NEW ISSUE-BOOK-ENTRY ONLY **Rating: Moody's: "A3"**
(See "RATING" herein.)

In the opinion of Fulbright & Jaworski L.L.P., Los Angeles, California, Bond Counsel, interest on the Notes is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

$2,000,000
BYRON UNION SCHOOL DISTRICT
(Contra Costa County, California)
2011 Taxable General Obligation Bond Anticipation Notes
(Qualified School Construction Bonds)

Dated: Date of Delivery **Due: September 1, 2015**

The Byron Union School District (Contra Costa County, California) (the "District") 2011 Taxable Bond Anticipation Notes (Qualified School Construction Bonds) (the "Notes" or the "2011 Notes") are being issued pursuant to the provisions of Article 3 (commencing with Section 15150) of Chapter 1 of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (the "Act"). The Notes are obligations of the District payable from the proceeds of general obligation bonds to be issued by the District pursuant to a duly called election of the registered voters of the District held on June 6, 2006 (the "Election") at which more than 55% of the voters voting on the proposition voted to authorize the issuance and sale of $19,700,000 aggregate principal amount of general obligation bonds of the District (the "Authorization"). The District has elected to treat the Notes as Qualified School Construction Bonds pursuant to an allocation granted by the California Department of Education to the District, with a direct subsidy (the "Direct Subsidy") to be paid to the District by the United States Department of the Treasury (the "Treasury"), representing 100% of the lower of the interest component of the Notes or the tax credit rate announced by Treasury on the date of sale of the Notes. Proceeds of the Notes will be applied to (a) fund the renovation and modernization of various school facilities throughout the District and (b) pay costs of issuance of the Notes. See "PLAN OF FINANCE" herein.

The Notes will be issued in fully registered form without coupons. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Notes. Individual purchases of Notes will be made in book-entry form only in the minimum denomination of $5,000 or any integral multiple thereof. Purchasers of the Notes will not receive certificates representing their ownership of the Notes. See "THE NOTES — Book-Entry System. Interest on the Notes is payable on March 1 and September 1 of each year, commencing March 1, 2012. The principal of and interest on each Note will be payable when due on behalf of the District by The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent"), to DTC, which in turn will remit such principal and interest to its DTC participants, which in turn will remit such principal and interest to the Indirect Participants or the Beneficial Owners of the Notes, as described herein. See "THE NOTES" herein.

Principal Amount	Interest Rate	Priced to Yield	CUSIP No.
$2,000,000	4.644%	4.644%	12463NBY9

The Notes will be subject to redemption prior to maturity, as stated herein.

The Notes mature on September 1, 2015, and may be paid from the proceeds of the general obligation bonds issued by the District under the Authorization or from other lawfully available moneys of the District. Alternatively, the District may issue additional bond anticipation notes for the purpose of paying the principal of, and, if required, accrued interest on the Notes (the "Roll-Over Notes") in the event that the general obligation bonds will not have been issued prior to the Maturity Date of the Notes or of such Roll-Over Notes as may have been issued. The maximum aggregate term of the Notes and any roll-over notes is five (5) years. $5,442,807.15 aggregate principal amount of the District's general obligation bonds remain to be issued under the Authorization. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES" herein.

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

The Notes are offered in book-entry form when, as and if issued, subject to the approval of their validity by Fulbright & Jaworski L.L.P., Los Angeles, California, Bond Counsel and Disclosure Counsel to the District. Certain other legal matters will be passed upon for the Underwriter by its counsel, Nossaman, LLP, Irvine, California. The Notes will be available for delivery through the facilities of DTC in New York, New York, on or about July 13, 2011.

PiperJaffray.

Dated: July 6, 2011

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter 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 or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expression of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the District.

The Notes have not been registered under the Securities Act of 1933, in reliance upon an exemption contained in such Act. The Notes have not been registered under the securities laws of any state.

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

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

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 27A of the United States Securities Act of 1933, as amended (the “Securities Act”). Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

BYRON UNION SCHOOL DISTRICT
Contra Costa County, California

SPECIAL SERVICES

Underwriter

Piper Jaffray & Co.
El Segundo, California

Bond and Disclosure Counsel

Fulbright & Jaworski L.L.P.
Los Angeles, California

Financial Advisor

Caldwell Flores Winters, Inc.
Emeryville, California

Paying Agent

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

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OFFICIAL STATEMENT

$2,000,000
BYRON UNION SCHOOL DISTRICT
(Contra Costa County, California)
2011 Taxable General Obligation Bond Anticipation Notes
(Qualified School Construction Bonds)

INTRODUCTION

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

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of $2,000,000 aggregate principal amount of the Byron Union School District's 2011 Taxable General Obligation Bond Anticipation Notes (Qualified School Construction Bonds) (the "Notes").

The District

Byron Union School District (the "District") was established in 1943, is located in the eastern portion of Contra Costa County (the "County") and serves approximately 1,650 students from unincorporated Byron and unincorporated Discovery Bay. The District is under the jurisdiction of the Contra Costa County Office of Education. The District currently operates two elementary schools and one middle school. For fiscal year 2010-11, the total assessed valuation of property for the District is $2,278,319,921.

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board, who is responsible for day-to-day District operations as well as supervision of District personnel.

During the 2010-11 fiscal year, the District expects to employ approximately 70 teachers. The current student-teacher ratio in the District is 28:1 in grades K-2; 29.5:1 in grades 3-4; 30.3:1 in grades 5-6, and 30.4:1 in grades 7-8. See "APPENDIX A — THE BYRON UNION SCHOOL DISTRICT." The District's audited financial report for the fiscal year ended June 30, 2010, is attached hereto as APPENDIX C.

Authority for Issuance

The Notes are being issued under the authority of Section 15150 of the California Education Code, and pursuant to a resolution adopted by the Board of Trustees of the District (the "Board") on April 21, 2011 (the "Resolution"). The District has irrevocably elected to issue the Notes as "Qualified School Construction Bonds" under Section 54F of the Internal Revenue Code (the "Code"). Qualified School Construction Bonds ("QSCBs") are authorized by the federal government through the American Recovery and Reinvestment Act of 2009 and the Hiring Incentives to Restore Employment Act of 2010 (collectively, the "Recovery Act"). The Recovery Act provides for an allocation of QSCBs to each state, along with separate allocations for large school districts. In calendar year 2010, California received an allocation of QSCBs in the amount of $720,058,000 for distribution. On January 14, 2011, the District received QSCB allocation in the amount of $4,600,000 from the California Department of Education.

Purpose of Issue

Issuance of the Notes will provide funds to finance the acquisition, construction, equipping, furnishing and improvement of certain public school facilities for the District authorized in the bond proposition approved by more than 55% of the voters (the "Authorization") at an election within the District on June 6, 2006 (the "Election"), in anticipation of the issuance of a future series of general obligation bonds under the Authorization.

Security for the Notes

The Notes are general obligations of the District and are payable from proceeds of the sale of general obligation bonds authorized at the Election, or of any renewal of notes (the "Roll-Over Notes") or other funds of the District lawfully available for the repayment of the Notes and that are available for the payment thereof. Security for the Notes is described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES."

Continuing Disclosure

The District will covenant for the benefit of the holders and beneficial owners of the Notes to provide notices of the occurrence of certain enumerated events, if material. The notices of material events will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the notices of material events is contained in "APPENDIX D – PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants are being made in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission. The District has complied in a timely manner in all material respects with all prior similar undertakings, except the District filed its 2009 annual report subsequent to the date on which it was due.

Brief descriptions of the Notes, the security and sources of payment for the Notes and the District and its financial status follow. Such descriptions do not purport to be comprehensive or definitive. All references herein to various documents are qualified in their entirety by reference to the forms thereof, all of which are available for inspection at the office of the Superintendent of the District, 14301 Byron Highway, Byron, California 94514.

THE NOTES

Description of the Notes

The District will issue the Notes in the aggregate principal amount of $2,000,000. The Notes will be dated the date of issuance thereof and will mature on September 1, 2015. The Notes will be issued in registered form, in denominations of $5,000 and integral multiples thereof. Interest on the Notes is payable on March 1 and September 1 in each year, commencing March 1, 2012. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest due on each Note shall be payable to the person in whose name such Note is registered on the registration books of the District, maintained by The Bank of New York Mellon Trust Company, N.A., (the "Paying Agent"), as of the close of business on the fifteenth day of the month preceding the first interest payment date (the "Record Date"), such interest to be paid by check mailed to such registered owner. Both the principal of and interest on the Notes shall be payable in lawful money of the United

States of America, only to the registered owners of the Notes upon surrender thereof at the office of the Paying Agent in San Francisco, California, upon the maturity thereof. No interest shall be payable on any Note for any period after maturity during which the registered owner thereof fails to properly present such Note for payment.

The District will offer the Notes in registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), with the maturity date and interest rate shown on the cover page of this Official Statement. The Notes will not be subject to redemption prior to maturity. As long as the Notes are held by DTC or a successor securities depository, ownership of the Notes will be evidenced by book-entry as described below under "– Book-Entry Only System."

Principal of and interest on the Notes will be payable when due on behalf of the District by the Paying Agent, to DTC, which will in turn remit such principal and interest to its Participants, which will in return remit such principal and interest to the Indirect Participants or the Beneficial Owners of the Notes.

Subsidy Payments

As Qualified School Construction Bonds, the Notes are qualified to receive Subsidy Payments to be paid to the District by the Treasury, representing 100% of the lower of the interest component of the Notes or the tax credit rate announced by Treasury on the date of sale of the Notes. Pursuant to the terms of the Calculation Agency Agreement (the "Calculation Agency Agreement") by and between the District and The Bank of New York Mellon Trust Company, N.A., as Calculation Agent (the "Calculation Agent"), all Subsidy Payments received with respect to the Notes shall be deposited, when received, into the Repayment Account and applied as a credit against the interest payments due with respect to the Notes. "Subsidy Payments" means refundable tax credit payments from the Treasury to or upon the order of the Calculation Agent or the District pursuant to Section 6431 of the Code with respect to the interest payments.

Interest payments on the Notes will be funded by deposits by the District into the Repayment Account. Insofar as permitted by the Internal Revenue Service, the District will take all reasonably necessary steps to cause the Subsidy Payments to be made directly to the Paying Agent on behalf of the District as a credit against interest payments. In the event the District nonetheless receives any Subsidy Payment from the Treasury, it shall transfer the funds received to the Paying Agent for deposit in the Repayment Account. Interest payments on the Notes shall be payable from amounts available from any lawfully available moneys of the District to the extent Subsidy Payments are not received.

Under certain circumstances, the Treasury is entitled, pursuant to the Recovery Act, to effect an offset against Direct Subsidy payments otherwise due an issuer of Qualified School Construction Bonds, without notice or action by a court of competent jurisdiction. In the event the Treasury were to effect such an offset in the case of the interest payments, the District would remain obligated to make payment of the interest from any lawful available moneys.

Book-Entry Only System

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

DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 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 foregoing internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.*

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book entry system for the Notes is discontinued.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) 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 Notes are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest on the Notes will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, 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 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 Notes at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, certificates representing the Notes will be printed and delivered.

THE DISTRICT AND THE PAYING AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE NOTES UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE PAYING AGENT AS BEING AN OWNER, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE INTEREST ON THE NOTES; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS UNDER THE RESOLUTION; ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED HOLDERS OF THE NOTES SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

The foregoing description of the procedures and recordkeeping with respect to beneficial ownership interests in the Notes, payment of the interest on, and other payments on the Notes, to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES

Authority for Issuance

The Notes are issued pursuant to Section 15150 of the California Education Code (the "Act") and pursuant to the Resolution. The District has irrevocably elected to issue the Notes as "Qualified School Construction Bonds" under Section 54F of the Internal Revenue Code (the "Code"). Qualified School Construction Bonds ("QSCBs") are authorized by the federal government through the American Recovery and Reinvestment Act of 2009 and the Hiring Incentives to Restore Employment Act of 2010 (collectively, the "Recovery Act"). The Recovery Act provides for an allocation of QSCBs to each state, along with separate allocations for large school districts. In calendar year 2010, the State of California (the "State") received an allocation of QSCBs in the amount of $720,058,000 for distribution. On January 14, 2011, the District received QSCB allocation in the amount of $4,600,000 from the California Department of Education. The principal component of the Notes will be deducted from the allocation. Any remainder will revert back to the California Department of Education.

