillary Services	263,202	355,344	263,202	244,761
Community Services	17,444	59,207	16,939	55,134
Interest on Long-Term Debt	2,988,541	3,659,627	2,988,541	3,659,627
Other Outgo	76,745	69,677	(156,028)	(462,713)
Depreciation (unallocated)	4,973,106	19,738,217	4,973,106	19,738,217
Totals	$ $91,600,758	$ 108,577,814	$ $64,871,427	$ 49,704,972

Program revenues financed 54% of the total cost of providing the services listed above while the remaining 46% was financed by the general revenues of the District.

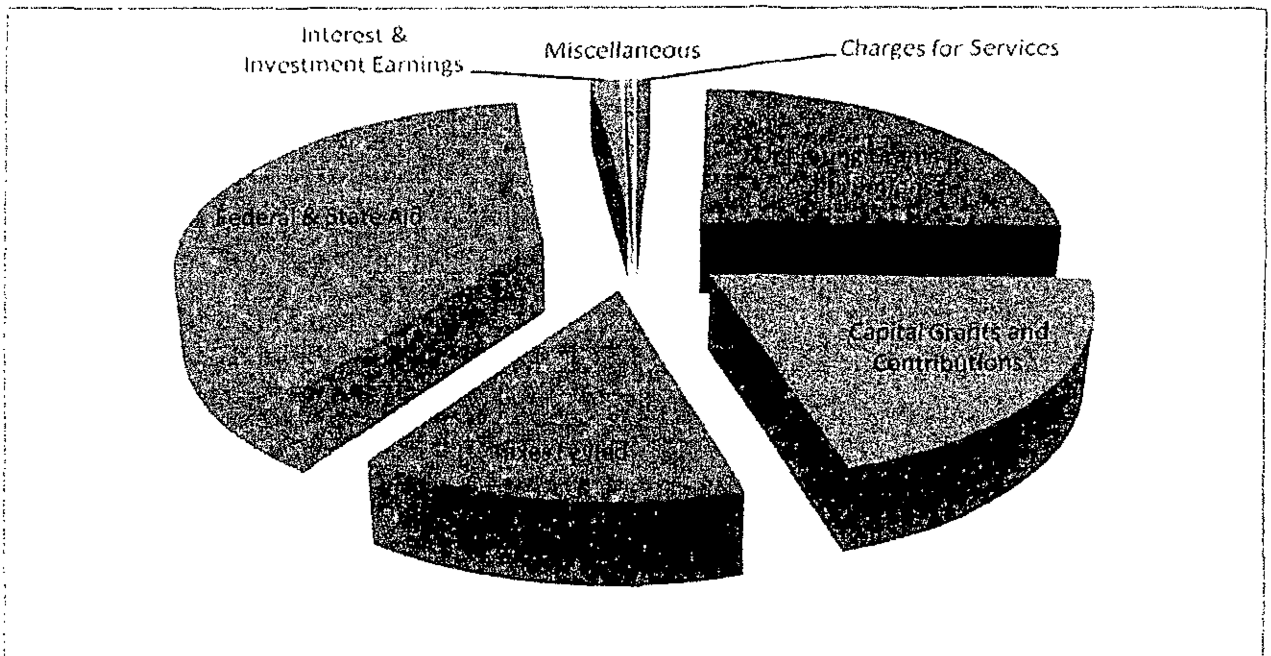


FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Summary of Revenues For Governmental Functions

	FYE 2007 Amount	Percent of Total	FYE 2008 Amount	Percent of Total
Program Revenues				
Charges for Services	$ 940,683	1.01%	$ 935,466	0.72%
Operating Grants and Contributions	25,495,017	27.29%	32,037,396	24.73%
Capital Grants and Contributions	293,631	.31%	25,899,980	19.99%
General Revenues				
Taxes Levied	15,968,024	17.09%	18,170,393	14.02%
Federal and State Aid	46,988,086	50.29%	49,954,143	38.55%
Interest and Investment Earnings	2,732,978	2.93%	1,987,663	1.53%
Miscellaneous	1,006,830	1.08%	595,720	0.46%
Total Revenues	$ 93,425,249	100.00%	$ 129,580,761	100.00%

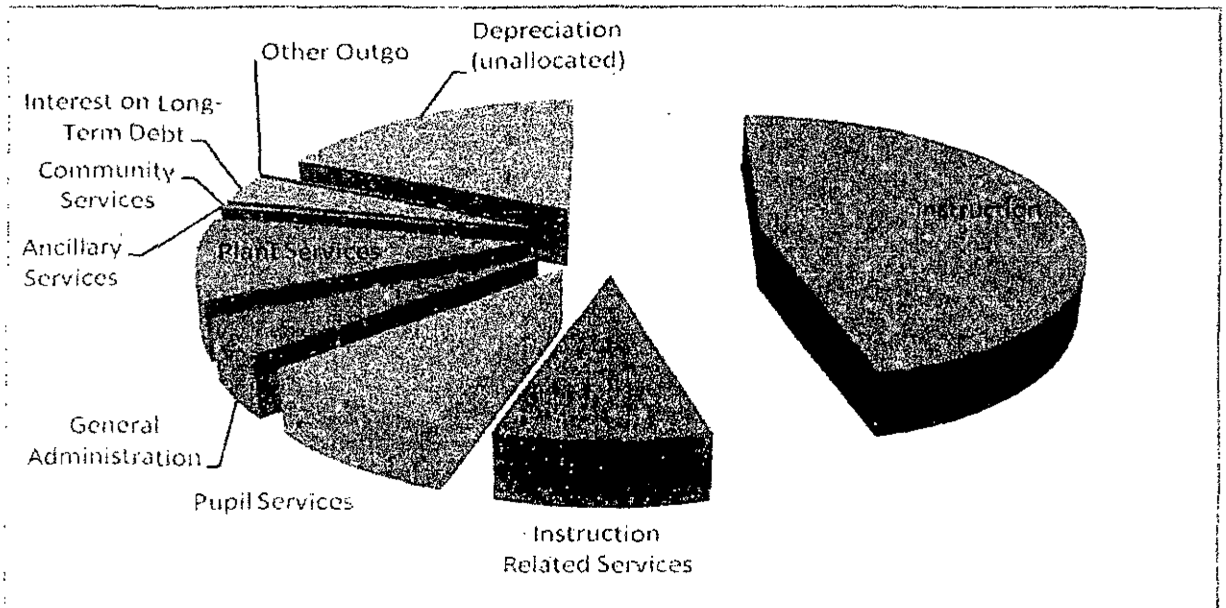


FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Schedule of Expenses For Governmental Functions

	FYE 2007 Amount	Percent of Total	FYE 2008 Amount	Percent of Total
Expenses				
Instruction	$ 50,237,447	54.84%	$ 49,649,901	45.73%
Instruction Related Services	9,437,062	10.30%	9,969,312	9.18%
Pupil Services	8,760,985	9.56%	9,507,980	8.76%
General Administration	4,035,373	4.41%	4,961,051	4.57%
Plant Services	10,810,853	11.80%	10,607,498	9.77%
Ancillary Services	263,202	0.29%	355,344	0.33%
Community Services	17,444	0.02%	59,207	0.05%
Interest on Long-Term Debt	2,988,541	3.27%	3,659,627	3.37%
Other Outgo	76,745	0.09%	69,677	0.06%
Depreciation (unallocated)	4,973,106	5.43%	19,738,217	18.18%
Total Expenses	$ $91,600,758	100.00%	$ 108,577,814	100.00%



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Comparative Schedule of Capital Assets

	Governmental Activities	
	2007	2008
Land	$ 1,785,563	$ 1,785,563
Buildings and Improvements	162,622,743	162,369,688
Furniture and Equipment	5,087,969	4,138,437
Work-in-Progress	8,777,469	57,751,170
Subtotals	178,273,744	226,044,858
Less: Accumulated Depreciation	(66,603,260)	(86,341,477)
Capital Assets, net	$ 111,670,484	$ 139,703,381

Capital assets increased $28,032,897 due to the work-in-progress of construction projects.

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	2007	2008
Compensated Absences	$ 252,185	$ 254,729
General Obligation Bonds	54,935,000	78,260,000
Certificates of Participation	12,060,000	11,440,000
Capitalized Lease Obligations	394,140	9,768
Postemployment Benefits	2,039,028	1,789,700
Totals	$ 69,680,353	$ 91,754,197

The general obligation bonds are financed by the local taxpayers and represent 85.3% of the District's total long-term liabilities. The certificates of participation are financed by developer fees and represent 12.47% of the District's total long-term liabilities. The remaining components of the District's total long-term liabilities account for 2.23% of the District's total long-term liabilities and are financed by various District funds.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

The District has continued to meet the debt service requirements for their long-term liabilities, and they have no plans to fully retire any specific debt instrument prior to the current payment schedules.

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

Comparative Schedule of Fund Balances

	Fund Balances June 30, 2007	Fund Balances June 30, 2008	Increase (Decrease)
General	$ 7,919,407	$ 9,237,889	$ 1,318,482
Deferred Maintenance	1,131,890	2,197,054	1,065,164
Cafeteria	382,961	587,116	204,155
Adult Education	1,887,794	2,448,795	561,001
Child Development	2,448	74,596	72,148
Bond Interest & Redemption	3,067,826	5,789,786	2,721,960
Capital Facilities	10,995,849	6,727,579	(4,268,270)
Building	18,471,067	18,473,375	2,308
County School Facilities	5,397,833	19,301,793	13,903,960
Capital Projects - Special Reserve	306,493	223,882	(82,611)
Totals	$ 49,563,568	$ 65,061,865	$ 15,498,297

The combined fund balances of all the District's governmental funds increased by $15,498,297 due primarily to the income from the State for the construction of the new schools.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May revised figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget throughout the year. The Original budget is presented on page 20 of the audit report.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The District currently provides health benefits to all employees who retire after attaining the age of 55 until age 65 provided the employee has met certain service requirements. The District's cap for health benefits is currently set at the 2008 Kaiser Family rate; however, concern for future costs to the District has resulted in a continued search for solutions to this issue.

On November 7, 2006, voters approved a proposition that authorized the issuance and sale of general obligation bonds not to exceed $85,000,000. Proceeds from the bonds will be used to rebuild Pittsburg High School and modernize or relocate Riverside High School.

Based on the most recent student enrollment information available, the District anticipates an increase in student enrollment of more than 1% during fiscal year 2008-09. Since student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California, the slight increase indicates that the District's revenue limit funding should also increase.

However, the State's economic situation is also a major factor affecting the District's future. The financial well-being of the District is tied in large measure to the State's K-12 funding as prescribed by Proposition 98. Although Proposition 98 funding is generally referred to as a "guarantee", when the state applies a deficit factor to a district's funding or reduces the required payment, as happened in both the 2007-08 and the 2008-09 fiscal years respectively, the funding can no longer be considered a "guarantee".

The future predictions require management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, 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 regarding this report or need additional financial information, contact the Business Office, Pittsburg Unified School District, 2000 Railroad Avenue, Pittsburg, California 94565.

BASIC FINANCIAL STATEMENTS

PITTSBURG UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 62,633,384
Accounts receivable	9,632,549
Stores inventory	75,932
Prepaid expenditures	617,900
Capital assets, net of accumulated depreciation (Note 4)	139,703,381
Total assets	212,663,146
LIABILITIES	
Accounts payable	7,726,008
Deferred revenue	970,271
Long-term liabilities (Note 5):	
Due within one year	5,211,744
Due after one year	86,542,453
Total liabilities	100,450,476
NET ASSETS	
Invested in capital assets, net of related debt	51,244,701
Restricted (Note 6)	60,769,026
Unrestricted	198,943
Total net assets	$ 112,212,670

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

PITTSBURG UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets: Governmental Activities
overnmental activities:					
Instruction	$ 49,649,901	$ 79,208	$ 16,074,965	$ 25,899,980	$ (7,595,748)
Instruction-related services:					
Supervision of instruction	2,740,345		1,672,565		(1,067,780)
Instructional library, media and technology	593,547	352	126,440		(466,755)
School site administration	6,635,420	14,894	1,278,833		(5,341,693)
Pupil services:					
Home-to-school transportation	1,670,610		1,004,503		(666,107)
Food services	3,633,191	586,385	3,253,286		206,480
All other pupil services	4,204,179	16	1,034,105		(3,170,058)
General administration:					
Data processing	499,560		10,625		(488,935)
All other general administration	4,461,491	34,507	705,056		(3,721,928)
Plant services	10,607,498	17,710	6,432,366		(4,157,422)
Ancillary services	355,344		110,583		(244,761)
Community services	59,207	1,322	2,751		(55,134)
Interest on long-term liabilities	3,659,627				(3,659,627)
Unallocated depreciation (Note 4)	19,738,217				(19,738,217)
Other outgo	69,677	201,072	331,318		462,713
Total governmental activities	$ 108,577,814	$ 935,466	$ 32,037,396	$ 25,899,980	(49,704,972)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	8,051,385
Taxes levied for debt service	7,108,190
Taxes levied for other specific purposes	3,010,818
Federal and state aid not restricted to specific purposes	49,954,143
Interest and investment earnings	1,987,663
Miscellaneous	595,720
Total general revenues	70,707,919
Change in net assets	21,002,947
Net assets, July 1, 2007	91,209,723
Net assets, June 30, 2008	$ 112,212,670

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

PITTSBURG UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2008

	General Fund	County School Facilities Fund	Building Fund	All Non-Major Funds	Total Governmental Fund
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 2,140,325	$ 22,965,793	$ 18,124,610	$ 15,880,848	$ 59,111,576
Cash on hand and in banks				5,107	5,107
Cash in revolving fund	25,000			5,000	30,000
Investments	1,196,080		1,039,533		2,235,613
Cash with Fiscal Agent				1,251,088	1,251,088
Accounts receivable	8,464,957		8,013	1,159,579	9,632,549
Stores inventory				75,932	75,932
Total assets	$ 11,826,362	$ 22,965,793	$ 19,172,156	$ 18,377,554	$ 72,341,865
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 1,685,585	$ 3,664,000	$ 698,781	$ 261,363	$ 6,309,729
Deferred revenue	902,888			67,383	970,271
Total liabilities	2,588,473	3,664,000	698,781	328,746	7,280,000
Fund balances	9,237,889	19,301,793	18,473,375	18,048,808	65,061,865
Total liabilities and fund balances	$ 11,826,362	$ 22,965,793	$ 19,172,156	$ 18,377,554	$ 72,341,865

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

PITTSBURG UNIFIED SCHOOL DISTRICT

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

June 30, 2008

Total fund balances - Governmental Funds		$ 65,061,865
Amounts reported for governmental activities in the *statement of net assets are different because:*		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $226,044,858 and the accumulated depreciation is $86,341,477 (Note 4).		139,703,381
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2008 consisted of (Note 5):		
Capitalized lease obligations	$ (9,768)	
Certificates of Participation	(11,440,000)	
General Obligation Bonds	(78,260,000)	
Compensated absences	(254,729)	
Postemployment benefits	(1,789,700)	(91,754,197)
Costs associated with the issuance of long-term liabilities are not financial resources and, therefore, are not reported as assets in governmental funds.		617,900
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.		(1,416,279)
Total net assets - governmental activities		$ 112,212,670

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

PITTSBURG UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2008

	General Fund	County School Facilities Fund	Building Fund	All Non-Major Funds	Total Governmental Fund
Revenues:					
Revenue limit sources:					
State apportionment	$ 44,764,527				$ 44,764,527
Local sources	8,051,385				8,051,385
Total revenue limit	52,815,912				52,815,912
Federal sources	4,444,975			$ 3,428,302	7,873,277
Other state sources	15,050,414	$ 25,065,097		5,432,856	45,548,367
Other local sources	4,561,913	5,924,565	$ 1,035,335	11,821,392	23,343,205
Total revenues	76,873,214	30,989,662	1,035,335	20,682,550	129,580,761
Expenditures:					
Certificated salaries	35,326,852			2,138,103	37,464,955
Classified salaries	10,884,818		66,693	2,000,027	12,951,538
Employee benefits	15,325,326		13,334	1,252,168	16,590,828
Books and supplies	3,458,293	89,840		2,149,148	5,697,281
Contract services and operating expenditures	10,324,837	1,465,682	569,628	1,284,281	13,644,428
Capital outlay	525,632	42,530,180	2,872,350	852,809	46,780,971
Other outgo	15,765				15,765
Debt service:					
Principal retirement	9,483			2,719,889	2,729,372
Interest	505			3,256,821	3,257,326
Total expenditures	75,871,511	44,085,702	3,522,005	15,653,246	139,132,464
Excess (deficiency) of revenues over (under) expenditures	1,001,703	(13,096,040)	(2,486,670)	5,029,304	(9,551,703)
Other financing sources (uses):					
Operating transfers in	316,779	27,000,000		466,581	27,783,360
Operating transfers out			(22,000,000)	(5,783,360)	(27,783,360)
Proceeds from the issuance of General Obligation Bonds			25,050,000		25,050,000
Total other financing sources (uses)	316,779	27,000,000	3,050,000	(5,316,779)	25,050,000
Net change in fund balances	1,318,482	13,903,960	563,330	(287,475)	15,498,297
Fund balances, July 1, 2007, as previously stated	7,919,407	5,397,833	18,471,067	17,775,261	49,563,568
Restatement of fund balance			(561,022)	561,022	
Fund balances, July 1, 2007, as restated	7,919,407	5,397,833	17,910,045	18,336,283	49,563,568
Fund balances, June 30, 2008	$ 9,237,889	$ 19,301,793	$ 18,473,375	$ 18,048,808	$ 65,061,865

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

PITTSBURG UNIFIED SCHOOL DISTRICT

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

For the Year Ended June 30, 2008

Net change in fund balances - Total Governmental Funds		$ 15,498,297
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net assets (Note 4).	$ 50,401,676	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(5,100,973)	
Change in accounting estimate related to depreciable lives of capital assets (Note 4).	(14,637,244)	
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported (Note 4).	(2,630,562)	
Issuance of long-term liabilities is an other financing source in the governmental funds, but increases the long-term liabilities in the statement of net assets (Note 5).	(25,050,000)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net assets (Note 5).	2,729,372	
Unmatured interest on long-term liabilities is not recognized in the governmental funds until the period it is incurred, but is recognized as an expense in the period it becomes due in the statement of activities.	(406,093)	
Issuance costs related to the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the statement of net assets.	(48,310)	
In the statement of activities, expenses related to compensated absences and postemployment benefits are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	246,784	5,504,650
Change in net assets of governmental activities		$ 21,002,947

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

PITTSBURG UNIFIED SCHOOL DISTRICT

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

MAJOR FUND - GENERAL FUND

For the Year Ended June 30, 2008

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Revenue limit sources:				
State apportionment	$ 44,485,687	$ 43,859,999	$ 44,764,527	$ 904,528
Local sources	7,938,177	8,782,162	8,051,385	(730,777)
Total revenue limit	52,423,864	52,642,161	52,815,912	173,751
Federal sources	4,351,671	5,577,838	4,444,975	(1,132,863)
Other state sources	12,163,942	15,508,388	15,050,414	(457,974)
Other local sources	4,209,609	4,523,544	4,561,913	38,369
Total revenues	73,149,086	78,251,931	76,873,214	(1,378,717)
Expenditures:				
Certificated salaries	33,736,003	35,567,110	35,326,852	240,258
Classified salaries	10,588,468	10,688,349	10,884,818	(196,469)
Employee benefits	15,797,527	15,717,719	15,325,326	392,393
Books and supplies	3,607,041	4,427,695	3,458,293	969,402
Contract services and operating expenditures	9,033,847	11,693,740	10,324,837	1,368,903
Capital outlay	326,315	519,660	525,632	(5,972)
Other outgo	16,000	16,000	15,765	235
Debt service:				
Principal retirement			9,483	(9,483)
Interest			505	(505)
Total expenditures	73,105,201	78,630,273	75,871,511	2,758,762
Excess (deficiency) of revenues over (under) expenditures	43,885	(378,342)	1,001,703	1,380,045
Other financing sources (uses):				
Operating transfers in	167,533	208,915	316,779	107,864
Operating transfers out	(460,000)	(50,000)		50,000
Total other financing sources (uses)	(292,467)	158,915	316,779	157,864
Net change in fund balance	(248,582)	(219,427)	1,318,482	1,537,909
Fund balance, July 1, 2007	7,919,407	7,919,407	7,919,407	
Fund balance, June 30, 2008	$ 7,670,825	$ 7,699,980	$ 9,237,889	$ 1,537,909

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

PITTSBURG UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

TRUST AND AGENCY FUNDS

June 30, 2008

	Trust Fund	Agency Fund	
	Scholarship	Student Body	Total
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	$ 59,164		$ 59,164
Cash on hand and in banks		$ 357,004	357,004
Investments	63,588		63,588
Accounts receivable	554		554
Total assets	123,306	357,004	480,310
LIABILITIES			
Accounts payable	124		124
Due to student groups		357,004	357,004
Total liabilities	124	357,004	357,128
NET ASSETS			
Restricted (Note 6)	$ 123,182	$ -	$ 123,182

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

PITTSBURG UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS

TRUST FUND

For the Year Ended June 30, 2008

	Scholarship
Additions:	
Other local sources	$ 15,048
Deductions:	
Contract services	25,923
Change in net assets	(10,875)
Net assets, July 1, 2007	134,057
Net assets, June 30, 2008	$ 123,182

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

PITTSBURG UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity - Pittsburg Unified School District Financing Corporation

The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the School District. The District and the Pittsburg Unified School District Financing Corporation (the "Corporation") have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District.