Sources of Payment

The principal of and interest on the Notes at maturity are payable from: (a) proceeds of the sale of general obligation bonds authorized under the Authorization, $5,442,807.15 aggregate principal amount of which remains to be issued, (b) any issue of Roll-Over Notes or (c) other funds of the District lawfully available for the repayment of the Notes and that are available for the payment thereof.

Any Roll-Over Notes will be payable at a fixed time within five years from the date of issuance of the Notes. In the event that the sale of general obligation bonds does not occur prior to maturity of the Notes, the District will issue Roll-Over Notes to pay the principal of and interest on the Notes. The total principal amount of the Notes and any Roll-Over Notes may not, as of their date of issuance, exceed the remaining principal amount of general obligation bonds to be issued under the Authorization and the principal amount of the Notes is subject to a maximum of $2,500,000 under the Resolution.

Additionally, the District has irrevocably elected, pursuant to section 6431(f)(3)(B) of the Code, to make the Notes eligible for payment of a Direct Subsidy from the United States Department of the Treasury equal to 100% of the lesser of the interest on the Notes or the tax credit rate published by Treasury on the date of sale of the Notes. The District has retained the services of the Bank of New York Mellon Trust Company, N.A., as Calculation Agent to assist the District in submitting claims for each Direct Subsidy payment.

Pursuant to the portions of the Recovery Act adopted in 2010, the District has made an irrevocable election pursuant to section 6431(f)(3)(B) of the Code to receive a Direct Subsidy from the federal government for each interest payment made on the Notes. Upon an Accountable Event of Loss of Qualified School Construction Bond Status, as defined below, the District would no longer be entitled to receive the Direct Subsidy and would thereafter be required to pay the interest component of the Notes from the interest and sinking fund and other lawfully available moneys. See "RISK FACTORS – Loss of Qualified School Construction Bonds Status."

Covenants of the District

Punctual Payment. By resolution of the Board, the District has covenanted to punctually pay, or cause to be paid, the principal of and interest on the Notes in strict conformity with the terms of the Notes. The District has also pledged to deposit into the Repayment Account, on each Interest Payment Date, an amount sufficient to pay the interest then coming due on the Notes and, on or before the Maturity Date, proceeds of general obligation bonds as shall be necessary to pay in full the principal of and interest on the Notes; provided, however, if general obligation bonds shall not have been issued, then the District shall either (a) issue roll-over notes in an amount sufficient to provide for the foregoing payment or (b) set aside an amount sufficient to pay the principal of and interest then coming due on the Notes from any lawfully available moneys.

Issuance of General Obligation Bonds or Roll-over Notes. By resolution of the Board, the District has covenanted that it will issue and sell, or cause to be issued and sold, (i) general obligation bonds or (ii) bond anticipation notes in renewal of the Notes pursuant to the Act at a time and in a principal amount sufficient, together with any other lawfully available moneys, to pay the principal of and interest on the Notes due and payable on the maturity date thereof.

No Additional Bond Anticipation Notes. By resolution of the Board, the District has covenanted not to issue, so long as the Notes are outstanding, any bond anticipation notes payable from general obligation bonds issued under the Authorization that have a maturity date on or before the maturity date of the Notes.

PLAN OF FINANCE

General

The District intends to apply the proceeds of the sale of the Notes for the renovation and modernization of various school facilities through the District in accordance with the District's official Project List approved at the Election (collectively, the "Projects"), and to pay all necessary costs of issuing the Notes, up to two percent (2%) of the issue price of the Notes.

Because the Notes are designated as qualified school construction bonds under Section 54F of the Code ("Section 54F"), their proceeds may be applied only for qualified expenditures under the Recovery Act, and to payment of costs of issuance not in excess of 2% of the issue price of the Notes. Internal Revenue Service ("IRS") Notice 2009-35, released April 3, 2009, which specified the allocations for Qualified School Construction Bonds, also provided that proceeds may be expended for "costs of acquisition of equipment to be used in such portion or portions of the public school facility that is being constructed, rehabilitated or repaired" with the proceeds of the related Qualified School Construction Bonds. The District expects to expend the proceeds of the sale of the Notes for the Projects within three years following their date of delivery and expects that a binding commitment with a third party to spend at least 10 percent of available Note proceeds will be incurred within the six-month period beginning on the date of delivery of the Notes.

The District has covenanted to provide notice of its final expenditure of the proceeds of the Notes as a Notice of Material Event under its Continuing Disclosure Certificate. See "APPENDIX D — PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE."

REDEMPTION

No Optional Redemption. The Notes shall not be subject to optional redemption prior to maturity.

Extraordinary Mandatory Redemption. The Notes are subject to extraordinary mandatory redemption prior to their maturity date, in whole or in part, on any Unexpended Proceeds Redemption Date (as defined below) in Authorized Denominations, at a redemption price equal to the greater of: (A) the principal amount of the Notes to be redeemed, or (B) the sum of the present values of the remaining scheduled payments of principal and interest with respect to the Notes to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 100 basis points plus accrued interest with respect to the Notes to be redeemed to the Unexpended Proceeds Redemption Date, in a total amount equal to the unexpended proceeds of the sale of the Notes remaining in the Project Fund held by the Paying Agent on the third anniversary of the date of delivery of the Notes, or any applicable Extension Period Expiration Date (as defined below), plus such amount as shall be necessary to permit the Notes to be redeemed in Authorized Denominations. The District will specify the extraordinary mandatory redemption price in writing to the Paying Agent. The extraordinary mandatory redemption of the Notes from unexpended proceeds need not take place if the District provides to the Paying Agent an opinion of Bond Counsel to the effect that, under then-current federal tax law, such redemption is not necessary to preserve the status of the Notes as Qualified School Construction Bonds.

Extraordinary Optional Redemption. Upon the occurrence of an Extraordinary Event (as defined below), the Notes are subject to Redemption, at the option of the District, prior to their maturity date, in whole or in part, on the date designated by the District, at the Make-Whole Redemption Price.

The "Make-Whole Redemption Price" means the amount equal to the greater of the following:

1. the initial offering price of the Notes set forth on the inside cover page hereof (but not less than 100% of the principal amount of the Notes to be redeemed); or

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

The term "Accountable Event of Loss of Qualified School Construction Bonds Status" means (a) any act or any failure to act on the part of the District, which act or failure to act is a breach of a covenant or agreement of the District contained in the Resolution, in the Tax Certificate or the Notes and which act or failure to act causes the Notes to lose their status, or fail to qualify, as Qualified School Construction Bonds, or (b) the making by the District of any representation contained in the Resolution, in the Tax Certificate or the Notes, which representation was untrue when made and the untruth of which representation at such time causes the Notes to lose their status, or fail to qualify, as Qualified School Construction Bonds.

The term "Date of Loss of Qualified School Construction Bond Status" means the date specified in a Determination of Loss of Qualified School Construction Bond Status as the date from and after which the Notes lost their status, or failed to qualify, as Qualified School Construction Bonds as a result of an Accountable Event of Loss of Qualified School Construction Bond Status, which date could be as early as the initial date of delivery of the Notes.

The term "Determination of Loss of Qualified School Construction Bond Status" means (a) a final determination by the Internal Revenue Service (the "Service") (after the District has exhausted all administrative appeal remedies) determining that an Accountable Event of Loss of Qualified School Construction Bond Status has occurred and specifying the Date of Loss of Qualified School Construction Bond Status, or (b) a non-appealable holding by a court of competent jurisdiction holding that an Accountable Event of Loss of Qualified School Construction Bond Status has occurred and specifying the Date of Loss of Qualified School Construction Bond Status.

The term "Extension Period Expiration Date" means the date of termination of any period of time agreed to in writing by the Service that extends the date by which the District must expend all of the net proceeds of sale of the Notes for Qualified Purposes.

The term "Extraordinary Event" means (a) a Determination of Loss of Qualified School Construction Bond Status; (b) the occurrence of a material adverse change under Section 54F or 6431 of the Code; (c) the publication by the Service or the United States Treasury of any guidance with respect to such sections; or (d) any other determination by the Service or the United States Treasury, which determination is not the result of a failure of the District to satisfy certain requirements of the Resolution, if as a result of an event as described in (b), (c), or (d) of this sentence, the Direct Subsidy payments expected to be received with respect to the Notes are eliminated or reduced, as reasonably determined by the Superintendent of the District or his designee, which determination shall be conclusive.

"Unexpended Proceeds Redemption Date" means any Business Day determined by the District for the redemption of Notes that falls within ninety (90) days after July 13, 2014 (three (3) years after the date the Notes are issued); or, if an Extension Period Expiration Date has been established, any Business Day determined by the District that falls within ninety (90) days after the Extension Period Extension Date.

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

Notice of Redemption

Notice of redemption of the Notes will be mailed postage prepaid not less than thirty (30) nor more than sixty (60) days prior to the redemption date (i) by first class mail to the respective Owners of Notes at the addresses appearing on the registration books of the Paying Agent, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See "APPENDIX D — PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Each such notice of redemption will be dated and will state: (i) the redemption date, (ii) the redemption price, (iii) if less than all Notes are to be prepaid, the identification (and, in the case of partial redemption, the respective principal components) of the Notes to be redeemed, (iv) that on the redemption date, the redemption price will become due and payable with respect to each such Note or portion thereof called for redemption, and that interest with respect to such Notes will cease to accrue from and after the redemption date, (v) the place where such Notes are to be surrendered for payment of the redemption price, and (vi) whether the District has deposited, or caused the deposit of, an amount of money sufficient to pay the redemption price of all the Notes or portions of Notes which are to be prepaid on the redemption date and, if not, that such notice of redemption is revocable.

The actual receipt by any Owner of any Note of notice of such redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Notes.

When notice of redemption has been given, substantially as described above, and when the amount necessary for the payment of principal, interest and redemption premium, if any, is set aside for such purpose, the Notes designated for redemption will become due and payable on the date fixed for redemption thereof, and upon presentation and surrender of said Notes, at the place specified in the notice of redemption, such Notes will be prepaid and paid at the redemption price thereof out of the money provided therefor.

Rescission of Notice of Redemption

Upon notice from the District that the District has cured the conditions that caused the Notes to be subject to extraordinary mandatory redemption, the District may rescind any such redemption and notice thereof on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Notes, so called for redemption. Notice of rescission will be given in the same manner in which notice of redemption was originally given.

RISK FACTORS

There are certain risks to investors inherent in the purchase of the Notes. The following factors, along with the other information provided in this Official Statement, should be considered by potential investors in evaluating a purchase of Notes. However, the following do not purport to be an exhaustive listing of risks and other considerations that may be relevant to an investment in the Notes. The following factors are not presented in a priority reflective of their importance or significance to investors.

Tax Rate Levy Limitations under Proposition 39. Proposition 39, including the "Strict Accountability in Local School Construction Bonds Act of 2000," set forth at Section 15264 *et seq.* of the Education Code, sets forth strict limits on the ability of school districts to access their general obligation bond authorization. For the District, Proposition 39 provides it may not issue general obligation bonds unless the combined tax rate for all general obligation bonds issued under the same Authorization does not exceed $30 per $100,000 of assessed valuation. It is the District's expectation, based on future assessed valuation growth, that it will be able to issue general obligation bonds to pay the entire maturing principal of and interest on all Outstanding Notes by September 1, 2015; however, circumstances may change, such that compliance with the tax rate maximum established by Proposition 39 would prevent such issuance. See "— Slow Growth or Reduction in Assessed Valuation" below. A delay in the ability of the District to access the Authorization would require the District to identify other sources of money to pay the maturing Notes, as described under "—Sources of Repayment; Limitation as to Term" below.

Sources of Repayment; Limitation as to Term. The Notes are being issued pursuant to the Act which prescribes the sources of repayment thereof and the maximum term of the Notes, taking into consideration the term of any Roll-Over Notes. Under the Act, the Notes have a maximum term of 5 years from the date of issuance. If the Notes are issued with a term of less than 5 years from the date of issuance, then the combined term of the Notes and any Roll-Over Notes may not exceed 5 years from the date of issuance of the 2011 Notes. Upon maturity, and pursuant to the Resolution, the District has covenanted to deliver general obligation bonds under the Authorization and other lawfully available funds in an amount sufficient to pay the principal of and interest on maturing Notes, or Roll-Over Notes or other District obligations in such amount. At the fifth anniversary of the date of delivery of the 2011 Notes, it will not be permissible for the District to issue Roll-Over Notes for this purpose.