The Corporation was formed in March 1994, pursuant to the general California nonprofit corporation laws, to provide financial assistance to the District for construction and acquisition of major capital facilities. Certificates of Participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. At the end of the lease term, title of all Corporate property will pass to the District for no additional consideration.

The following are those aspects of the relationship between the District and the Facilities District which satisfy GASB Statement No. 14, as amended by GASB Statement No. 39, criteria:

A - Manifestation of Oversight

1 - The Corporation's, Board of Directors was appointed by the District's Governing Board The Corporation has no employees. The District's Assistant Superintendent of Business Services functions as the agent of the Corporation. This individual receives no additional compensation for work performed in this capacity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity - Pittsburg Unified School District Financing Corporation (Continued)

B - Accounting for Fiscal Matters

1 - The District is able to impose its will upon the Corporation, based on the following:

- All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.

- The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation.

2 - The Corporation provides specific financial benefits or imposes specific financial burdens on the District based upon the following:

- Any deficits incurred by the Corporation will be reflected in the lease payments of the District.

- Any surpluses of the Corporation revert to the District at the end of the lease period.

- The District has assumed a "moral obligation", and potentially a legal obligation, or any debt incurred by the Corporation.

C - Scope of Public Service and Financial Presentation

- The Corporation was formed for the sole purpose of providing financing assistance to the District for construction and acquisition of major capital facilities. Upon completion, the District intends to occupy all Corporation facilities under a lease-purchase agreement effective through the year 2024.

Basis of Presentation - Financial Statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Government-Wide Financial Statements

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

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

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

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

Basis of Presentation - Fund Accounting

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

A - Governmental Fund Types

1 - General Fund:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

A - Governmental Fund Types (Continued)

2 - Special Revenue Funds:

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

3 - Capital Projects Funds:

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

4 - Debt Service Fund:

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

B - Fiduciary Fund Types

1 - *Trust Fund:*

The Trust Fund is used to account for assets held by the District as trustee. The District maintains one trust fund, the Scholarship Fund, which is used to provide financial assistance to students of the District.

2 - Agency Funds:

Agency Funds are used to account for assets of others for which the District has an agency relationship with the activity of the fund. The District maintains eleven agency funds, one for each school's student body. The funds are used to account for the raising and expending of money to promote the general welfare, morale and educational experience of the student body.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

Accrual

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

Modified Accrual

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

Budgets and Budgetary Accounting

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

The District employs budget control by major object code and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the District's Board of Education and District Superintendent to provide for unanticipated revenues and expenditures. The originally adopted and final revised budgets for the General Fund are presented in the basic financial statements.

Stores Inventory

Inventory in the Cafeteria Fund consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cafeteria Food Purchases

The Cafeteria Fund reflects supplies expense of $1,806,043. Included in this amount is a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus food commodities.

Capital Assets

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

Compensated Absences

Compensated absences benefits in the amount of $254,729 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave

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

Deferred Revenue

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

Property Taxes

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

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

Restricted Net Assets

Restrictions of the ending net assets or fund balance indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash fund, stores inventory and prepaid expenditures reflect the portion of net assets represented by revolving fund cash, stores inventory and prepaid expenditures, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date. The restriction for unspent categorical program revenues represents the portion of net assets restricted to specific program expenditures. The restrictions for special revenues, capital projects, debt service and scholarships represent the net assets of restricted funds.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

Eliminations and Reclassifications

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

Estimates

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

2. CASH AND INVESTMENTS

Cash at June 30, 2008 consisted of the following:

	Governmental Activities	Fiduciary Activities
Pooled Funds:		
Cash in County Treasury	$ 59,111,576	$ 59,164
Deposits:		
Cash on hand and in banks	5,107	357,004
Revolving cash fund	30,000	
Investments	2,235,613	63,588
Cash with Fiscal Agent	1,251,088	
	$ 62,633,384	$ 479,756

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Contra Costa County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

In accordance with applicable state laws, the Contra Costa County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2008, the Contra Costa County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Deposits

Cash balances held in banks and revolving funds are insured up to $100,000 by the Federal Depository Insurance Corporation (FDIC). At June 30, 2008, the carrying amount of the District's accounts was $392,111, and the bank balances were $380,368. Of the bank balances, $339,722 was covered by the FDIC insurance and $40,646 was uninsured. Uninsured balances are fully collateralized by the banks in accordance with applicable laws.

2. CASH AND INVESTMENTS *(Continued)*

Investments

The District's investment policy authorizes investment in Local Agency Investment Fund (LAIF), an investment pool managed by the California State Treasurer. The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. As of June 30, 2008, this fund was yielding approximately 3.11% interest annually. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

Cash with Fiscal Agent

Cash with Fiscal Agent represents $1,251,088 in the Capital Facilities Fund held by Bank restricted for repayment of COPs.

Interest Rate Risk

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2008, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

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

Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2008, the District had no concentration of credit risk.

3. INTERFUND TRANSACTIONS

Interfund Activity

Transactions between funds of the District are recorded as interfund transfers. There were no unpaid balances at year end as a result of such transactions.

Interfund Transfers

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

Interfund transfers for the 2007-2008 fiscal year were as follows:

Transfer from the Building Fund to the County School Facilities Fund to reimburse bond expenditures.	$ 22,000,000
Transfer from the Capital Facilities Fund to the County School Facilities Fund to reimburse bond expenditures.	5,000,000
Transfer from the Capital Facilities Fund to the Deferred Maintenance Fund for the required state match.	466,581
Transfer from the Cafeteria Fund to the General Fund for the allocation of indirect costs.	144,373
Transfer from the Adult Education Fund to the General Fund for the allocation of indirect costs.	111,636
Transfer from the Child Development Fund to the General Fund for the allocation of indirect costs.	60,770
	$ 27,783,360

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2008 is shown below:

	Balance July 1, 2007	Additions	Deletions	Adjustments	Transfers	Balance June 30, 2008
Land	$ 1,785,563					$ 1,785,563
Buildings and improvements	162,622,743		$ (1,492,531)		$ 1,239,476	162,369,688
Equipment	5,087,969	$ 188,499	(1,138,031)			4,138,437
Work-in-process	8,777,469	50,213,177			(1,239,476)	57,751,170
Totals, at cost	178,273,744	50,401,676	(2,630,562)			226,044,858
Less accumulated depreciation:						
Buildings and improvements	(63,716,547)	(4,772,890)		$ (15,048,828)		(83,538,265)
Equipment	(2,886,713)	(328,083)		411,584		(2,803,212)
Total accumulated depreciation	(66,603,260)	(5,100,973)		(14,637,244)		(86,341,477)
Capital assets, net	$ 111,670,484	$ 45,300,703	$ (2,630,562)	$ (14,637,244)	$ -	$ 139,703,381

During the year ended June 30, 2008, management changed the useful lives of depreciable buildings, improvements and equipment. The effect of this change in accounting estimate was to increase depreciation expense by $14,637,244.

Depreciation expense was charged to governmental activities as follows:

Unallocated	$ 19,738,217

5. LONG-TERM LIABILITIES

Capitalized Lease Obligations

The District leases equipment under a capitalized lease agreement. At June 30, 2008, the District's capitalized lease obligations were as follows:

Year Ending June 30,	Payments
2009	9,988
Less amount representing interest	(220)
	$ 9,768

5. LONG-TERM LIABILITIES *(Continued)*

Certificates of Participation

In July 1997 the Alameda / Contra Costa Schools Financing Authority, in the name of Pittsburg Unified School District, issued series D Certificates of Participation in the amount of $1,020,000, with an interest rate of 4.50%.

In February 1999 the Pittsburg Unified School District Financing Corporation issued Certificates of Participation in the amount of $11,720,000, with an interest rate of 3.75% to 4.70%.

In February 2001 the Pittsburg Unified School District Financing Corporation issued Certificates of Participation in the amount of $3,000,000, with an interest rate of 3.50% to 4.40%.

The following is a schedule of the future payments for the Certificates of Participation:

Year Ended June 30,	Principal	Interest	Total
2009	$ 640,000	$ 470,534	$ 1,110,534
2010	660,000	448,096	1,108,096
2011	690,000	424,756	1,114,756
2012	715,000	400,068	1,115,068
2013	745,000	373,818	1,118,818
2014-2018	3,435,000	1,420,883	4,855,883
2019-2023	3,120,000	704,956	3,824,956
2024-2028	1,435,000	66,715	1,501,715
	$ 11,440,000	$ 4,309,826	$ 15,749,826

1998 General Obligation Bonds

In 1998, the District issued $5,000,000 of General Obligation Bonds. The Bonds require annual principal payments through 2023, plus interest. Annual interest rates for these General Obligation Bonds range from 3.70% to 7.00%. With the issuance of the 2005 Refunding Bonds the 1998 General Obligation Bonds are considered defeased and have been removed from the District's financial statements.

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

1999 General Obligation Bonds

In 1999, the District issued $10,000,000 of General Obligation Bonds. The Bonds require annual principal payments through 2024, plus interest. Annual interest rates for these General Obligation Bonds range from 4.00% to 7.00%. The Bonds mature as follows:

Year Ended June 30,	Principal	Interest	Total
2009	$ 350,000	$ 356,684	$ 706,684
2010	365,000	342,201	707,201
2011	385,000	326,778	711,778
2012	400,000	318,838	718,838
2013	415,000	292,915	707,915
2014-2018	2,380,000	1,060,160	3,440,160
2019-2023	2,990,000	482,718	3,472,718
2024	685,000	156,000	841,000
	$ 7,970,000	$ 3,336,294	$ 11,306,294

2000 General Obligation Bonds

In 2000, the District issued $5,000,000 of General Obligation Bonds. The Bonds require annual principal payments through 2025, plus interest. Annual interest rates for these General Obligation Bonds range from 5.10% to 6.25%. With the issuance of the 2005 Refunding Bonds a portion of the 2000 General Obligation Bonds are considered defeased and have been removed from the District's financial statements. The remaining 2000 General Obligation Bonds mature as follows:

Year Ended June 30,	Principal	Interest	Total
2009	$ 155,000	$ 120,196	$ 275,196

5. LONG-TERM LIABILITIES (Continued)

2003 General Obligation Bonds

In 2003, the District issued $8,825,000 of General Obligation Bonds. The Bonds require annual principal payments through 2022, plus interest. Annual interest rates for these General Obligation Bonds range from 3.50% to 4.50%. The Bonds mature as follows:

Year Ended June 30,	Principal	Interest	Total
2009	$ 435,000	$ 291,560	$ 726,560
2010	450,000	276,073	726,073
2011	465,000	260,060	725,060
2012	485,000	242,829	727,829
2013	505,000	224,266	729,266
2014-2018	2,845,000	806,391	3,651,391
2019-2022	2,360,000	188,564	2,548,564
	$ 7,545,000	$ 2,289,743	$ 9,834,743

2005 General Obligation Bonds

In 2005, the District issued $17,100,000 of General Obligation Bonds. The Bonds require annual principal payments through 2029, plus interest. Annual interest rates for these General Obligation Bonds range from 3.50% to 12.00%. The Bonds mature as follows:

Year Ended June 30,	Principal	Interest	Total
2009	$ 125,000	$ 715,494	$ 840,494
2010	175,000	702,244	877,244
2011	230,000	686,044	916,044
2012	285,000	666,156	951,156
2013	330,000	646,394	976,394
2014-2018	2,365,000	2,988,289	5,353,289
2019-2023	3,830,000	2,373,431	6,203,431
2024-2028	5,765,000	1,352,052	7,117,052
2029	2,995,000	137,362	3,132,362
	$ 16,100,000	$ 10,267,466	$ 26,367,466

5. LONG-TERM LIABILITIES (Continued)

2005 General Obligation Refunding Bonds

In 2005, the District issued $8,565,000 of General Obligation Refunding Bonds. Of this amount, $8,387,151 was placed into an escrow account to advance refund the remaining $3,995,000 of the 1998 General Obligation Bonds and $4,050,000 of the 2000 General Obligation Bonds. The 2005 General Obligation Refunding Bonds require annual principal payments through 2024, plus interest. Annual interest rates for these General Obligation Bonds range from 3.40% to 4.375%. The Bonds mature as follows:

Year Ended June 30,	Principal	Interest	Total
2009	$ 230,000	$ 317,550	$ 547,550
2010	405,000	305,644	710,644
2011	420,000	290,175	710,175
2012	435,000	247,144	682,144
2013	455,000	257,456	712,456
2014-2018	2,535,000	1,026,653	3,561,653
2019-2023	3,100,000	474,486	3,574,486
2024	670,000	28,687	698,687
	$ 8,250,000	$ 2,947,795	$ 11,197,795

2006 General Obligation Bonds

In 2006, the District issued $13,350,000 of General Obligation Bonds. The Bonds require annual principal payments through 2030, plus interest. Annual interest rates for these General Obligation Bonds range from 4.00% to 6.00%. The Bonds mature as follows:

Year Ended June 30,	Principal	Interest	Total
2009	$ 435,000	$ 606,071	$ 1,041,071
2010	105,000	589,871	694,871
2011	125,000	582,971	707,971
2012	150,000	574,721	724,721
2013	180,000	564,821	744,821
2014-2018	1,450,000	2,635,931	4,085,931
2019-2023	2,765,000	2,188,466	4,953,466
2024-2028	4,365,000	1,372,610	5,737,610
2029-2030	3,615,000	257,451	3,872,451
	$ 13,190,000	$ 9,372,913	$ 22,562,913

5. LONG-TERM LIABILITIES (Continued)

2008 General Obligation Bonds

In 2008, the District issued $10,050,000 of General Obligation Bonds. The Bonds require annual principal payments through 2033, plus interest. Annual interest rates for these General Obligation Bonds range from 4.00% to 8.00%. The Bonds mature as follows:

Year Ended June 30,	Principal	Interest	Total
2009	$ 50,000	$ 465,434	$ 515,434
2010	240,000	453,834	693,834
2011	250,000	434,234	684,234
2012	280,000	414,434	694,434
2013	280,000	398,684	678,684
2014-2018	1,605,000	1,800,782	3,405,782
2019-2023	1,940,000	1,440,665	3,380,665
2024-2028	2,380,000	981,035	3,361,035
2029-2033	3,025,000	372,883	3,397,883
	$ 10,050,000	$ 6,761,985	$ 16,811,985

2008 General Obligation Bonds

In 2008, the District issued $15,000,000 of General Obligation Bonds. The Bonds require annual principal payments through 2033, plus interest. Annual interest rates for these General Obligation Bonds range from 4.00% to 8.00%. The Bonds mature as follows:

Year Ended June 30,	Principal	Interest	Total
2009	$ 2,080,000	$ 704,098	$ 2,784,098
2010	920,000	584,098	1,504,098
2011	350,000	533,298	883,298
2012	355,000	506,873	861,873
2013	380,000	486,373	866,373
2014-2018	2,110,000	2,175,219	4,285,219
2019-2023	2,360,000	1,720,069	4,080,069
2024-2028	2,855,000	1,167,137	4,022,137
2029-2033	3,590,000	440,677	4,030,677
	$ 15,000,000	$ 8,317,842	$ 23,317,842

5. LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2008 is shown below:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008	Amounts Due Within One Year
Capitalized lease obligations	$ 394,140		$ 384,372	$ 9,768	$ 9,768
Certificates of Participation	12,060,000		620,000	11,440,000	640,000
General Obligation Bonds	54,935,000	$ 25,050,000	1,725,000	78,260,000	3,860,000
Compensated absences	252,185	2,544		254,729	254,729
Postemployment benefits (Note 8)	2,039,028	235,346	484,674	1,789,700	447,247
Totals	$ 69,680,353	$ 25,287,890	$ 3,214,046	$ 91,754,197	$ 5,211,744

Payments on the capitalized lease obligations are made from the General and Capital Facilities Fund. Payments on the Certificates of Participation are made from the Capital Facilities Fund. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the compensated absences and postemployment benefits are made from the fund for which the related employee worked.

6. RESTRICTED NET ASSETS

Restricted net assets consisted of the following at June 30, 2008:

	Governmental Activities
Revolving cash fund	$ 30,000
Stores inventory	75,932
Prepaid expenditures	617,900
Unspent categorical program revenues	5,553,238
Special revenues	5,226,629
Capital projects	43,475,541
Debt service	5,789,786
	$ 60,769,026

	Fiduciary Activities
Scholarships	$ 123,182

7. EMPLOYEE RETIREMENT SYSTEMS

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

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% 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 2007-2008 was 9.306% 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, 2006, 2007 and 2008 were $996,621, $1,069,173 and $1,140,808, respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95826.

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members are required to contribute 8.0% of their salary. The required employer contribution rate for fiscal year 2007-2008 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2006, 2007 and 2008 were $2,781,379, $2,824,124 and $3,013,647, respectively, and equal 100% of the required contributions for each year.

8. POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the District provides post-retirement healthcare benefits to District employees who retire from the District on or after attaining the age 55 until age 65, provided they have met certain service requirements. For employees retiring on June 1, 1978 and thereafter, the District contributes toward the health benefit program, capped in the same dollar amount and with the same coverage limitations for retirees as it does for active employees.

At June 30, 2008, 65 District retirees are receiving the post-retirement healthcare benefits.

Year Ending June 30,	Payments
2009	$ 447,247
2010	341,808
2011	288,585
2012	218,908
2013	136,296
2014-2018	279,387
2019-2023	61,654
2024-2025	15,815
	$ 1,789,700

9. JOINT POWERS AGREEMENTS

The District participates in three joint ventures under joint powers agreements with Contra Costa County Self-Insurance Group (CCCSIG) and Schools Self Insurance Group of Contra Costa (SSICCC). SSICCC arranges for and provides dental and vision insurance to its member districts. The District pays a premium commensurate with the level of coverage requested. CCCSIG provides workers' compensation coverage for its member districts.

9. JOINT POWERS AGREEMENTS (Continued)

The following is a summary of condensed financial information of CCCSIG for the year ended June 30, 2008, and SSICCC for the year ended June 30, 2007 (the latest information available):

CCCSIG

Total assets	$	86,398,920
Total liabilities	$	70,146,611
Total net assets	$	16,252,309
Total revenue	$	31,170,705
Total expenses	$	17,367,825
Change in net assets	$	13,802,880

SSICCC

Total assets	$	4,505,435
Total liabilities	$	929,758
Total net assets	$	3,575,677
Total revenue	$	14,670,517
Total expenses	$	13,614,207
Change in net assets	$	1,056,310

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

10. CONTINGENCIES

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

Also, the District has received federal and state funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations in individual funds for the year ended June 30, 2008 were as follows:

Fund	Excess Expenditures
General Fund:	
Classified salaries	$ 196,469
Capital outlay	$ 5,972

Budget revisions for expenditures in excess of budgeted amounts were not made at the end of the fiscal year.

12. FUND BALANCE RESTATEMENT

It was determined that transactions related to the Building and Capital Facilities Funds were inadvertently recorded in the Deferred Maintenance Fund in the prior year resulting in an overstatement of fund balances totaling $561,022 and $46,440 in the Building and Capital Facilities Funds, respectively, and an understatement of fund balance of $607,462 in the Deferred Maintenance Fund. Accordingly, fund balances of these respective funds as of July 1, 2007, have been adjusted. There is no effect on net assets as a result of this fund balance restatement.