Debt Limitation. Pursuant to Section 15268 of the Education Code, the District may issue bonds in an amount up to 1.25% of the assessed valuation of taxable property within its boundaries. Based on the District's fiscal year 2010-11 total assessed valuation of $2,278,319,921, its gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is estimated at $28,478,999 and its net bonding capacity is approximately $14,516,806 (taking into account current outstanding bonded indebtedness as of the date of issuance of the Notes). The District anticipates that, assuming growth in assessed valuation, it will have sufficient bonding capacity resulting from the maturing principal of certain of its outstanding bonds to issue general obligation bonds under the Authorization in an amount sufficient to pay the entire principal of and interest on all Outstanding Notes by September 1, 2015; however, changes in assessed valuation may impact the District's ability to issue general obligation bonds. See "- Slow Growth or Reductions in Assessed Valuation" below.

If at the date of maturity of the Notes or any Roll-Over Notes, the District's bonding capacity is less than the amount required to permit the maturing principal of and interest on the Outstanding Notes to be repaid from the proceeds of an additional series of general obligation bonds under the Authorization, the District may apply for a waiver of its bonding capacity from the State Board of Education. *See* Section 33050 *et seq.* of the Education Code. If granted, the waiver would permit the District to issue general obligation bonds prior to the time when either the assessed valuation growth within the District or the maturing of a sufficient amount of the District's outstanding general obligation bonds would have created the necessary bonding capacity. In the event that the District applies for such a waiver in connection with the repayment of the Notes, the District will apply for a waiver in time and at levels sufficient to provide for full repayment of the maturing principal of and interest on the Notes.

Slow Growth or Reductions in Assessed Valuation. Based on its current projections, in connection with other funds of the District lawfully available therefor, the District anticipates being able to issue general obligation bonds under the Authorization in an amount sufficient to pay the maturing Notes within the five years established by the Act. However, such expectations are based on facts and circumstances not known to the District and economic factors beyond the control of the District, such as successful appeals by property owners for reductions in assessed valuation of their properties, destruction of or damage to real property caused by natural forces, including fire, flood and earthquake, and other factors could cause continued slow growth or even a significant reduction in the assessed valuation within the District as a whole. Those circumstances could prevent the District from issuing general obligation bonds under applicable provisions of the California Constitution.

Reduction in Allowed Inflationary Rate; Initiatives Affecting Assessed Valuation. Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given calendar year, or may be reduced to reflect a reduction in the consumer price index or comparable local data.

Said Article XIIIA was adopted pursuant to the constitutional initiative process in the State. From time to time, other initiative measures are adopted by the voters in California, and it may be possible that one such initiative might alter the taxable value, reduce the permitted property tax rate or broaden property tax exemptions, further eroding the ability of the District to access the Authorization prior to the final maturity of the Notes. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

Loss of Qualified School Construction Bonds Status. In order for the Notes to be treated as "Qualified School Construction Bonds" and to be eligible for the Subsidy Payments, the District must comply with certain requirements of the Code. Failure to comply with such requirements, with which the District has covenanted to comply in the Resolution, subsequent to the issuance of the Notes, may result in a delay or forfeiture of all or a portion of the Subsidy Payments and may cause the Notes to cease to be treated as "Qualified School Construction Bonds" under the Code either prospectively from the date of determination of a failure to comply or retroactively to the date of issuance of the Notes. In such case, owners of the Notes may not receive the interest due on the Notes. Upon such a loss of Qualified School Construction Bonds status, the District has the option to redeem all of the Notes, as further described herein under "REDEMPTION – Extraordinary Optional Redemption."

FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA

Major Revenues

The Treasurer and Tax Collector of the County of Contra Costa (the "Treasurer") manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts and some cities. State law generally requires that all moneys of the County, school districts and certain special districts be held in the County's Treasury Pool as described below. The composition and value of investments under management in the Treasury Pool vary from time to time, depending on cash flow needs of the County and the other public agencies invested in the Treasury Pool, the maturity or sale of investments, purchase of new securities and fluctuations in interest rates generally.

Principal school district revenues consist of guaranteed State moneys, *ad valorem* property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to the school district.

Each school district receives a portion of the local property taxes that are collected within its district boundaries. This amount is compared to the total revenue limit; the balance is received in the form of state aid. Therefore, the sum of the property taxes and state aid equal the district's revenue limit. Districts which receive the minimum amount of state aid are known as "Basic Aid" districts.

School districts in the State have historically received most of their income under a formula known as the State revenue limit. This apportionment, which is funded by State general fund moneys and local property taxes (and in the case of community college districts, certain other local revenues), is allocated to the school districts based on the average daily attendance ("ADA") of the school districts for either the current or preceding school year. Generally, such apportionments will amount to the difference between the school district's revenue limit and the district's local property tax allocation. Revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type (*i.e.*, all unified school districts, all high school districts or all elementary school districts).

A small part of a school district's budget is from local sources other than property taxes, such as interest income, donations and sales of property. The rest of a school district's budget comes from categorical funds provided exclusively by the State and federal government. These funds are to be used for specific programs and typically cannot be used for any other purpose. The California lottery is another source of funding for school districts, providing approximately 3% of a school district's budget. Every school district receives the same amount of lottery funds per pupil from the State; however, these are not categorical funds as they are not for particular programs or children. The initiative authorizing the lottery mandates the funds be used for instructional purposes, and prohibits their use for capital purposes.

The State revenue limit is calculated three times a year for each school district. The first calculation is performed for the February 20th First Principal Apportionment, the second calculation for the June 25th Second Principal Apportionment, and the final calculation for the end of the year Annual Principal Apportionment. Calculations are reviewed by the county and submitted to the State Department of Education to review the calculations for accuracy, calculate the amount of state aid owed to such school district and notify the State Controller of the amount, who then distributes the state aid.

The calculation of the amount of state aid a school district is entitled to receive each year is basically a five-step process. First, the prior year State revenue limit per ADA is established, with recalculations as are necessary for adjustments for equalization or other factors. Second, the adjusted prior year state revenue limit per ADA is inflated according to formulas based on the implicit price deflator for government goods and services and the statewide average State revenue limit per ADA for school districts. Third, the current year's State revenue limit per ADA for each school district is multiplied by such school district's ADA for either the current or prior year. Fourth, revenue limit add-ons are calculated for each school district if such school district qualified for the add-ons. Add-ons include the necessary small school district adjustments, meals for needy pupils and small school district transportation, and are added to the State revenue limit for each qualifying school district. Finally, local property tax revenues are deducted from the State revenue limit to arrive at the amount of state aid based on the State revenue limit to which each school district is entitled for the current year.

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1, effective with the lien date of January 1, 1997. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee's fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee's fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer's enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

Proposition 98

General. In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual grade kindergarten to 14 ("K-14") funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, revised certain funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual cost of living adjustment ("COLA") for the minimum guarantee would be the change in California's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40 percent. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Under implementing legislation (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State of California) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is 1989-90. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount Proposition 98 guarantee (K-14 aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth ("ADA") and per-capita personal income COLA.

A third formula, established pursuant to Proposition 111 as "Test 3," provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990, (SB 88, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

On March 18, 2003, State Assembly Bill X1 18 ("SBX1 18") was signed into law. SBX1 18 reduced certain Proposition 98 appropriations by shifting apportionments made by the State to schools, which were to be made each June, until July, so that the June 2003 apportionment would not count toward the fiscal year 2002-03 Proposition 98 allocations. The State did not anticipate a reduction in total funding under Proposition 98 by this measure, but merely a deferment of its obligations. School and college districts may have experienced accounting and cash flow complications as result of SBX1 18's deferred payment, but this measure did not significantly affect the financial operations of the District. SBX1 18 has no effect on the District's ability to make debt service payments on the general obligation bonds, which are supported by *ad valorem* property taxes.

State Assistance

Districts' principal funding formulas and revenue sources are derived from the budget of the State of California. The following discussion of the California State budget has been obtained from publicly available information which the District believes to be reliable; however neither District nor the Underwriter guaranty the accuracy or completeness of this information and have not independently verified such information. ***Additional information regarding State budgets is available at various State-maintained websites, including www.dof.ca.gov.*** These websites are not incorporated herein by reference and neither the District nor the Underwriter makes any representation as to the accuracy of the information provided therein.

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. **The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the Underwriter, Disclosure Counsel nor the owners of the Notes to provide State budget information to the District or the owners of the Notes. Although they believe the State sources of information listed above are reliable, none of the District, Disclosure Counsel nor the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including www.dof.ca.gov, which website is not incorporated herein by reference.**

2011-12 State Budget. On June 30, 2011, the State budget for fiscal year 2011-12 (the "2011-12 Budget") was enacted, closing a $26.6 billion budget gap by reducing expenditures by $15 billion, targeting revenue increases of $0.9 billion and additional solutions of $2.9 billion. The remaining $8.3 billion in changes stem from the improvement in the State's revenue outlook. $27.2 billion in changes balances the Budget and leaves the State with a reserve of $543 million. General Fund spending totals $85.9 billion, a 6.1 percent reduction from 2010-11. The 2011-12 Budget includes a major realignment of public safety programs from the State to local governments. Other realigned programs include local public safety programs, mental health, substance abuse, foster care, child welfare services and adult protective services.

The 2011-12 Budget includes $15 billion in spending reductions by: maintaining K-12 education funding at a similar level as 2010-11, reducing State Supplementary Payment grants, reducing CalWORKS grants, reducing California Department of Corrections and Rehabilitation's inmate population by 25 percent once realignment is fully implemented, requiring recipients of Medi-Cal health benefits to pay a share of the cost for doctor visits and other services, reducing the State's support for the University of California and California State University by 22 and 25 percent, respectively, requiring community college students to pay $10 more per class unit, delaying the court system's construction program for one year, eliminating the Adult Day Health Care program, Williamson Act subventions, and the refundable child care and dependent tax credit, reducing the State's workforce by 5,500 positions; and eliminating 20 boards, commissions, task forces, offices and departments, including the California Medical Assistance Commission and the Office of Insurance Advisor.

The May Revision reflected $6.6 billion in higher tax receipts compared to the Proposed 2011-12 Budget. Since the May Revision, tax receipts were higher than expected by an estimated $1.2 billion in May and June. With the improved revenue receipts, the 2011-12 Budget projects an additional $4 billion in estimated 2011-12 revenues. In order to mitigate the risk if higher revenues do not materialize, if projected revenues fall short of expectations by more than $1 billion, an additional $600 million in cuts to higher education, health and human services and public safety would be implemented beginning in January 2012. If projected revenues fall short by more than $2 billion, an additional $1.9 billion in education reductions would be implemented – shortening the school year by 7 days, eliminating the home-to-school transportation program and reducing community college apportionments.

With respect to K-12 education, the 2011-12 Budget includes total funding of $64.1 billion ($34.7 billion General Fund and $29.4 billion other funds) for all K-12 Education programs. For 2011-12, the Proposition 98 Guarantee (the "Guarantee") is $48.7 billion, of which $32.9 billion is General Fund. This Guarantee level reflects an increase in General Fund revenues in 2011-12, the expiration of a variety of short-term tax increases and the rebenching or adjustment of the Guarantee for revenue and program shifts. In 2011-12, there are four new rebenching impacts: (1) an increase of $578.1 million to ensure that the Guarantee does not decrease with the shift in motor vehicle fuel revenues, (2) an increase of $221.8 million to reflect the inclusion of mental health and out-of-home care services within the Guarantee, (3) a decrease of $1.134 billion to reflect the exclusion of child care programs, with the exception of partial-day preschool programs, from Proposition 98, and (4) a decrease of $1.7 billion to ensure that the total Guarantee is not changed due to new local revenue related to redevelopment agencies. In addition to the above adjustments, Proposition 98 is decreased $2.1 billion as a result of the reduction in General Fund sales tax revenue related to the realignment of public safety programs to counties.

The 2011-12 Budget includes the following adopted solutions:

- Defer $2.1 billion in K-12 Education spending – this additional deferral maintains funding for K-12 education programs at the 2010-11 funding level.

The 2011-12 Budget includes the following Proposition 98 General Fund policy and workload adjustments:

- *Shift In Mental Health Services from Counties to Schools* – The 2011-12 Budget rebenches the Proposition 98 guarantee and provides an increase of $221.8 million Proposition 98 General Fund to shift the responsibility for providing mental health services, including out of home residential services, required under federal law from county mental health departments and county welfare departments to school districts. School districts can contract with counties to provide services using Proposition 63 funds, but schools would be responsible for any excess costs over a given amount. In total, the 2011-12 Budget provides $389.4 million from all fund sources, including $69 million in federal funds currently budgeted for mental health services.