SUPPLEMENTARY INFORMATION

PITTSBURG UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2008

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	Total
ASSETS								
Cash and investments:								
Cash in County Treasury	$ 2,008,172	$ 18,370	$ 20,668	$ 2,255,719	$ 5,549,026	$ 239,107	$ 5,789,786	$ 15,880,848
Cash on hand and in banks	2,607		2,500					5,107
Cash in revolving account	5,000							5,000
Cash with Fiscal Agent					1,251,088			1,251,088
Accounts receivable	499,199	115,466	544,914					1,159,579
Stores inventory			75,932					75,932
Total assets	$ 2,514,978	$ 133,836	$ 644,014	$ 2,255,719	$ 6,800,114	$ 239,107	$ 5,789,786	$ 18,377,554
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 37,329	$ 20,711	$ 56,898	$ 58,665	$ 72,535	$ 15,225		$ 261,363
Deferred revenue	28,854	38,529						67,383
Total liabilities	66,183	59,240	56,898	58,665	72,535	15,225		328,746
Fund balances	2,448,795	74,596	587,116	2,197,054	6,727,579	223,882	$ 5,789,786	18,048,808
Total liabilities and fund balances	$ 2,514,978	$ 133,836	$ 644,014	$ 2,255,719	$ 6,800,114	$ 239,107	$ 5,789,786	$ 18,377,554

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

PITTSBURG UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

ALL NON-MAJOR FUNDS

For the Year Ended June 30, 2008

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	Total
Revenues:								
Federal sources	$ 366,218	$ 5,951	$ 3,056,133					$ 3,428,302
Other state sources	3,069,812	1,615,904	303,267	$ 388,145			$ 55,728	5,432,856
Other local sources	202,089	49,430	618,540	56,315	$ 3,713,667	$ 10,803	7,170,548	11,821,392
Total revenues	3,638,119	1,671,285	3,977,940	444,460	3,713,667	10,803	7,226,276	20,682,550
Expenditures:								
Certificated salaries	1,698,469	439,634						2,138,103
Classified salaries	286,172	430,940	1,282,915					2,000,027
Employee benefits	421,854	342,670	487,644					1,252,168
Books and supplies	186,193	145,650	1,806,043		11,262			2,149,148
Contract services and operating expenditures	365,092	179,473	38,983	421,223	253,187	26,323		1,284,281
Capital outlay	7,702		13,827	32,116	732,073	67,091		852,809
Debt service:								
Principal retirement					994,889		1,725,000	2,719,889
Interest					477,505		2,779,316	3,256,821
Total expenditures	2,965,482	1,538,367	3,629,412	453,339	2,468,916	93,414	4,504,316	15,653,246
Excess (deficiency) of revenues over (under) expenditures	672,637	132,918	348,528	(8,879)	1,244,751	(82,611)	2,721,960	5,029,304
Other financing sources (uses):								
Operating transfers in				466,581				466,581
Operating transfers out	(111,636)	(60,770)	(144,373)		(5,466,581)			(5,783,360)
Total other financing sources (uses)	(111,636)	(60,770)	(144,373)	466,581	(5,466,581)			(5,316,779)
Net change in fund balances	561,001	72,148	204,155	457,702	(4,221,830)	(82,611)	2,721,960	(287,475)
Fund balances, July 1, 2007, as previously stated	1,887,794	2,448	382,961	1,131,890	10,995,849	306,493	3,067,826	17,775,261
Restatement of fund balance				607,462	(46,440)			561,022
Fund balances, July 1, 2007, as restated	1,887,794	2,448	382,961	1,739,352	10,949,409	306,493	3,067,826	18,336,283
Fund balances, June 30, 2008	$ 2,448,795	$ 74,596	$ 587,116	$ 2,197,054	$ 6,727,579	$ 223,882	$ 5,789,786	$ 18,048,808

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

PITTSBURG UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Student Body				
High Schools				
Assets:				
Cash on hand and in banks	$ 324,143	$ 689,423	$ 827,379	$ 186,187
Liabilities:				
Due to student groups	$ 324,143	$ 689,423	$ 827,379	$ 186,187
Middle Schools				
Assets:				
Cash on hand and in banks	$ 51,556	$ 190,721	$ 188,588	$ 53,689
Liabilities:				
Due to student groups	$ 51,556	$ 190,721	$ 188,588	$ 53,689
Elementary Schools				
Assets:				
Cash on hand and in banks	$ 77,698	$ 196,789	$ 157,359	$ 117,128
Liabilities:				
Due to student groups	$ 77,698	$ 196,789	$ 157,359	$ 117,128
Total Student Body Funds				
Assets:				
Cash on hand and in banks	$ 453,397	$ 1,076,933	$ 1,173,326	$ 357,004
Liabilities:				
Due to student groups	$ 453,397	$ 1,076,933	$ 1,173,326	$ 357,004

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

PITTSBURG UNIFIED SCHOOL DISTRICT

ORGANIZATION

June 30, 2008

Pittsburg Unified School District was established in 1933, and is located in Contra Costa County. The District boundaries cover approximately 26 square miles in and around the City of Pittsburg. The boundaries have not changed in the current year. The District is currently operating 8 elementary schools, 2 middle schools, 1 high school, and one continuation high school.

GOVERNING BOARD

Name	Office	Term Expires
Joseph Arenivar	President	2010
Ruben Rosalez	Vice President	2012
Laura Canciamilla	Member	2012
Percy McGee, Jr.	Member	2010
Vincent Ferrante	Member	2010

ADMINISTRATION

Dr. Barbara Wilson
Superintendent

Linda Rondeau
Deputy Superintendent of Educational Services

Jim Schiffman
Assistant Superintendent of Personnel Services

Mark Bonnett
Assistant Superintendent of Business Services

PITTSBURG UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For the Year Ended June 30, 2008

	Second Period Report	Annual Report
Elementary:		
Kindergarten	738	748
First through Third	2,201	2,197
Fourth through Sixth	1,987	1,983
Seventh and Eighth	1,262	1,256
Home and Hospital	3	3
Opportunity Schools and Classes	18	21
Special Education	151	167
	6,360	6,375
Secondary:		
Regular Classes	2,177	2,163
Home and Hospital	1	1
Special Education	145	150
Opportunity Schools and Classes	29	27
Continuation Education	135	82
	2,487	2,423
Classes for Adults:		
Concurrently Enrolled	22	22
Not Concurrently Enrolled	1,053	1,095
	1,075	1,117
	9,922	9,915
	Hours of Attendance	
Summer School:		
Elementary	81,885	81,885
Secondary	157,365	159,128
	239,250	241,013

See accompanying notes to supplementary information.

PITTSBURG UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2008

Grade Level	1986-87 Minutes Require-ment	1982-83 Actual Minutes	2007-08 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	31,500	37,800	180	N/A	In Compliance
Grade 1	50,400	48,230	52,825	180	N/A	In Compliance
Grade 2	50,400	48,230	52,825	180	N/A	In Compliance
Grade 3	50,400	48,230	52,825	180	N/A	In Compliance
Grade 4	54,000	51,030	54,135	180	N/A	In Compliance
Grade 5	54,000	51,030	54,135	180	N/A	In Compliance
Grade 6	54,000	56,464	59,716	180	N/A	In Compliance
Grade 7	54,000	56,464	59,716	180	N/A	In Compliance
Grade 8	54,000	56,464	59,716	180	N/A	In Compliance
Grade 9	64,800	57,580	65,196	180	N/A	In Compliance
Grade 10	64,800	57,580	65,196	180	N/A	In Compliance
Grade 11	64,800	57,580	65,196	180	N/A	In Compliance
Grade 12	64,800	57,580	65,196	180	N/A	In Compliance

See accompanying notes to
supplementary information.

PITTSBURG UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

For the Year Ended June 30, 2008

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U. S. Department of Education			
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	$ 1,109,353
84.173	Special Education: IDEA Preschool Grants, Part B, Section 619	13430	31,510
84.027A	Special Education: IDEA Preschool Local Entitlement, Part B, Section 611	13682	69,621
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	14329	1,521,000
84.010	NCLB: Title I, Part A, School Improvement (SAIT)	14417	46,787
84.010	NCLB: Title I, Part A, Program Improvement	14583	90,000
84.357	NCLB: Title I, Part B, Reading First Program	14328	640,975
84.367	NCLB: Title II, Part A, Improving Teacher Quality	14341	367,052
84.367	NCLB: Title II, Part A, Principal Training	14344	3,639
84.318	NCLB: Title II, Part D, Enhancing Education Through Technology, Formula Grants	14335	17,473
84.365	NCLB: Title III, Immigrant Education Program	14346	70,910
84.365	NCLB: Title III, Limited English Proficient (LEP) Student Programs	10084	348,888
84.186	NCLB: Title IV, Part A, Safe and Drug Free Schools and Communities	14347	29,786
84.298	NCLB: Title V, Part A, Innovative Education Strategies	13340	17,444
84.158	Department of Rehabilitation, Workability II, Transition Partnership	10006	131,312
84.048	Vocational Programs: Adult Sec 132 (Carl Perkins Act)	13923	29,971
84.048	Vocational Education: Voc & Applied Tech Secondary, Title IC, Sec 131 (Carl Perkins Act)	13924	62,420
84.002	Adult Education: Adult Basic Education and ESL	14508	137,974
84.002	Adult Secondary Education	13978	14,789
84.002A	Adult Education: English Literacy & Civics Education	14109	52,172
	Total U. S. Department of Education		4,793,076

(Continued)

PITTSBURG UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2008

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U. S. Department of Health and Human Services			
93.575	Child Development: Infant/Toddler Child Care Resource Contacts	13942	$ 2,487
93.575	Child Development: Quality Improvement - Exempt Provider Outreach and Training	14404	3,464
93.778	Medi-Cal Billing Option (DHS)	10013	18,117
	Total U. S. Department of Health and Human Services		24,068
U. S. Department of Agriculture			
10.555	Child Nutrition: School Programs (NSL Sec 11)	13396	1,911,860
10.555	Child Nutrition: School Programs (NSL Sec 4)	13391	256,717
10.553	Child Nutrition: School Programs (School Breakfast Needy)	13526	681,592
10.559	Child Nutrition: Summer Food Service Program Operations	13004	205,964
	Total U. S. Department of Agriculture		3,056,133
	Total Federal Programs		$ 7,873,277

See accompanying notes to supplementary information.