The District cannot predict how State income or State education funding will vary over the term of the Notes, and the District takes no responsibility for informing owners of the Notes as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget" or www.ebudget.ca.gov. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

ABX8 5, ABX8 14 and AB1610. On March 1, 2010, Governor Schwarzenegger signed into law ABX8 5, effective immediately, which included several measures meant to allow the State to effectively manage its cash resources in the fiscal years 2009-10 and 2010-11. For fiscal year 2009-10, ABX8 5 authorized the deferral of general fund payments to be made in March 2010 to trial court operations, the California University system, the University of California system, and California community colleges to between April 15, 2010 and May 1, 2010. Prior to such deferrals, the State Controller, Treasurer, and Director of Finance were required to review the actual cash situation to determine if the deferrals were in-fact necessary to review daily the actual cash receipts and disbursements to determine when all or a portion of the deferrals could be paid, and to make such payments as soon as feasible. To address the cash management issues in fiscal year 2010-11, ABX8 5 authorized specific deferrals to K-12 apportionments, Supplemental Security Income/State Supplementary Payments, local government social services and transportation payments and trial court operations. Prior to the implementation of such deferrals, the Controller, Treasurer and Director of Finance must review the actual cash receipts and disbursements to determine if they are in-fact necessary. Further, if such deferrals are implemented, the Controller, Treasurer and Director of Finance, after July 1, 2010, are required to conduct a daily review of the actual cash receipts and disbursements to determine when all or a portion of the deferrals can be paid, and to make such payments as soon as feasible. In addition, such deferrals may be moved forward or backward one month from the dates specified if all three of the Controller, Treasurer and Director of Finance determine that a move is necessary. ABX8 5 limited the K-12 deferrals to $2.5 billion at any given time during the fiscal year 2010-11 and sets a maximum of three K-12 deferrals during the fiscal year. ABX8 5 provided a hardship exemption for county offices of education, local education agencies and charter schools. ABX8 5 further authorized the deferral of $200 million from July 2010 to October 2010 and $100 million from March 2011 to May 2011 for CCCs. ABX8 5 also provided for a hardship exemption for CCCs.

On March 22, 2010, Governor Schwarzenegger signed into law, effective immediately, ABX8 14 which amended the cash management provisions for 2009-10 and 2010-11 enacted into law pursuant to ABX8 5. With regard to the 2009-10 cash management issues, ABX8 14 provided a hardship exemption process for the current year deferrals for CCCs and makes them the first entity to have deferrals paid as soon as funds are available. As to the 2010-11 cash issues, ABX8 14 clarified the hardship exemption process for school districts, county offices of education and charter schools and provides certain other changes pertaining to those provisions. In addition, ABX8 14 required the State Controller, State Treasurer, and Director of Finance to jointly provide a written declaration of the intended payment deferrals for the 2010-11 fiscal year no later than March 31, 2010 as well as requiring approval by the Director of Finance for hardship exemptions; and stated the intent of the legislature that July 2010 deferrals shall first be made from the advance principal apportionment payment. The legislation also delayed the date by which hardship exemption requests must be submitted (including with respect to 2010-11 CCC deferrals) and provided a second hardship waiver opportunity for the March 2011 deferral for those districts that did not receive an initial hardship waiver in June 2010.

In addition, the Legislature adopted AB 1610, which directed warrants for the principal apportionments for the month of February 2011 in the amount of $2 billion be drawn in July 2011, warrants for the principal apportionments for the month of April 2011 in the amount of $679 million and for the month of May 2011 in the amount of $1 billion be drawn in August 2011, warrants for the principal apportionments for the month of April 2011 in the amount of $420 million and for the month of

May 2011 in the amount of $800 million be drawn in July 2011. AB 1610 also approved a waiver provisions relation to an amount up to $100 million for June of each year to July of such year subject to a demonstration of financial hardship by the requesting school district.

Future State Budgets. Under State law, the State Legislature is required to adopt its budget by June 15 of each year for the upcoming fiscal year, with approval by the Governor to occur on June 30. With the aid of Proposition 25 (budget passage with a simple majority and legislature forfeiture of daily salary until the budget bill passes), the Governor signed the 2011-12 Budget on June 30, 2011. However, the Governor signed the 2010-11 Budget on October 8, 2010, the latest budget in the State's history. The District cannot fully anticipate the impact of future delays in State budget adoption. The events leading to the inability of the State Legislature to pass a budget in a timely fashion are not unique, and the District cannot predict what circumstances may cause a similar failure in future years. In each year where the State budget lags adoption of the District's budget, it will be necessary for the District's staff to review the consequences of the changes, if any, at the State level from the proposals in the Governor's May Revision for that year, and determine whether the District's budget will have to be revised.

In addition, the District cannot predict the effect that the general economic conditions within the State and the State's budgetary problems may have in the future on the District budget or operations or on its ability to make payments of principal of and interest on the Notes, if general obligation bonds cannot be issued by their maturity date.

Supplemental Information Concerning Litigation Against the State of California

In June 1998, a complaint was filed in Los Angeles County Superior Court challenging the authority of the State Controller to make payments in the absence of a final, approved State Budget. The Superior Court judge issued a preliminary injunction preventing the State Controller from making payments including those made pursuant to continuing appropriations prior to the enactment of the State's annual budget. As permitted by the State Constitution, the Legislature immediately enacted and the Governor signed an emergency appropriations bill that allowed continued payment of various State obligations, including debt service, and the injunction was stayed by the California Court of Appeal, pending its decision.

On May 29, 2003, the California Court of Appeal for the Second District decided the case of *Steven White, et al. v. Gray Davis (as Governor of the State of California), et al*. The Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of state funds during a budget impasse only when payment is either (i) authorized by a "continuing appropriation" enacted by the Legislature, (ii) authorized by a self-executing provision of the California Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the California Constitution – the provision establishing minimum funding of K-14 education enacted as part of Proposition 98 – did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the minimum funding to be appropriated every budget year but do not appropriate funds. The State Controller has concluded that the provisions of the Education Code establishing K-12 and county office revenue limit funding do constitute continuing appropriations enacted by the Legislature and, therefore, the State Controller has indicated that State payments of such amounts would continue during a budget impasse. However, no similar continuing appropriation has been cited with respect to K-12 categorical programs and revenue limit funding for community college districts, such as the District, and the State Controller has concluded that such payments are not authorized pursuant to a continuing appropriation enacted by the Legislature and, therefore, cannot be paid during a budget impasse. The California Supreme Court granted the State Controller's Petition for Review on a procedural issue unrelated to continuous appropriations and on the substantive question as to whether the State Controller is authorized to pay State employees their full and regular salaries during a budget impasse. No other aspect of the Court of Appeal's decision was addressed by the State Supreme Court.

On May 1, 2003, with respect to the substantive question, the California Supreme Court concluded that the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those state employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act. The Supreme Court also remanded the preliminary injunction issue to the Court of Appeal with instructions to set aside the preliminary injunction in its entirety.

Financial Statements

The District's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board.

Funds and Accounting Groups used by the District are categorized as follows:

Governmental Funds	Fiduciary Funds
General Fund	Expendable Trust Funds
Building Fund	
Capital Facilities Fund	Account Group
Non-Major Governmental Funds	General Long-Term Debt Account Group
Proprietary Fund	
Internal Service Funds	

The General Fund of the District, as shown herein, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District not financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues shown thereon are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the Chief Business Officer for the District and audited by independent certified public accountants each year. Excerpts from the District's audited financial statements for the year ended June 30, 2010 are attached hereto as APPENDIX C. The District has not requested, and the auditor has not provided, any review of such statements in connection with inclusion in the this Official Statement. Copies of the entire audited report are available from the District upon request to the District at the District offices.

Reports and Certifications

The Education Code of the State of California (Section 42133 *et seq*.) requires each school district to certify at two points during the fiscal year whether or not it is able to meet its financial obligations for the remainder of such fiscal year, and, based on current forecasts, for the subsequent fiscal year. The first report covers the period ending October 31 and the second report covers the period ending January 31. Such certifications are based on the governing board's assessment based on standards and criteria for fiscal stability adopted by the State Board of Trustee and the State Superintendent of Public Instruction. Each certification is required to be classified as positive, qualified, or negative on the basis of a review of the respective report against such criteria, but may include additional financial information known by the governing board to exist at the time of each certification. Such certifications are to be filed with the County Superintendent of Schools within forty-five days after the close of the period being reported and, in the event of a negative or qualified certification, to the State Controller and the State Superintendent of Public Instruction. A negative certification is to be assigned to any school district that likely will be unable to meet its financial obligations for the remainder of the fiscal year or for which existing expenditure practices jeopardize the ability of the district to meet its multi-year financial commitments.

Any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the County Superintendent of Schools determines that the district's repayment of indebtedness is probable.

The District has filed its 2010-11 Second Interim Report with the County Superintendent of Schools with a positive certification within the meaning of Section 42133 of the Education Code of the State. The District's 2010-11 Budget received approval from the Contra Costa County Office of Education. The District adopted its 2011-12 Budget on June 23, 2011, and has submitted it to the Contra Costa County Office of Education for approval. See "APPENDIX A — THE BYRON UNION SCHOOL DISTRICT — Reports and Certifications" for further information relating the District's 2010-11 Second Interim Financial Report.

Copies of the reports and certifications of the District may be obtained upon request from the District at the District's offices.

Budgets of District

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. The District adopts on or before July 1 of each year a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

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

State Emergency Loan Program

The California Education Code provides that a school district which determines during a fiscal year that its revenues are less than the amount necessary to meet its current year expenditure obligations may request an emergency apportionment from the State through the State Superintendent of Public Instruction (the "State Superintendent"). As a condition to the making of any such emergency apportionment, certain requirements must be met. The District is not currently participating in the emergency loan program.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

Article XIIIA of the California Constitution limits the amount of any *ad valorem* tax on real property, to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness. 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 have occurred after the 1975 assessment." The full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

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

Legislation Implementing Article XIIIA

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the California Constitution

Under Article XIIIB of the California State Constitution state and local government entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all

Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

California Lottery

In the November 1984 general election, the voters of the State approved a Constitutional Amendment establishing a California State Lottery (the "State Lottery"), the net revenues (revenues less expenses and prizes) of which shall be used to supplement other moneys allocated to public education. The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of State Lottery net revenues is based upon the average daily attendance or full-time equivalent students at each school and community college district; however, the exact allocation formula may vary from year to year. At this time, the amount of additional revenues that may be generated by the State Lottery in any given year cannot be predicted.

Propositions 46 and 39

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act") which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution.

Article XIIIC and XIIID of the California Constitution

On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District's voters depending upon the Article of the Constitution under which it passed. Under previous law, the District could apply provisions of the Landscape and Lighting Act of 1972 to create an assessment district for specified purposes, based on the absence of a majority protest. Proposition 218 significantly reduces the ability of the District to create such special assessment districts. Any assessments, fees or charges levied or imposed by any assessment district created by the District will become subject to the election requirements of Proposition 218 as described above, a more elaborate notice and balloting process and other requirements.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and. ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond issue or a Mello-Roos Community Facilities District bond issue in the future, both of which are already subject to a 2/3 vote, although certain procedures and burdens of proof may be altered slightly. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Proposition 1A. Proposition 1A (SCA 4), proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Pursuant to Proposition 1A, if the State reduces the Vehicle License Fee rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A required the State, beginning March 1, 2006, to suspend mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

Proposition 22. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the 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. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. See "Proposition 1A" herein. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies. Redevelopment agencies, through the California Redevelopment Association ("CRA") are actively engaged in litigation to block the transfer of payments and recoup certain payments already made under certain legislation passed in July 2009 that is beyond the reach of Proposition 22, known as "ABX4 26." Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 187, 1A and 22 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 the District's revenues or their ability to expend revenues.

The following information concerning the Contra Costa County Pooled Surplus Investments Fund has been provided by the Treasurer and has not been confirmed or verified by the District or the Underwriter. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

CONTRA COSTA COUNTY TREASURY POOL

The District takes no responsibility for the accuracy or completeness of the following information.

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

The Treasurer has authority to implement and oversee the investment of such funds in the County Pool in accordance with State Government Code Section 53600 *et seq.* The Treasurer accepts funds only from agencies located within the County. As of March 31, 2011, the total cost of the County Pool was $2,068,153,448 and the market value was $2,068,891,716.

As of March 31, 2011, the County Pool had 62.15% of its assets managed by the Treasurer's office, 29.41% of its assets managed by outside contractors, and 8.43% in cash. Of those assets managed by the Treasurer's office 15.25% of the pool's assets are invested in U.S. Treasury and U.S. Agency Securities and 46.90% in other money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit, corporate notes, medium term notes and time deposits. Of those assets managed by outside contractors 18.74% of the pool's assets are invested with the Local Agency Investment Fund, which is managed by the State Treasurer's Office, and 7.04% are either in guaranteed investment contracts or managed by investment managers outside of the Treasurer's office. The following table summarizes the composition of the County Pool as of March 31, 2011.

Type of Investment	Cost Value	Market Value	Percent of Total (Cost Value)
Investments Managed by Treasurer's Office			
United States Treasury Securities	$ 25,945,593.64	$ 26,087,534.50	1.25
United States Agencies Securities	289,526,932.94	289,635,540.65	14.00
Money Market Instruments	969,958,094.72	969,937,101.33	46.90
Total	$1,285,430,621.30	$1,285,660,176.48	62.15
Investments Managed by Outside Contractors			
Local Agency Investment Fund	$ 387,534,625.22	$ 388,023,753.98	18.74
Other Investment Managers	220,783,898.72	220,803,482.80	7.04
Total	$ 608,318,523.94	$ 608,827,236.78	29.41
Cash	$ 174,404,302.62	$ 174,404,302.62	8.43
Total	$2,068,153,447.86	$2,068,891,715.88	100.00%

Notes: All reported information is unaudited but due diligence was utilized in its preparation. In general, the term Treasurer's records reflect booked costs at the beginning of a period.
Source: The Contra Costa Treasurer—Tax Collector

TAX MATTERS

The following is a general summary of certain federal income tax consequences of the purchase and ownership of the Notes. The discussion is based upon the Code, U.S. Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretation. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Note by a beneficial owner thereof. Further, this summary does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Notes in light of the investor's particular circumstances (for example, persons subject to the alternative minimum tax provisions of the Code), or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax-exempt organizations and entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Notes, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass-through entities, certain hybrid entities and owners of interests therein, persons who acquire the Notes in connection with the performance of services, or persons deemed to sell the Notes under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local or foreign law or U.S. federal tax laws other than U.S. federal income tax law. The summary is limited to certain issues relating to initial investors who will hold the Notes as "capital assets" within the meaning of Section 1221 of the Code, and acquire such Notes for investment and not as a dealer or for resale. The summary addresses certain federal income tax consequences applicable to beneficial owners of the Notes who are United States persons within the meaning of Section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the United States Internal Revenue Service (the "Service") with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES.

Internal Revenue Service Circular 230 Notice. Prospective investors should be aware that:

(a) the discussion in this Official Statement with respect to certain U.S. federal income tax consequences of purchasing and owning the Notes is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed under the Code;

(b) such discussion was written in connection with the promotion or marketing (within the meaning of IRS Circular 230) of the transactions or matters addressed in this Official Statement; and

(c) each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

This notice is given solely for purposes of ensuring compliance with IRS Circular 230 with respect to the discussion below regarding the Notes.

Backup Withholding. Under Section 3406 of the Code, a beneficial owner of the Notes who is a United States person may, under certain circumstances, be subject to "backup withholding" (currently at a rate of 28 percent) on current or accrued interest on the Notes or with respect to proceeds received from a disposition of the Notes. This withholding applies if such beneficial owner of the Notes: (i) fails to furnish to the payor such beneficial owner's social security number or other TIN; (ii) furnishes the payor an incorrect TIN; (iii) fails to report interest properly; or (iv) under certain circumstances, fails to provide the payor or such beneficial owner's broker with a certified statement, signed under penalty of perjury, that the TIN provided to the payor or broker is correct and that such beneficial owner is not subject to backup withholding. To establish status as an exempt person, a beneficial owner will generally be required to provide certification on IRS Form W-9 (or substitute form).

Backup withholding will not apply, however, if the beneficial owner is a corporation or falls within certain tax-exempt categories and, when required, demonstrates such fact. BENEFICIAL OWNERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS REGARDING THEIR QUALIFICATION FOR EXEMPTION FROM BACKUP WITHHOLDING AND THE PROCEDURE FOR OBTAINING SUCH EXEMPTION, IF APPLICABLE. The backup withholding tax is not an additional tax and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the Service.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding of U.S. federal income tax by the payor at the rate of 30 percent on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such a beneficial owner of the Notes is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest will be subject to 30 percent withholding, or any lower rate specified in an income tax treaty, unless such income is treated as "portfolio interest." Interest will be treated as portfolio interest if (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner, (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business, (iii) interest payments are not made to a person within a foreign country which the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion, (iv) interest payable with respect to the Notes is not deemed contingent interest within the meaning of the portfolio debt provision, (v) such beneficial owner is not a controlled foreign corporation within the meaning of Section 957 of the Code, and (vi) the beneficial owner is not a bank receiving interest on the Notes pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Notes are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no withholding under Section 1441 and 1442 of the Code and no backup withholding under Section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor has no actual knowledge or reason to know that such person is a United States person.

The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning and disposing of the Notes, including the applicability and effect of any state, local or foreign tax laws, and of any proposed changes in applicable laws.

Certain State Income Tax Consequences. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Notes is exempt from State of California personal income taxes.

LEGAL MATTERS

Bond Counsel's employment is limited to a review of the legal proceedings required for the authorization of the Notes and to rendering the opinion set forth in APPENDIX B hereto. Such opinion will not consider or extend to this Official Statement, or any sections, documents, agreements, representations, offering circulars or other material of any kind concerning the Notes. Bond Counsel and Disclosure Counsel fees are contingent upon the issuance of the Notes by the District. Certain legal matters will be passed upon for the Underwriter by its counsel.

LEGALITY FOR INVESTMENT IN CALIFORNIA

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

FINANCIAL ADVISOR

Caldwell Flores Winters Inc. has been employed by the District to perform financial services in relation to the sale and delivery of the Notes. Caldwell Flores Winters Inc. will not participate in the underwriting of the Notes. The Financial Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Fees charged by Caldwell Flores Winters Inc. are contingent upon the sale of the Notes.

RATING

The District has obtained from Moody's Investors Service ("Moody's") a rating of "A3" on the Notes. Certain information was supplied by the District to Moody's to be considered in evaluating the Notes. The rating reflects only the view of the rating agency and any explanation of the significance of such rating may be obtained only from the rating agency furnishing the same, at the following address: Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10041, tel. (212) 553-0300. There is no assurance that any rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. The District undertakes no responsibility either to bring to the attention of the Owners of the Notes the downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Notes.

LIMITATIONS OF REMEDIES

In addition to the limitations on remedies contained in the Resolution, the rights of the Owners of the Notes may be limited by, and are subject to, the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights if equitable remedies are sought.

LITIGATION

No litigation is pending or threatened concerning the validity of the Notes, and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Notes. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes for its general obligation bonds or to collect other pledged revenues or contesting the District's ability to issue the Notes.

UNDERWRITING

The Notes are being purchased for public offering by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Notes for an aggregate price of $1,985,000 representing the principal amount of the Notes of $2,000,000, less an Underwriter's discount of $15,000. The Note Purchase Agreement provides that the Underwriter will purchase all of the Notes if any are purchased.

The obligation to make such purchase is subject to certain terms and conditions set forth in the Note Purchase Agreement.

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

The Underwriter may offer and sell the Notes to certain dealers and others at prices or yields lower than the offering prices or yields stated on the cover page. The officer prices may be changed from time to time by the Underwriter.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Notes. Quotations from and summaries and explanations of the Notes, the Resolution and statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for a full and complete statement of their provisions.

The District regularly prepares a variety of reports, including audits, budgets and related documents, as well as certain monthly activity reports. Any owner or Beneficial Owner of a Note may obtain a copy of any such report, as available, from the District. The District may require the payment of the costs of duplication of any such report requested.

All data and tables contained herein have been taken or constructed from District records and other sources, unless otherwise indicated. Appropriate District officials, acting in their official capacity, have reviewed this Official Statement and have determined that as of the date hereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading. An appropriate District official will execute a certificate to this effect upon delivery of the Notes. This Official Statement and its distribution have been duly authorized and approved by the Board of Trustees of the District.

BYRON UNION SCHOOL DISTRICT

By: /s/ Ken Jacopetti
Superintendent

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APPENDIX A

THE BYRON UNION SCHOOL DISTRICT

General Information

The Byron Union School District was established as a school district in 1943. The District is located in the eastern portion of Contra Costa County, California and serves the communities and unincorporated areas of Byron and Discovery Bay. The District encompasses approximately 110 square miles serving approximately 1,650 students. The District currently operates 2 elementary schools and 1 middle school.

Board of Trustees

The governing board of the District is the Board of Trustees (the "Board"). The Board consists of five members who are elected at large to overlapping four-year terms at elections held in staggered years. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board Members or by a special election. The years in which the current terms for each member of the Board expire are set forth below:

Board Member	Office	Year Current Term Expires
Elaine Landro	President	2014
Bobbi Nugent	Vice-President	2012
Jill Sprenkel	Clerk	2012
Ken Silman	Member	2012
Jeffry Sugimoto	Member	2014

Source: Byron Union School District.

Key Personnel

The following is a listing of the key personnel of the District:

Name	Office
Ken Jacopetti	Superintendent
Gaby Hellier	Chief Business Officer

Ken Jacopetti, Superintendent – Ken Jacopetti became the Superintendent of the District in 2010. Prior to his current position, he was Assistant Superintendent of Student Services/Special Education of the District. Mr. Jacopetti has been with the District for five years and has 30 years experience in education.

Gaby Hellier, Chief Business Officer – Gaby Hellier is in her third year with the District. Prior to joining the District, Ms. Hellier was the Finance Director at Pittsburg Unified School District and has spent the last 10 years in school business.

District Employees

The district employs 70 teachers. The current student-teacher ratio in the District is 28:1 in grades K-2; 29.5:1 in grades 3-4; 30.3:1 in grades 5-6, and 30.4:1 in grades 7-8.

BYRON UNION SCHOOL DISTRICT
Certificated and Classified Employees

Year	Certificated Employees	Classified Employees	Total Employees
2007-08	95	58	153
2008-09	97	60	157
2009-10	94	84	178
2010-11[1]	82	88	170
2011-12[1]	82	88	170

[1] Projected.
Source: Byron Union School District.

The certificated employees of the District have selected the Byron Teachers' Association as their exclusive bargaining agent. The District's contract with certificated employees will expire on June 30, 2012. The classified employees have appointed the California School Employees Association as their exclusive bargaining agent and are covered by a contract that will expire on June 30, 2011.

Insurance

The District maintains a comprehensive insurance program for property, liability, vehicles, and workers' compensation through three joint powers authorities ("JPAs"), the Contra Costa County Schools Insurance Group for workers' compensation insurance, the Contra Costa and Solano Counties School Districts Self-Insurance Authority for property and liability insurance and Schools Self-Insurance of Contra Costa County for dental and vision. The JPAs are governed by an independent board consisting of representatives from member districts. The District's coverage for property liability and worker's compensation is as follows:

Insurance Program/Company Name	Type of Coverage	Limits
Contra Costa County Schools Insurance Group	Workers' Compensation	State of California Statutory Limitations
Member Retained Limit	Property	$25,000
Northern California ReLiEF	Real and Personal Property	$250,000
SAFER		$244,750,000
Member Retained Limit	Comprehensive Liability	$25,000
Northern California ReLiEF	General Liability	$1,000,000
SAFER		$5,000,000 or $60,000,000
SAFER	Excess Liability Combined Comprehensive Bodily Injury and Property Damage	$1,000,000 or $24,000,000
Northern California ReLiEF	Comprehensive Crime	$5,000,000
Northern California ReLiEF	Equipment	$100,000,000
Northern California ReLiEF	Electronic Data Processing Equipment	$2,314,218

Population and Student Enrollment

The District has experienced population growth in the past several years while the number of enrolled students in the District has fluctuated over the past several years. In 2009-10, student enrollment in the District increased by 19 and is projected to remain unchanged in 2010-11. The K-12 enrollment of the District is currently estimated to be approximately 1,690.

ESTIMATED POPULATION OF COUNTY AND STATE

Calendar Year[1]	Contra Costa County	State of California
2006	1,025,436	37,086,191
2007	1,035,097	37,472,074
2008	1,048,185	37,883,992
2009	1,061,325	38,292,687
2010[2]	1,047,948	37,223,900
2011	1,056,064	37,510,766

[1] As of January 1, unless otherwise indicated.
[2] 2010 data reflects census data as of April 1, 2010.
Source: California State Department of Finance.