PITTSBURG UNIFIED SCHOOL DISTRICT

RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

	Child Development Fund
June 30, 2008 Unaudited Actual Financial Report Fund Balance	$ 4,044
Understatement of accounts receivable	70,552
June 30, 2008 Audited Financial Statements Fund Balance	$ 74,596

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

See accompanying notes to supplementary information.

PITTSBURG UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For the Year Ended June 30, 2008

	(Budgeted) 2009	2008	2007	2006
General Fund				
Revenues and other financing sources	$ 75,261,457	$ 77,189,993	$ 75,195,579	$ 69,003,250
Expenditures	75,294,169	75,871,511	73,895,583	68,488,253
Other uses and transfers out			500,736	581,782
Total outgo	75,294,169	75,871,511	74,396,319	69,070,035
Changes in fund balance	$ (32,712)	$ 1,318,482	$ 799,260	$ (66,785)
Ending fund balance	$ 9,205,177	$ 9,237,889	$ 7,919,407	$ 7,120,147
Available reserves	$ 3,564,119	$ 2,693,372	$ 2,896,073	$ 3,075,031
Designated for economic uncertainties	$ 2,250,000	$ 2,266,202	$ 2,070,000	$ 2,000,000
Undesignated fund balance	$ 1,314,119	$ 427,170	$ 826,073	$ 1,075,031
Available reserves as percentages of total outgo	4.7%	3.5%	3.9%	4.5%
All Funds				
Total long-term liabilities	$ 86,542,453	$ 91,754,197	$ 69,680,353	$ 71,005,756
Average daily attendance at P-2, excluding Adult	8,847	8,847	8,873	8,714

The General Fund fund balance has increased by $2,050,957 over the past three years. The fiscal year 2008-2009 budget projects a decrease of $32,712. For a district this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out and other uses (total outgo). The District met this requirement.

The District has incurred operating surplus in two of the past three years, and anticipates incurring an operating deficit during the fiscal year 2008-2009.

Total long-term liabilities have increased by $20,748,441 over the past two years.

Average daily attendance has increased by 133 over the past two years. The District is expecting no change in ADA for fiscal year 2008-2009.

See accompanying notes to supplementary information.

PITTSBURG UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2008

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report

There are no charter schools sponsored by the District.

See accompanying notes to
supplementary information.

PITTSBURG UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXCESS SICK LEAVE

For the Year Ended June 30, 2008

Contract or Bargaining Agreement	Title of Employee
There are no contracts which allow excess sick leave.	

See accompanying notes to supplementary information.

PITTSBURG UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

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

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

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

E - Schedule of Financial Trends and Analysis

This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2008-2009 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

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

G - Schedule of Excess Sick Leave

This schedule provides information to the California State Teachers' Retirement System to monitor the granting of excess sick leave by school districts.

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2008, the District did not adopt such a program.

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

Board of Education
Pittsburg Unified School District
Pittsburg, California

We have audited the compliance of Pittsburg Unified School District with the types of compliance requirements described in the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2008. Compliance with the requirements of state laws and regulations is the responsibility of Pittsburg Unified School District's management. Our responsibility is to express an opinion on Pittsburg Unified School District's compliance based on our audit.

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

Description	Audit Guide Procedures	Procedures Performed
Regular and Special Day Classes	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Adult Education	9	Yes
Regional Occupational Center and Programs	6	No, see below
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, see below
Community Day Schools	9	No, see below
Morgan-Hart Class Size Reduction Program	7	No, see below
Instructional Materials:		
General requirements	12	Yes
Grades K-8	1	Yes
Grades 9-12	1	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Construction Funds:		
School District Bonds	3	No, see below
State School Facilities Funds	1	Yes
Excess Sick Leave	2	Yes

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

(Continued)

Description	Audit Guide Procedures	Procedures Performed
Notification of Right to Elect California State Teachers Retirement System (CalSTRS) Membership	1	Yes
Proposition 20 Lottery Funds	2	Yes
State Lottery Funds	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	No, see below
School Accountability Report Card	3	No, see below
Mathematics and Reading Professional Development	4	Yes
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Yes
Districts with only one school serving K-3	4	No, see below
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	No, see below
Contemporaneous Records of Attendance, for charter schools	1	No, see below
Mode of Instruction, for charter schools	1	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	No, see below
Determination of funding for Nonclassroom-Based Instruction, for charter schools	3	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	3	No, see below

We did not perform any procedures related to Regional Occupational Center and Programs, Community Day Schools, or California School Age Families Education (Cal-SAFE) Program, because the District does not offer these programs.

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

We did not perform any procedures related to the Morgan-Hart Class Size Reduction Program because the District did not participate in this program in the current year.

We did not perform any procedures related to School Construction Funds - School District Bonds because the District only had expenditures from Proposition 39 Bonds in the current year.

We did not perform any procedures related to Early Retirement Incentive Program because the District does not offer Early Retirement Incentive Program.

The 2007-2008 School Accountability Report Cards specified by Education Code Section 33126 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2008. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2007-2008 Audit Guide relating to the comparison of tested data from the 2007-2008 fiscal year to the 2007-2008 School Accountability Report Cards.

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

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

We did not perform any procedures related to After School Education and Safety Program: Before School, because the District did not offer a Before School program in the current year.

We did not perform any procedures related to Contemporaneous Records of Attendance, for charter schools, Mode of Instruction, for charter schools, Nonclassroom-Based Instruction/Independent Study, for charter schools, Determination of funding for Nonclassroom-Based Instruction, for charter schools or Annual Instructional Minutes - Classroom-Based, for charter schools because the District does not operate any charter schools.

In our opinion, Pittsburg Unified School District complied with the state laws and regulations referred to above for the year ended June 30, 2008, except as described in the Schedule of Audit Findings and Questioned Costs section of this report. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Pittsburg Unified School District had not complied with the state laws and regulations.

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

Perry - Smith LLP

Sacramento, California
January 29, 2009

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

Board of Education
Pittsburg Unified School District
Pittsburg, California

We have audited the financial statements of Pittsburg Unified School District as of and for the year ended June 30, 2008, and have issued our report thereon dated January 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

Perry-Smith LLP

Sacramento, California
January 29, 2009

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

Board of Education
Pittsburg Unified School District
Pittsburg, California

Compliance

We have audited the compliance of Pittsburg Unified School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Pittsburg Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Pittsburg Unified School District's management. Our responsibility is to express an opinion on Pittsburg Unified School District's compliance based on our audit.

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

In our opinion, Pittsburg Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

(Continued)

Internal Control Over Compliance (Continued)

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

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

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

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

Perry-Smith LLP

Sacramento, California
January 29, 2009

FINDINGS AND RECOMMENDATIONS

PITTSBURG UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.357	NCLB: Title I, Part B, Reading First Program
84.365	NCLB: Title III, Limited English Proficient (LEP) Student Programs
10.553, 10.555, 10.559	Child Nutrition Programs

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000	
Auditee qualified as low-risk auditee?	____ Yes	X No

STATE AWARDS

Internal control over state programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weaknesses?	____ Yes	X None reported
Type of auditor's report issued on compliance for state programs:	Qualified	

SECTION II - FINANCIAL STATEMENT FINDINGS

1. INTERNAL CONTROL – ASSOCIATED STUDENT BODY (30000)

Criteria

Internal Controls - Safeguarding of assets

Condition

At Central Jr. High School:
- *The weekly counts of cash are not reconciled to the total receipts.*

At Stoneman Elementary:
- Bank reconciliations were not signed by the preparer.

At Willow Cove Elementary:
- Sub-receipt books are not used.
- Bank reconciliations were not signed by the preparer.

At Los Medanos Elementary:
- Sub-receipt books are not used.
- Bank reconciliations were not signed by the preparer.

Effect

ASB funds could potentially be misappropriated.

Cause

Adequate internal control procedures have not been implemented and enforced.

Fiscal Impact

Not determinable.

Recommendation

We recommend the following:

- *Receipt books or other supporting documentation should be used to record* receipt of cash.
- Deposit Counting Forms should be signed indicating the procedure was *performed in dual custody.*

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

1. INTERNAL CONTROL – ASSOCIATED STUDENT BODY (30000) (Continued)

Corrective Action Plan

The District is requiring that ASB's issue receipts for all cash deposits, using a standard receipt book.

2. INTERNAL CONTROL - CASH RECONCILIATIONS (30000)

Criteria

Internal Controls - Safeguarding of assets

Condition

Reconciled book balances reported on the cash reconciliations did not agree to the general ledger.

Effect

District assets are not adequately safeguarded.

Cause

Cash account reconciliations related to the Adult Education, Cafeteria, and Capital Facilities funds have unidentified reconciling differences.

Fiscal Impact

Not determinable.

Recommendation

Bank reconciliations for all funds should be reviewed to ensure the reconciliation is mathematically accurate and differences found in the reconciliation are resolved.

Corrective Action Plan

The District agrees with the finding and is currently working with each site requiring all bank reconciliations be performed monthly.

PITTSBURG UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2008

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

3. STATE COMPLIANCE - ATTENDANCE REPORTING (10000)

Criteria

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Section 401 and 421 (b) and Education Code Section 44809 – Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State.

Condition

At Pittsburg High School, one student was improperly counted as present for one day.

Effect

The effect of this finding is an extrapolated overstatement of 3.89 ADA.

Cause

The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact

The fiscal impact of this finding is $21,562.

Recommendation

The District should revise the Second Period Report of Attendance removing the disallowed ADA.

Corrective Action Plan

The District has revised the Second Period Report of Attendance to reflect the disallowed ADA.

4. STATE COMPLIANCE – INDEPENDENT STUDY (40000)

Criteria

California Department of Education Code Section 51747 requires that a complete current written agreement for each independent study pupil shall be maintained.

Condition

One student had a contract which ended as of January 24, 2008, however the student continued to be counted for attendance for 44 days after the contract's end date.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

4. STATE COMPLIANCE – INDEPENDENT STUDY (40000) (Continued)

Effect

The effect of this finding is an extrapolated overstatement of 8.60 ADA.