The table below sets forth the enrollment, in October of each year, for the most recent three-year period and projections for the next two fiscal year.

BYRON UNION SCHOOL DISTRICT
Enrollment
2007-08 through 2011-12

Fiscal Year	Enrollment (October of each Year)	Increase (Decrease) from Prior Year
2007-08	1,646	--
2008-09	1,671	25
2009-10	1,690	19
2010-11(1)	1,670	(20)
2011-12(1)	1,650	(20)

(1) Projected.
Source: The District.

The average daily attendance for the most recent three-year period, an unaudited estimate for the most recently completed fiscal year and projections for the current and next fiscal years are reported in the following table:

BYRON UNION SCHOOL DISTRICT
Average Daily Attendance
Fiscal Years 2007-08 through 2011-12

Fiscal Year	Average Daily Attendance
2007-08	1,607
2008-09	1,626
2009-10	1,638
2010-11(1)	1,604
2011-12(1)	1,598

(1) Projected.
Source: The District.

Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution. (See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES.”)

The California State-reimbursed exemption currently provides a credit of $7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

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

While an estimate of the overall assessed value within the District for fiscal year 2010-11 has been provided, updated information for fiscal year 2010-11 is not yet available for certain material provided in the following tables.

BYRON UNION SCHOOL DISTRICT
SUMMARY OF ASSESSED VALUATIONS
FISCAL YEARS 2006-07 THROUGH 2010-11

Fiscal Year	Local Secured	Utilities	Unsecured	Total Before Redv. Increment
2006-07	$2,704,905,123	$269,078	$ 82,862,165	$2,788,036,366
2007-08	2,931,467,438	91,976	135,773,144	3,067,332,558
2008-09	2,724,340,627	91,976	137,769,898	2,862,202,501
2009-10	2,171,858,737	91,976	123,502,547	2,295,453,260
2010-11	2,170,457,017	108,000	107,754,904	2,278,319,921

Source: California Municipal Statistics, Inc.

BYRON UNION SCHOOL DISTRICT
Secured Tax Charge and Delinquency Rate
General Fund Apportionment

Fiscal Year	Secured Tax Charge(1)	Amt. Del. June 30	% Del. June 30
2005-06	$2,973,556.08	$56,014.08	1.88%
2006-07	$3,577,372.38	$121,580.40	3.40%
2007-08	$4,025,635.51	$192,916.56	4.79%
2008-09	$3,729,621.66	$148,998.12	3.99%
2009-10	$2,978,818.58	$79,732.83	2.68%

District's General Obligation Bonds
Debt Service Levy

Fiscal Year	Secured Tax Charge(2)	Amt. Del. June 30	% Del. June 30
2005-06	Not applicable	–	–
2006-07	$402,043.45	$24,531.70	6.10%
2007-08	$395,166.28	$31,381.77	7.94%
2008-09	$664,367.59	$38,579.85	5.81%
2009-10	$707,785.63	$31,338.82	4.43%

(1) 1% General Fund apportionment. Excludes redevelopment impounds.
(2) District's general obligation bond debt service levy.

Source: California Municipal Statistics, Inc.

BYRON UNION SCHOOL DISTRICT
Largest 2010-11 Local Secured Taxpayers

	Property Owner	Primary Land Use	2010-11 Assessed Valuation	% of Total(1)
1.	Pacific & Bowie-Tracy II	Shopping Center	$24,560,633	1.13%
2.	Unimin Corporation	Industrial	15,544,263	0.72
3.	New Discovery Inc.	Golf Course	14,176,083	0.65
4.	Property Reserve Inc.	Agricultural	10,010,734	0.46
5.	C&D Discovery Bay LLC	Agricultural	7,721,028	0.36
6.	Discovery Bay Marina Properties	Recreational	5,770,251	0.27
7.	Paul E. & Lisa A. Taylor	Agricultural	5,471,706	0.25
8.	Walker Family Ranches LLC	Agricultural	5,390,847	0.25
9.	Vaquero Farms	Agricultural	5,337,362	0.25
10.	Kenneth & Martha Hofmann	Commercial	4,558,515	0.21
11.	HP Development Group	Agricultural	4,528,242	0.21
12.	Lakeview Business Plaza LLC	Commercial	4,350,000	0.20
13.	Jimmie Dean Maltbie	Agricultural	3,992,045	0.18
14.	Baehr Technology Partners LLC	Residential Properties	3,959,525	0.18
15.	5 Star Vineyard LLC	Agricultural	3,864,674	0.18
16.	Century Development Group LLC	Residential Properties	3,633,200	0.17
17.	Joseph R. & Dilma Cecchini	Agricultural	3,336,177	0.15
18.	Antonio & Adelina Donofrio	Residential Properties	3,274,612	0.15
19.	Manuel S. Vierra	Agricultural	2,942,359	0.14
20.	Fay & Marian Louie	Agricultural	2,819,890	0.13
			$135,242,146	6.23%

(1)2010-11 Local Secured Assessed Valuation: $2,170,457,017
Source: California Municipal Statistics, Inc.

Tax Rates

The following table sets forth typical tax rates for property within the District for fiscal years 2006-07 through 2010-11:

BYRON UNION SCHOOL DISTRICT
Typical Total Tax Rates (TRA 60-16)

	2006-07	2007-08	2008-09	2009-10	2010-11
General	1.0000	1.0000	1.0000	1.0000	1.0000
East Bay Regional Park District	.0085	.0080	.0100	.0108	.0084
Liberty Union High School District	.0331	.0276	.0289	.0376	.0390
Contra Costa Community College District	.0043	.0136	.0248	.0332	.0342
Byron Union School District	.0150	.0108	.0066	.0126	.0133
Bay Area Rapid Transit District	.0050	.0076	.0090	.0057	.0031
Total	1.0659	1.0676	1.0793	1.0999	1.0980

(1) No outstanding indebtedness payable from *ad valorem* taxes within the District are outstanding in these jurisdictions.
Source: California Municipal Statistics, Inc.

The Teeter Plan

The Board of Supervisors of the County approved the implementation of 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 California Revenue and Taxation Code. Under the Teeter Plan for the County, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan for the County is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County Treasury is the legal depository of tax collections.

Under the Teeter Plan, the District will receive 100% of its *ad valorem* property tax levied irrespective of actual delinquencies in the collection of property taxes by the County.

The Teeter Plan of the County is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors of the County orders discontinuance of its Teeter Plan, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

The District knows of no petition for the discontinuance of the Teeter Plan now pending in the County.

District Investments

The Treasurer and Tax Collector of the County manages, in accordance with California Government Code Section 53600 *et seq*., funds deposited with the Treasurer and Tax Collector by all County school districts, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school districts and certain special districts be held in the County's Pooled Investment Fund. All money held in any of the funds or accounts established pursuant to the Resolution shall be held in the Pooled Investment Fund and disbursed in accordance with the Resolution.

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

For a further discussion of the Pooled Investment Fund, see the caption "THE CONTRA COSTA COUNTY POOLED SURPLUS INVESTMENTS" herein.

Revenue Limit

California school districts operate under general purpose revenue limits established by the State Legislature. In general, revenue limits are calculated for each school district by multiplying (1) the ADA for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations are adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type.

Funding of a district's revenue limit is accomplished by a mix of (1) local property taxes and (2) State apportionments of basic and equalization aid. Generally, the State apportionments amount to the difference between the District's revenue limit and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation permitted each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness), and prescribed how levies on county-wide property values were to be shared with local taxing entities within each county.

Taxes are levied for each Fiscal Year on taxable real and personal property which is situated in the County as of the preceding January 1, effective with the lien date of January 1, 1997. 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 real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the Treasurer and Tax Collector. For additional details on property tax levies and collections, see "FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA — *Ad Valorem* Property Taxes" herein.

The District's portion of property tax revenue in the County was $4,919,899 in 2009-10 and is projected to be $3,423,649 in 2010-11. The District projects its share of property tax revenue in the County for 2011-12 to be $3,423,649.

Federal Revenues

The federal government provides funding for several District programs, including special education programs, programs under the Education Consolidation and Improvement Act, and specialized programs such as Drug Free Schools, Education for Economic Security, and Refugee children. The federal revenues, most of which are restricted, comprised approximately 5.27% of General Fund revenues in 2009-10.

Expenditures

Funding of the above revenue limits is accomplished by a mix of local property taxes and State aid. Prior to the passage of Article XIIIA of the California Constitution in 1978, local property taxes constituted approximately 63% of revenue limit income. Since then, property taxes received by the District are limited to its share of the one percent of full cash value collected by the County.

As noted in the financial statements included herein, the District's major expenditures each year are employee salaries and benefits.

Financial Statements of the District

The District's General Fund finances the legally authorized activities of the District for which restricted funds are not provided. General Fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Certain information from the Financial Statements follows. The District's audited financial statements for the 2009-10 fiscal year are attached hereto as APPENDIX C. The District has not requested, and the auditor has not provided, any review of such statements in connection with inclusion in the this Official Statement. The District's audited financial statements for prior and subsequent fiscal years and reports from the County Office of Education can be obtained by contacting the District's Business Office at 14301 Byron Highway, Byron, California 94514.

General Fund

The following table describes the District's audited financial results for the fiscal years 2007-08, 2008-09 and 2009-10.

BYRON UNION SCHOOL DISTRICT
GENERAL FUND
Audited Financial Results for Fiscal Years 2007-08, 2008-09 and 2009-10

	2007-08	2008-09	2009-10
SOURCES			
Revenue Limit Sources:	$ 9,080,125	$ 8,997,073	$ 7,933,309
Federal Sources	290,957	857,218	634,957
Other state sources	2,197,977	1,520,068	1,918,382
Other local Sources	1,066,024	970,426	1,548,914
Total Revenues	$12,635,083	$12,344,785	$12,035,562
EXPENDITURES			
Current			
Instruction	$ 8,634,477	$ 8,418,196	$ 7,930,900
Instruction-related activities:			
Supervision of Instruction	246,532	266,441	254,300
Instructional library, media & technology	113,412	118,824	50,824
School site administration	694,980	643,656	793,395
Pupil Services:			
Home-to-school transportation	362,056	313,926	312,356
Food services	--	--	890
All other pupil services	390,421	412,128	446,987
Administration:			
Data Processing	141,136	136,361	191,954
All other general administration	912,908	934,589	819,727
Plant services	1,140,907	1,060,609	1,416,074
Facility acquisition and construction	14,121	6,043	--
Community services	--	7,435	233,480
Debt service:			
Principal	--	--	--
Interest and other	--	--	--
Total Expenditures	$12,650,950	$12,318,208	$12,450,887
Excess (Deficiency) of Revenues Over Expenditures	$ (15,867)	$ 26,577	$ (415,325)
Other Financing Sources (Uses):			
Transfers in	--	--	--
Other sources	--	105,142	--
Transfers out	(67,087)	--	--
Other uses	--	--	-
Net Financing Sources (Uses):	(67,087)	105,142	-
Net Change in Fund Balances	(82,954)	131,719	(415,325)
Fund Balance – Beginning	$ 2,246,200	$ 2,163,246	2,294,965
Fund Balance – Ending	$ 2,163,246	$ 2,294,965	$ 1,879,640

Source: The District.

The following table describes the District's estimated actual financial results for fiscal year 2010-11.

BYRON UNION SCHOOL DISTRICT
GENERAL FUND
Estimated Actual Financial Results for Fiscal Year 2010-11[(1)]

	Unaudited Actuals 2010-11[(2)]
REVENUES	
Total Revenue Limit	$ 8,357,815
Federal Revenues	752,058
Other State	1,359,961
Other Local	807,075
Selpa Transfer In	584,083
TOTAL REVENUES	$11,860,992
EXPENDITURES	
Certificated Salaries	$ 5,546,960
Classified Salaries	1,526,458
Employee Benefits	2,052,718
Books and Supplies	352,926
Services and Other Operating Expenses	1,997,260
Capital Outlay	0
Other Outgo	0
Direct Support/Indirect Costs	(15,000)
TOTAL EXPENDITURES	$11,461,322
OTHER FINANCING SOURCES/USES	
Interfund Transfers In	0
Interfund Transfers Out	0
Other Sources	0
Other Uses	0
Contributions	0
TOTAL OTHER FINANCING SOURCES/USES	0
BEGINNING BALANCE	$ 1,879,545
ENDING BALANCE	$ 2,279,309

(1) Estimated Actual Financial Results as of June 23, 2011.
(2) Totals may not foot due to rounding.
Source: The District.

District Budget

The District is required by law to adopt a balanced budget on or before September 15 each year and to maintain a balanced budget throughout each fiscal year. The 2011-12 Budget for the District was approved by its Board of Trustees on June 23, 2011.

BYRON UNION SCHOOL DISTRICT
GENERAL FUND
2010-11 and 2011-12 Adopted Budgets

	2010-11 Adopted Budget	2011-12 Adopted Budget
REVENUES		
Total Revenue Limit	$ 8,355,393	$ 8,284,423
Federal Revenues	681,114	505,837
Other State	1,323,878	1,175,148
Other Local	1,254,746	588,120
Selpa Transfers In	–	589,478
TOTAL REVENUES	$11,615,131	$11,143,006
EXPENDITURES		
Certificated Salaries	$ 5,524,700	$ 5,271,885
Classified Salaries	1,555,107	1,591,226
Employee Benefits	2,050,172	2,025,111
Books and Supplies	388,135	288,168
Services and Other Operating Expenses	2,236,409	1,907,592
Capital Outlay	--	--
Other Outgo	(15,000)	–
Direct Support/Indirect Costs	--	(15,000)
TOTAL EXPENDITURES	$11,739,523	$11,068,982
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (124,392)	$ 74,024
NET CHANGE IN FUND BALANCES	--	74,024
BEGINNING BALANCE	1,294,548	2,279,309
ENDING BALANCE	$ 632,855	$ 2,353,333

Source: The District.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the State of California Education Code, is to be followed by all California school districts. Revenue is recorded on an accrual basis except for district property taxes which are considered revenue in the year collections are made and therefore are fully reserved. Expenditures are recorded according to receipt of goods and services on an accrual basis. Differences between estimated and actual accounts receivable and payable, as of the beginning of the fiscal year, are reflected as adjustments to fund balance.

The District adopted Governmental Account Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("GASB 34"), effective July 1, 2000 for fiscal years beginning with 2002-03. GASB 34 established new financial reporting requirements for state and local governments. Some key changes with GASB 34 included:

- Government-wide, fully accrual basis financial statements in place of the combined financial statements.

- Capitalization and depreciation of all capital assets, including infrastructure assets.
- Inclusion of management's discussion and analysis ("MD&A") as required supplementary information.
- Presentation of "major funds" in the fund financial statements.
- Significant format and presentation changes to information in the statements.

Furthermore, significant adjustments to beginning net assets/fund balances were made. See "APPENDIX C – FINANCIAL STATEMENTS FOR THE DISTRICT FOR THE YEAR ENDED JUNE 30, 2010" for additional information regarding GASB 34.

District Reports and Certification

State law requires each school district to certify at two points during the fiscal year whether or not it is able to meet its financial obligations for the remainder of such fiscal year, the first for the period ending October 31 and the second for a period ending January 31. Such certifications and a report shall be filed with the County Superintendent of Schools within forty-five days after the close of the period being reported and, to the extent required, to the State Controller and the Superintendent of Public Instruction. The District filed its 2010-11 Second Interim Report (the "Second Interim Report") with the County Superintendent of Schools with a positive certification, based on the information contained in the Governor's Proposed 2011-12 Budget and the Contra Costa County of Education requirements.

Retirement Systems

The District participates in the State of California Teachers' Retirement System ("STRS"). This plan basically covers all full-time certificated employees. The District contributed $508,246 to STRS for fiscal year 2009-10, has estimated $448,822 for fiscal year 2010-11 and has budgeted $429,560 for fiscal year 2011-12.

The District also participates in the State of California Public Employees' Retirement System ("PERS"). This plan covers all classified personnel who are employed four or more hours per day. The District contributed $117,153 for fiscal year 2009-10, has estimated $129,990 for fiscal year 2010-11, and has budgeted $153,718 for fiscal year 2011-12. Both STRS and PERS are operated on a statewide basis.

At the present time, both State systems have substantially unfunded liabilities. Additional funding of STRS by the State and the inclusion of adjustments to such State contribution based on consumer price changes are provided by the State. The amounts of the respective unfunded liabilities will vary from time to time depending upon actuarial assumptions utilized, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amounts of unfunded liabilities will be in the future, or the amounts of the contribution which the District will be required to make. The District has no responsibility for the unfunded portion of STRS's obligations to current or former District employees, nor does it provide any other retiree benefits under its collective bargaining agreements.

Post Employment Benefits

The District does not provide post employment benefits for retirees.

Certain Existing Obligations

Following is a summary of the District's outstanding long-term debt as of June 30, 2010:

	Balance July 1, 2009	Interest Accretion/ Additions	Deductions	Balance June 30, 2010	Due in One Year
General obligation bond	$14,526,182	$85,190	$135,000	$14,476,372	$160,000
Compensated absences	21,901	11,574	--	33,475	--
Notes payable	395,678	--	24,338	371,340	27,274
	14,943,761	96,764	159,338	14,881,187	187,274
Premiums, net of amortization	465,733	--	27,764	437,969	27,764
Total General Long-Term Obligations	$15,409,494	$96,764	$187,102	$15,319,156	$215,038

Direct and Overlapping Debt

The following table is a statement of the District's direct and estimated overlapping bonded debt as of May 1, 2011:

BYRON UNION SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness

2010-11 Assessed Valuation: $2,278,319,921

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/11
Bay Area Rapid Transit District	0.524%	$ 2,168,653
Contra Costa Community College District	1.826	4,329,355
Liberty Union High School District	21.364	12,782,081
Byron Union School District	**100.**	**13,962,193**(1)
East Bay Regional Park District	`0.811	1,248,859
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$34,491,141
OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	1.818%	$ 6,106,468
Contra Costa County Pension Obligations	1.818	7,913,936
Contra Costa County Community College District Certificates of Participation	1.826	18,077
Byron-Bethany Irrigation District General Fund Obligations	19.603	1,071,304
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$15,109,785
Less: Contra Costa County supported obligations		2,291,813
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$12,817,972
GROSS COMBINED TOTAL DEBT		$49,600,926(1)
NET COMBINED TOTAL DEBT		$47,309,113

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

Ratios to Assessed Valuation:
Direct Debt ($13,962,193)... 0.61%
Total Direct and Overlapping Tax and Assessment Debt........ 1.51%
Gross Combined Total Debt 2.18%
Net Combined Total Debt.. 2.08%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: $0

Source: California Municipal Securities, Inc.

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

Board of Trustees
Byron Union School District
14301 Byron Highway
Byron, California 94514

Re: $2,000,000 Byron Union School District 2011 Taxable General Obligation Bond Anticipation Notes (Qualified School Construction Bonds)

Ladies and Gentlemen:

We have acted as bond counsel for the Byron Union School District, County of Contra Costa, State of California (the "District"), in connection with the issuance of $2,000,000 aggregate principal amount of the District's 2011 Taxable General Obligation Bond Anticipation Notes (Qualified School Construction Bonds) (the "Notes"). The Notes are issued pursuant to Section 15150 of the Education Code of the State of California and that certain resolution adopted by the Board of Trustees of the District (the "Board") on April 21, 2011 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Notes, including the Resolution. Our services as bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection, we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Note or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Notes and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security or the marketability of the Notes. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes constitute valid and binding obligations of the District, payable as to both principal and interest from the proceeds of sale of general obligation bonds of the District authorized at an election held in the District on June 6, 2006 and thereafter canvassed pursuant to law, or of any renewal of notes or from any other funds of the District lawfully available for the purpose of repaying the Notes.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District.

3. In our opinion, under existing law, interest on the Notes is exempt from personal income taxes of the State of California.

We express no other opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. We have not been requested to express, and do not express, any view as to the compliance by any person with federal and state securities laws. With the exception of the opinions expressed above, we have not been requested to express and do not express, any opinion as to any matter affected by any taxing or other law of the State of California.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. Our opinions are based on existing law, which is subject to change. We do not undertake to advise you of any subsequent changes in the law or facts which may come to our attention subsequent to the date hereof which may affect the opinions expressed above. Such opinions are further based on our knowledge of facts as of the date hereof. Moreover, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

APPENDIX C

FINANCIAL STATEMENTS FOR THE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2010

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BYRON UNION SCHOOL DISTRICT

OF CONTRA COSTA COUNTY

BYRON, CALIFORNIA

JUNE 30, 2010

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Jill Sprenkel	President	December 2010
Karri Murayama	Clerk	December 2010
Elaine Landro	Member	December 2010
Bobbi Nugent	Member	December 2012
Ken Silman	Member	December 2012

ADMINISTRATION

Eric Prater	Superintendent
Gaby Hellier	Chief Business Official

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BYRON UNION SCHOOL DISTRICT

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I - Financial Section

Cichella & Tokunaga, LLP
Certified Public Accountants

4671 Golden Foothill Parkway ♦ El Dorado Hills, CA 95672 www.ctcpa.net
Voice: (877) 359-9588 ♦ Fax: (916) 941-7234

INDEPENDENT AUDITORS' REPORT

Governing Board
Byron Union School District
Byron, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Byron Union School District as of and for the year ended June 30, 2010, which collectively comprise the Byron Union School District basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Byron Union School District management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2009-2010* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all materials respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Byron Union School District, as of June 30, 2010, and the respective changes in the financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepting in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010, on our consideration of the Byron Union School District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The required supplementary information, such as management's discussion and analysis on pages 4 through 12 and budgetary comparison information on page 42, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

El Dorado Hills, California
December 3, 2010

Byron Union School District

14301 Byron Highway Byron, CA 94514
(925) 809-7500 FAX: (925) 634-9421
Eric Prater, Superintendent

This section of Byron Union School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables. The District does not have any business-type activities.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, business-type, and fiduciary.

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

The *Proprietary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fiduciary Activities* are agency funds, which only report a balance sheet and do not have a measurement focus.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of government is the Byron Union School District.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- The District's net assets decreased 11.3% during the current year.
- On the Statement of Activities for the District, total current year expenses exceeded total current year revenues by $3,455,352.
- Capital assets, net of depreciation, increased $977,911 due to acquisition of improvements.
- Total long-term liabilities decreased $90,338 primarily due to payments on long-term debt.
- The District's P-2 average daily attendance (ADA) increased 0.5%, from 1,624 ADA in 2008-09 to 1,632 in 2009-10. While this resulted in a slight increase in revenue limit funding, the State imposed a deficit of 18.355%.
- The District meets the state required reserve for economic uncertainty of 3% of total general fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2009-10, General Fund expenditures and other financing uses totaled $12,866,212. At June 30, 2010, the District had available reserves of $1,481,277 in the General Fund, which represents a reserve of 11.9%.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

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

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

FINANCIAL HIGHLIGHTS

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were $25,833,216 for the fiscal year ended June 30, 2010. Of this amount, $1,302,405 was unrestricted. Restricted net assets were reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net assets for day-to-day operations. Our analysis below, in summary form, focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2010	2009
Assets		
Deposits and investments	$ 10,265,944	$ 15,072,505
Receivables	2,270,867	1,908,958
Deferred charges	444,351	465,707
Capital assets, net	28,808,570	27,830,659
Total Assets	**41,789,732**	**45,277,829**
Liabilities		
Current liabilities	852,398	765,272
Long-term liabilities	15,104,118	15,223,989
Total Liabilities	**15,956,516**	**15,989,261**
Net Assets		
Invested in capital assets, net of related debt	13,894,229	13,009,556
Restricted	10,636,582	15,811,241
Unrestricted	1,302,405	467,771
Total Net Assets	**$ 25,833,216**	**$ 29,288,568**

The $1,302,405 for 2010 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Assets

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

Table 2

	Governmental Activities 2010	Governmental Activities 2009
Revenues		
Program revenues:		
Charges for services	$ 785,719	$ 302,968
Operating grants and contributions	2,025,329	1,842,037
Capital grants and contributions	3	667
General revenues:		
Federal and State aid not restricted	6,230,682	5,749,745
Property taxes	4,141,335	4,919,899
Interest and investment earnings	48,994	237,237
Other general revenues	111,605	699,868
Total Revenues	**13,343,667**	**13,752,421**
Expenses		
Instruction	9,321,955	9,049,510
Instruction-related services	1,123,157	1,052,195
Pupil services	1,185,633	1,158,315
Administration	1,436,876	1,095,070
Plant services	2,801,721	1,103,653
Community services	233,480	7,435
Interest on long-term obligations	674,841	582,524
Other	21,356	6,435
Total Expenses	**16,799,019**	**14,055,137**
Change in Net Assets	**$ (3,455,352)**	**$ (302,716)**

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was $16,799,019. The basic services provided by the District, such as regular and special education, administration and special education transportation are included here and are primarily financed by property taxes ($3,378,154) with the majority of the balance financed by the state formula aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of state and federal contracts, grants and local revenues.