Cause

The District was not aware that the student could only be apportioned for the dates included in the Students Master Contract.

Fiscal Impact

The fiscal impact of this finding is $47,669.

Recommendation

The District should revise the Second Period Report of Attendance removing the disallowed ADA.

Corrective Action Plan

The District has revised the Second Period Report of Attendance to reflect the disallowed ADA.

5. STATE COMPLIANCE - KINDERGARTEN CONTINUATION (40000)

Criteria

California Department of Education Code section 46300 (g) requires kindergarten students who have been retained in kindergarten to have a signed agreement approved in form and content by the State Department of Education

Condition

- The Parental Agreement form required by the California Department of Education was not properly completed for two students retained at Stoneman Elementary School.
- The Parental Agreement form required by the California Department of Education was not properly completed for two students retained at Willow Cove Elementary School.
- The Parental Agreement form required by the California Department of Education was not properly completed for four students retained at Los Medanos Elementary School.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

5. STATE COMPLIANCE - KINDERGARTEN CONTINUATION (40000) (Continued)

Effect

The effect of this finding is an overstatement of 7.39 ADA.

Cause

- The Parental Agreement form identified was not approved by the California Department of Education.
- The Parental Agreement form did not have the correct anniversary date completed.

Fiscal Impact

The fiscal impact for this finding is $40,912.

Recommendation

The District should perform a cursory review of the continuation forms to ensure all of the required elements are included in form and content. In addition, the District should revise the Second Period Report of Attendance, reflecting the removal of the disallowed ADA.

Corrective Action Plan

The District has revised the Second Period Report of Attendance to reflect the disallowed ADA.

6. STATE COMPLIANCE - AFTER SCHOOL EDUCATION AND SAFETY PROGRAM (40000)

Criteria

California Department of Education Code Sections 8482 – 8484.6 requires that the District contribute cash or in-kind funds, equal to or more than one third of the total state grant. Further, facilities or space usage may fulfill not more than 25 percent of the required local contribution.

Condition

The District's local cash or in-kind funds contribution consisted of more than 25 percent from facilities or space usage.

Effect

The District did not comply with State requirements.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

6. STATE COMPLIANCE - AFTER SCHOOL EDUCATION AND SAFETY PROGRAM (40000) (Continued)

Cause

The District exceeded the maximum allowable contribution from facilities/ space usage.

Fiscal Impact

The District's contribution to the program was $693,440. The District's contribution from facilities/ space usage was $468,000. The District exceeded the maximum allowable contribution from facilities/ space usage by $294,640.

Recommendation

The District contribution to the program should not consist of more than 25 percent from facilities/ space usage charges.

Corrective Action Plan

The District concurs with the finding and will implement the procedures to ensure the in-kind contribution for facility costs will not exceed the State maximum.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

PITTSBURG UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2008

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2007-1 At Highlands Elementary: • Receipts are not issued to individuals turning in cash for deposit. • Deposit counting forms are not signed by either the individual submitting cash for deposit or the individual accepting the deposit. • Equipment purchased by the school's ASB is not tracked. At Pittsburg High School: • Student store inventories are not being tracked. • Student store cash receipts are not reconciled to register tapes or sales sheets. • Profit/loss statements for the student store are not prepared regularly. We recommend the following: • Receipt books or other supporting documentation should be used to record initial receipt of cash. • Deposit Counting Forms should be signed indicating the procedure was performed in dual custody. • Develop an inventory tracking system to ensure that assets are not being misappropriated. • Student store activity should be tracked including inventory sold, receipts collected and regular profit/loss statements.	Not Implemented	See current year finding #1.
2007-2 • Cash reconciliations for all funds are not being prepared and reviewed timely. • There were no signatures or initials indicating preparation or review of monthly cash reconciliations. • Reconciled book balances reported on the cash reconciliations did not agree to the general ledger.	Not Implemented	See current year finding #2.

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2007-2 (Continued) We recommend: • Revolving and cash account reconciliations should be signed/initialed by the preparer and reviewer and reviewed timely. • Documentation should be kept with the reconciliation to support the reconciling items.		
2007-3 Two purchases from Proposition 20 Lottery Funds were spent on noninstructional materials. We recommend the District reimburse the restricted lottery funds with unrestricted sources for the fiscal impact of $34,924.	Implemented	
2007-4 The District received $624,237 in Instructional Materials Funding Realignment Program revenues, but does not account for the allowance for grades K-8 and 9-12 separately. The District should account for the Instructional Materials Funding Realignment Program revenues separately for grades K-8 and 9-12.	Implemented	

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APPENDIX B

PROPOSED FORM OF LEGAL OPINION

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APPENDIX B

PROPOSED FORM OF LEGAL OPINION

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Governing Board of the
Pittsburg Unified School District
2000 Railroad Avenue
Pittsburg, California 94565

OPINION: $35,000,000 Pittsburg Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2006, Series B (2009)

Members of the Governing Board:

We have acted as bond counsel to the Pittsburg Unified School District (the "District") in connection with the issuance by the Board of Supervisors of Contra Costa County (the "County Board") of $35,000,000 principal amount of Pittsburg Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2006, Series B (2009) (the "Series B Bonds"), pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code, a resolution adopted by the Governing Board of the District on January 28, 2009 (the "District Resolution"), and a resolution adopted by the County Board on February 24, 2009 (the "County Resolution" and, collectively, the "Resolutions"). 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 County Resolution and of the District in the District 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 Series B Bonds in its name and to perform its obligations under the Resolutions and the Series B Bonds.

2. The District Resolution has been duly adopted by the District. The County Resolution has been duly adopted by the Board and creates a valid first lien on the funds pledged under the County Resolution for the security of the Series B Bonds.

3. The Series B Bonds have been duly authorized, executed and delivered by the Board and are valid and binding general obligations of the District. The Board is required under the California Education Code to levy a tax upon all taxable property in the District for the interest and redemption of all outstanding bonds of the District, including the Series B Bonds. The Series B Bonds are payable from an *ad valorem* tax levied without limitation as to rate or amount.

4. Subject to the District's compliance with certain covenants, interest on the Series B Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an

item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), and (iii) interest on the Series B Bonds is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Series B Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series B Bonds.

5. Interest on the Series B Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Series B Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series B Bonds.

The rights of the owners of the Series B Bonds and the enforceability of the Series B Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the District and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the PITTSBURG 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 $35,000,000 Pittsburg Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2006, Series B (2009) (the "Series B Bonds"). The Series B Bonds are being issued pursuant to a resolution adopted by the Governing Board of the District on January 28, 2009, and a resolution adopted by the Board on February 24, 2009 (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 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

"*Annual Report*" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Beneficial Owner*" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"*Dissemination Agent*" shall mean 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. In the absence of such a designation, the District shall act as the Dissemination Agent.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"*Implementation Date*" means July 1, 2009, or any later date set by the Securities and Exchange Commission for implementation of the EMMA continuing disclosure service.

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

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

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

"*Repository*" shall mean each National Repository and each State Repository.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Authority 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 Authority. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report to MSRB.* The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2008-2009 Fiscal Year, which is due not later than March 31, 2010, provide to the Participating Underwriter and to file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Any Annual Report due before the Implementation Date shall be filed with each Repository designated as such by the Securities and Exchange Commission for purposes of the Rule, and otherwise in accordance with then-applicable procedures prescribed under the Rule. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than five (5) days prior to the date specified in subsection (a) for providing the Annual Report to EMMA, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District.

(d) *Report of Non-Compliance.* If the District is unable to provide an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

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

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State and including all statements and information prescribed for inclusion therein by the Controller of the State. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the official statement for the Series B Bonds:

(i) The District's approved budget for the then current fiscal year;

(ii) Assessed value of taxable property in the District as shown on the recent equalized assessment role; and

(iii) Property tax levies, collections and delinquencies for the District, for the most recent completed fiscal year.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) *Listed Events.* Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) Principal and interest payment delinquencies.
(ii) Non-payment related defaults.
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
(v) Substitution of credit or liquidity providers, or their failure to perform.
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security.
(vii) Modifications to rights of security holders.
(viii) Contingent or unscheduled bond calls.
(ix) Defeasances.
(x) Release, substitution, or sale of property securing repayment of the securities.
(xi) Rating changes.

(b) *Determination of Materiality of Listed Events.* Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) *Notice to Dissemination Agent.* If the District has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly notify the Dissemination Agent (if other than the District) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(d) *Notice of Listed Events.* The District shall file, or cause the Dissemination Agent to file, a notice of the occurrence of a Listed Event, if material, with EMMA, in a readable PDF or other electronic format as prescribed by EMMA, with a copy to the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) (defeasances) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds. But, any notice of the occurrence of a Listed Event filed before the Implementation Date shall be filed with each Repository designated as such by the Securities and Exchange Commission for purposes of the Rule, and otherwise in accordance with then applicable procedures prescribed under the Rule.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 8. Dissemination Agent.

(a) *Appointment of 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. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, Holders or Beneficial Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the District or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the District shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner 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. The sole remedy under this Disclosure Certificate in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. 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 Bonds. The District shall pay the Dissemination Agent reasonable compensation for its services provide hereunder. The Dissemination Agent shall not be liable for the form or content of any Annual Report, notice or other document provided by the District.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Alternative Filing Location. Prior to the Implementation Date, any filing under this Disclosure Certificate may be made solely by transmitting such filing to (a) the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org, unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC, dated September 7, 2004, or (b) to a "Central Post Office" designated and accepted by the Securities and Exchange Commission.

Date: [Closing Date]

PITTSBURG UNIFIED SCHOOL DISTRICT

By ______________________________

Superintendent

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH STATE REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Pittsburg Unified School District
Name of Issue:	$35,000,000 Pittsburg Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 2006, Series B (2009)
Date of Issuance:	[Closing Date]

NOTICE IS HEREBY GIVEN that the Pittsburg Unified School District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated [Closing Date], furnished by the District in connection with the Bond Issue. The District anticipates that the Annual Report will be filed by ____________.

Dated: __________________

PITTSBURG UNIFIED SCHOOL DISTRICT

By ______________________________________
Title ____________________________________

APPENDIX D

EXCERPTS FROM THE
CONTRA COSTA COUNTY INVESTMENT PORTFOLIO REPORT

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CONTRA COSTA COUNTY

TREASURER'S QUARTERLY INVESTMENT REPORT

AS OF DECEMBER 31, 2008

EXECUTIVE SUMMARY

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

- The Treasurer's investment portfolio is in compliance with the Treasurer's current investment policy.

- The Treasurer's investment portfolio has no securities lending, reverse repurchase agreements or derivatives.

- The total investment pool equaled **$2,010,346,112** on December 31, 2008. The fair value was **$2,020,538,907** which was 100.5% of cost. The weighted average maturity of the total investment pool was 112.04 days. More than 88 percent of the portfolio or over $1.768 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 due to the State's cash and budget deficit.

CONTRA COSTA COUNTY INVESTMENT POOL SUMMARY
AS OF DECEMBER 31, 2008

TYPE	COST	PAR VALUE	FAIR VALUE	PORTFOLIO % OF COST
. Investments Managed by Treasurer's ffice				
1. U.S. Treasuries (STRIPS, Bills, Notes)	$17,750,243.97	$18,246,000.00	$19,068,247.20	0.88%
2. U.S. Agencies				
Federal Agriculture	9,286,956.95	9,013,000.00	9,612,161.26	0.47%
Federal Farm Credit Banks	29,354,241.70	29,380,000.00	30,194,385.64	1.46%
Federal Home Loan Banks	183,567,252.45	182,069,000.00	187,564,814.24	9.13%
Federal National Mortgage Association	71,832,501.54	71,706,000.00	73,601,021.92	3.57%
Federal Home Loan Mortgage orporation	26,756,230.49	26,451,317.20	27,083,113.64	1.33%
Municipal Bonds	2,704,005.00	2,700,000.00	2,704,005.00	0.13%
Subtotal	323,501,188.13	321,319,317.20	330,759,501.70	16.09%
3. Money Market Instruments				
Repurchase Agreement	288,693,000.00	288,693,000.00	288,693,000.00	14.36%
Bankers Acceptance	34,874,687.50	35,000,000.00	34,974,683.33	1.73%
Commercial Paper	444,693,755.08	444,989,000.00	444,863,134.49	22.12%
Negotiable Certificates of Deposit	186,501,447.39	186,500,000.00	186,697,153.12	9.28%
Corporate Notes	48,971,895.70	48,622,000.00	48,290,625.53	2.44%
Time Deposit	20,003,076.96	20,003,076.96	20,065,660.16	1.00%
Subtotal	1,023,737,862.63	1,023,807,076.96	1,023,584,256.63	50.93%
TOTAL	1,364,989,294.73	1,363,372,394.16	1,373,412,005.53	67.90%
. Investments Managed by Outside ontractors				
1. Local Agency Investment Fund	438,307,888.53	438,307,888.53	439,628,690.34	21.80%
2. Other				
a. Redevelopment Agency	28,891.37	28,891.37	29,173.38	0.00%
b. Other	583,661.30	583,661.30	583,661.30	0.03%
c. Wells Fargo Asset Management (324-131235)	45,252,121.00	45,252,121.00	45,535,749.64	2.25%
d. Columbia Management Group (Bank of America)	38,925,600.00	38,925,600.00	38,992,271.00	1.94%
e. Caltrust	44,268,051.75	44,268,051.75	44,366,752.50	2.20%
Subtotal	129,058,325.42	129,058,325.42	129,507,607.82	6.42%
TOTAL	567,366,213.95	567,366,213.95	569,136,298.16	28.22%
. Cash	77,990,604.22	77,990,604.22	77,990,604.22	3.88%
GRAND TOTAL (FOR A , B, & C)	$2,010,346,112.90	$2,008,729,212.33	$2,020,538,907.91	100%

NOTES TO INVESTMENT PORTFOLIO SUMMARY
AS OF DECEMBER 31, 2008

1. All report information is unaudited but due diligence was utilized in its preparation.

2. There may be slight differences between the portfolio summary page and the attached exhibits and statements for investments managed by outside contractors or trustees. The variance is due to the timing difference in recording transactions accomplished by contracted parties during interim periods and later transmitted to the appropriate county agency and/or the Treasurer's Office. In general, the Treasurer's records reflect booked costs at the beginning of a period.

CONTRA COSTA COUNTY
TREASURER'S OFFICE
INVESTMENT INVENTORY WITH MARKET VALUE

(RPTMKT)

RUN: 01/22/09 15:09:56

INVESTMENTS OUTSTANDING AS OF 12/31/08
MAJOR SORT KEY IS ICC#

INVEST NUMBER	DESCRIPTION PURCHASE MATURITY DATE	CUSIP	BANK BROK	FUND SAFE	CPN RATE YTM TR	PAR/SHARES BOOK	MARKET VALUE MARKET PRICE	CURR ACCR INT PRICE SOURCE	UNREALIZED GAIN UNREALIZED LOSS
SUBTOTAL (Inv Type) 10	TREASURY NOTES - STRIPS		.16%(M)		3.5336	2,271,000.00	2,249,422.20	685,624.93	71,192.09
					4.1889	1,493,214.84	99.04985400000		-609.66
SUBTOTAL (Inv Type) 12	TREASURY NOTES		1.22%(M)		3.5987	15,975,000.00	16,818,825.00	135,554.66	564,758.54
					2.8508	16,257,029.13	105.2821600000		
SUBTOTAL (Inv Type) 20	FEDERAL AGRICULTURE MOR		.70%(M)		4.9541	9,013,000.00	9,612,161.26	163,310.80	325,204.31
					4.0915	9,286,956.95	106.6477450000		
SUBTOTAL (Inv Type) 22	FEDERAL HOME LOAN BANKS		11.88%(M)		3.8757	157,650,000.00	163,151,118.79	1,319,912.58	3,961,068.43
					3.3568	159,429,308.50	103.4894510000		-53,291.75
SUBTOTAL (Inv Type) 23	FEDERAL NATIONAL MORTGA		4.65%(M)		3.6927	61,975,000.00	63,870,021.92	592,919.50	1,711,587.73
					3.5688	62,169,060.02	103.0577200000		-5,540.97
SUBTOTAL (Inv Type) 27	FEDERAL FARM CREDIT BAN		2.20%(M)		3.8412	29,380,000.00	30,194,385.64	355,383.46	843,180.40
					3.8529	29,354,241.70	102.7719050000		
SUBTOTAL (Inv Type) 28	FEDERAL HOME LOAN MORTG		.72%(M)		1.2228	9,907,000.00	9,905,060.87	51,269.10	34,390.90
					1.2431	9,819,400.87	99.98042700000		
SUBTOTAL (Inv Type) 29	FHLMC NOTES		1.21%(M)		5.2292	15,966,000.00	16,594,804.39	243,671.17	333,181.04
					4.2573	16,344,539.04	103.9383960000		-82,915.69
SUBTOTAL (Inv Type) 31	MUNICIPAL BONDS		.20%(M)		4.1563	2,700,000.00	2,704,005.00	41,929.00	.00
					4.0569	2,704,005.00	100.1483330000		
SUBTOTAL (Inv Type) 40	FHLMC MBS		.04%(M)		5.0000	578,317.20	583,248.38	2,409.65	.00
					3.8982	592,290.58	100.8526790000		-9,042.20
SUBTOTAL (Inv Type) 41	FNMA DISCOUNT NOTES		.71%(M)		1.9969	9,731,000.00	9,731,000.00	53,223.40	14,355.08
					2.0157	9,663,421.52	100.0000000000		
SUBTOTAL (Inv Type) 43	FHLB DISCOUNT NOTES		1.78%(M)		1.8672	24,419,000.00	24,413,695.45	204,459.78	71,291.72
					1.8969	24,137,943.95	99.97827700000		
SUBTOTAL (Inv Type) 51	BA, DOMESTIC		2.55%(M)		1.4641	35,000,000.00	34,974,683.33	52,395.83	47,600.00
					1.4695	34,874,687.50	99.92766700000		
SUBTOTAL (Inv Type) 61	REPURCHASE AGREEMENTS		21.02%(M)		.0880	288,693,000.00	288,693,000.00	1,562.01	.00
					.0880	288,693,000.00	100.0000000000		
SUBTOTAL (Inv Type) 70	COMMERCIAL PAPER INT BE		24.61%(M)		1.1902	337,983,000.00	337,983,000.00	407,692.55	.00
					1.1902	337,983,000.00	100.0000000000		
SUBTOTAL (Inv Type) 71	COMMERCIAL PAPER DISCOU		7.78%(M)		1.3972	107,006,000.00	106,880,134.49	51,739.93	117,920.04
					1.4030	106,710,755.09	99.88237500000		-280.56
SUBTOTAL (Inv Type) 72	NEGOTIABLE CERT OF DEPO		13.59%(M)		1.6149	186,500,000.00	186,697,153.12	420,467.78	197,085.34
					1.6095	186,501,447.39	100.1057120000		-903.22
SUBTOTAL (Inv Type) 75	CORPORATE NOTES		3.52%(M)		3.8189	48,622,000.00	48,290,625.53	508,062.48	223,789.24
					3.4509	48,971,895.70	99.31846800000		-901,247.25
SUBTOTAL (Inv Type) 1000	TD WITH CALC CODE OF		1.46%(M)		2.1902	20,003,076.96	20,065,660.16	34,372.76	62,583.20
					2.1902	20,003,076.96	100.3128680000		
	GRAND TOTAL				1.7623	1363372394.16	1373412005.53	5,326,161.37	8,579,188.06
	*NET OF RETIREMENT $1,307,000.00				1.6574	1364989294.73	100.7363810000		-1,053,831.30

* MARKET = BOOK LESS PURCHASE INTEREST

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: Effective Date:

Premium: $

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature] FINANCIAL SECURITY ASSURANCE INC.

By ______________________ By ______________________
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd. (212) 826-0100
31 West 52nd Street, New York, N.Y. 10019

Form 500NY (5/90)

FINANCIAL SECURITY ASSURANCE®

ENDORSEMENT NO. 1 TO MUNICIPAL BOND INSURANCE POLICY (California Insurance Guaranty Association)

ISSUER: | Policy No.: -N

BONDS: | Effective Date:

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the insurance provided by this Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By ______________________
Authorized Officer

SPECIMEN

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019 (212) 826-0100

Form 560NY (CA 1/91)

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