In Table 3, we have presented all of the District's functions and each functions net cost. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Instruction	$ 9,321,955	$ 9,049,510	$ 7,965,395	$ 7,763,608
Instruction-related services	1,123,157	1,052,195	883,878	886,305
Pupil services	1,185,633	1,158,315	520,390	486,729
Administration	1,436,876	1,095,070	1,387,207	1,085,332
Plant services	2,801,721	1,103,653	2,540,693	1,099,009
Community services	233,480	7,435	(5,792)	(477)
Interest on long-term obligations	674,841	582,524	674,841	582,524
Other	21,356	6,435	21,356	6,435
Total	**$ 16,799,019**	**$ 14,055,137**	**$ 13,987,968**	**$ 11,909,465**

The District ended with a decrease in the net assets of $3,455,352.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $12,025,421 as of June 30, 2010 and $16,528,650 as of June 30, 2009. For June 2010, there was a decrease of $4,503,229 from the prior year.

Table 4

	Balances and Activity			
	July 1, 2009	Revenues	Expenditures	June 30, 2010
General	$ 2,294,965	$ 12,035,562	$ 12,450,887	$ 1,879,640
Capital Facilities	2,665,160	47,815	48,809	2,664,166
Building	10,637,266	35,150	4,155,393	6,517,023
Deferred Maintenance	158,010	564	49,333	109,241
Cafeteria	91,628	469,987	399,844	161,771
Bond Interest and Redemption	447,967	753,380	742,619	458,728
County School Facilities	-	3	3	-
Capital Projects - Special Reserve	233,654	1,206	8	234,852
Total	**$ 16,528,650**	**$ 13,343,667**	**$ 17,846,896**	**$ 12,025,421**

The primary reason for this decrease is related to ongoing construction project expenditures from the bond fund.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Amendments were made to the budget through June 2010. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 42. Budget modifications were due mostly to changes in the state budget adoption and American Recovery and Reinvestment Act funding.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June, 2010, the District had $28,808,570 in a broad range of capital assets (net of depreciation), including land, buildings, furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $977,911 from last year (Table 5).

Table 5

	Governmental Activities	
	2010	2009
Land	$ 9,637,371	$ 9,535,871
Land improvements	5,201,257	5,019,380
Buildings and improvements	20,501,752	20,333,183
Furniture and Equipment	402,246	292,723
Work-in-progress	3,575,848	2,263,478
Total Assets	39,318,474	37,444,635
Less Accumulated Depreciation	(10,509,904)	(9,613,976)
Totals	**$ 28,808,570**	**$ 27,830,659**

Long-Term Obligations

At the end of 2010 and 2009, the District had $15,319,156 and $15,409,494, respectively, in general obligation bonds outstanding excluding bond premiums. Long-term obligations consisted of:

Table 6

	Governmental Activities	
	2010	2009
General obligation bonds	$ 14,476,372	$ 14,526,182
Compensated absences	33,475	21,901
Notes payable	371,340	395,678
Bond premiums, net of amortization	437,969	465,733
Totals	**$ 15,319,156**	**$ 15,409,494**

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2009-2010 ARE NOTED BELOW:

The District began multiple construction projects in 2007-08 which continued into 2009-10 using Measure C funds. In 2009-10 the District continued started or completed multiple projects at all schools including: Discovery Bay Elementary plaza, restroom and shade structure and completion of the Discovery Bay fields; kinder play areas at Discovery Bay and Timber Point completed; technology upgrades at all sites. Construction at Excelsior Middle School of new athletic fields and multi-use/theatre/cafeteria/admin/library building started and continues into 2010-11.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In considering the District Budget for the 2010-2011 year, the governing board and management used the following criteria:

- Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. The District forecasted a decline from the 2009-10 ending enrollment, while ADA was budgeted at the 2009-10 P-2 count of 1,632.

- State Revenue Limit was budgeted with a COLA of (0.39%) and a deficit factor of 18.355%, with a resulting loss of $19.60 per ADA from the 2009-10 deficited revenue limit. Also, an additional 3.85% reduction to the revenue limit was budgeted; however, this was eliminated with the October 8, 2010 budget signing.

- Renovation and modernization plans are ongoing at the District using Bond funds from Measure C.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten through third	1:30	695
Grades four through five	1:33	393
Grades six through eight	1:30	589

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District Office, Byron Union School District, 14301 Byron Highway, Byron, California 94514.

BYRON UNION SCHOOL DISTRICT

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
ASSETS	
Deposits and investments	$ 10,265,944
Receivables	2,270,867
Deferred Charges	444,351
Capital assets not depreciated	39,318,474
Less: Accumulated depreciation	(10,509,904)
Total Assets	41,789,732
LIABILITIES	
Deficit cash balance	45,848
Accounts payable	448,944
Interest payable	125,970
Deferred revenue	16,598
Current portion of long-term obligations	215,038
Noncurrent portion of long-term obligations	15,104,118
Total Liabilities	15,956,516
NET ASSETS	
Invested in capital assets, net of related debt	13,894,229
Restricted for:	
Debt service	458,728
Capital projects	9,416,041
Educational purposes	186,545
Other purposes	575,268
Unrestricted	1,302,405
Total Net Assets	$ 25,833,216

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

BYRON UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities
Governmental Activities:					
Instruction	$ 9,321,955	$ 151,734	$ 1,204,823	$ 3	$ (7,965,395)
Instruction-related activities:					
Supervision of instruction	254,300	-	51,734	-	(202,566)
Instructional library, media, and technology	50,824	22,083	12,375	-	(16,366)
School site administration	818,033	97,235	55,852	-	(664,946)
Pupil services:					
Home-to-school transportation	334,754	30,927	63,601	-	(240,226)
Food services	403,892	216,950	233,969	-	47,027
All other pupil services	446,987	-	119,796	-	(327,191)
General administration:					
Data processing	574,614	-	574	-	(574,040)
All other general administration	862,262	9,608	39,487	-	(813,167)
Plant services	2,801,721	103,840	157,188	-	(2,540,693)
Community services	233,480	153,342	85,930	-	5,792
Interest on long-term obligations	674,841	-	-	-	(674,841)
Other outgo	21,356	-	-	-	(21,356)
Total Governmental Activities	$ 16,799,019	$ 785,719	$ 2,025,329	$ 3	$ (13,987,968)
General revenues and subventions:					
Property taxes, levied for general purposes					3,378,154
Property taxes, levied for debt services					751,913
Taxes levied for other specific purposes					11,268
Federal and State aid not restricted to specific purposes					6,230,682
Interest and investment earnings					48,994
Miscellaneous					111,605
Subtotal, General Revenues					10,532,616
Change in Net Assets					(3,455,352)
Net Assets - Beginning					29,288,568
Net Assets - Ending					$ 25,833,216

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

BYRON UNION SCHOOL DISTRICT

GOVERNMENTAL FUNDS – BALANCE SHEET
JUNE 30, 2010

	General Fund	Capital Facilities Fund	Building Fund
ASSETS			
Deposits and investments	$ 3,000	$ 2,664,166	$ 6,632,702
Receivables	2,270,867	-	-
Total Assets	2,273,867	2,664,166	6,632,702
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deficit cash balance	45,848	-	-
Accounts payable	331,781	-	115,679
Deferred revenue	16,598	-	-
Total Liabilities	394,227	-	115,679
Fund Balances:			
Reserved for:			
Legally restricted balances	186,545	-	-
Other reservations	3,000	-	-
Unreserved:			
Designated	572,268	-	-
Undesignated, reported in:			
General Fund	1,117,827	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	2,664,166	6,517,023
Total Fund Balance	1,879,640	2,664,166	6,517,023
Total Liabilities and Fund Balances	$ 2,273,867	$ 2,664,166	$ 6,632,702

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

Non-Major Governmental Funds	Total Governmental Funds
$ 966,076	$ 10,265,944
-	2,270,867
966,076	12,536,811
-	45,848
1,484	448,944
-	16,598
1,484	511,390
-	186,545
-	3,000
-	572,268
-	1,117,827
271,012	271,012
458,728	458,728
234,852	9,416,041
964,592	12,025,421
$ 966,076	$ 12,536,811

BYRON UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2010

Total Fund Balance - Governmental Funds		**$ 12,025,421**
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The amount that capital assets exceeded accumulated depreciation was:		
The cost of capital assets is	$ 39,318,474	
Accumulated deprecation is	(10,509,904)	
Net Capital Assets		28,808,570
Expenditures related to issuance of debt were recognized in the year of issuance in the governmental funds but are recorded as deferred charges on the statement of net assets and amortized over the life of the bonds on the government-wide financial statements.		444,351
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term obligations at year-end consist of:		
General obligation bonds	14,476,372	
Compensated absences	33,475	
Notes payable	371,340	
Bond premium, net of amortization	437,969	
Total Long-Term Obligations		(15,319,156)
Unmatured interest on long-term obligations: In governmental funds, interest is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owed at the end of the period was:		(125,970)
Total Net Assets - Governmental Activities		$ 25,833,216

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

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BYRON UNION SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Capital Facilities Fund	Building Fund
REVENUES			
Revenue limit sources	$ 7,933,309	$ -	$ -
Federal sources	634,957	-	-
Other State sources	1,918,382	-	-
Other local sources	1,548,914	47,815	35,150
Total Revenues	12,035,562	47,815	35,150
EXPENDITURES			
Current			
Instruction	7,930,900	-	-
Instruction-related activities:			
Supervision of instruction	254,300	-	-
Instructional library, media and technology	50,824	-	-
School site administration	793,395	-	-
Pupil services:			
Home-to-school transportation	312,356	-	-
Food services	890	-	-
All other pupil services	446,987	-	-
Administration:			
Data processing	191,954	-	-
All other general administration	819,727	-	-
Plant services	1,416,074	13,691	2,330,898
Facility acquisition and construction	-	-	1,824,495
Community services	233,480	-	-
Debt service			
Principal	-	24,338	-
Interest and other	-	10,780	-
Total Expenditures	12,450,887	48,809	4,155,393
Excess (Deficiency) of Revenues Over Expenditures	(415,325)	(994)	(4,120,243)
NET CHANGE IN FUND BALANCES	(415,325)	(994)	(4,120,243)
Fund Balance - Beginning	2,294,965	2,665,160	10,637,266
Fund Balance - Ending	$ 1,879,640	$ 2,664,166	$ 6,517,023

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

Non Major Governmental Funds	Total Governmental Funds
$ -	$ 7,933,309
222,110	857,067
27,601	1,945,983
975,429	2,607,308
1,225,140	13,343,667
-	7,930,900
-	254,300
-	50,824
-	793,395
-	312,356
382,844	383,734
-	446,987
-	191,954
17,000	836,727
-	3,760,663
49,344	1,873,839
-	233,480
135,000	159,338
607,619	618,399
1,191,807	17,846,896
33,333	(4,503,229)
33,333	(4,503,229)
931,259	16,528,650
$ 964,592	$ 12,025,421

BYRON UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

Net Change in Fund Balances - Governmental Funds		**$ (4,503,229)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net assets and depreciated over their estimated useful lives.		
This is the amount by which capital outlay exceeds depreciation in the period.		
Depreciation expense	$ (895,928)	
Capital outlay	1,873,839	
Net Expense Adjustment		977,911
In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation use was less than the amounts earned.		(11,574)
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.		(84,206)
In governmental funds, repayments of long-term obligations are reported as expenditures. In the government-wide financial statements, repayments of long-term obligations are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term obligations were:		159,338
Bond premiums are revenue in the governmental funds in the year bonds are issued, but are recorded as a long-term liability and amortized over the term of the bonds in the statement of net assets.		27,764
Payment of the cost of issuance of bonds are expenditures in the governmental funds, however, they are reported as a deferred charge and amortized over the life of the bond in the government wide financial statements.		(21,356)
Change in Net Assets of Governmental Activities		$ (3,455,352)

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

BYRON UNION SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Agency Funds
ASSETS	
Deposits and investments	$ 4,038
Total Assets	4,038
NET ASSETS	
Total Net Assets	$ 4,038

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Byron Union School District was organized in 1949 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-8 as mandated by the State and/or Federal agencies. The District operates two elementary schools and one middle school.

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

Component Units

Component units are legally separate organizations for which the District is financially responsible. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units.

Other Related Entities

Public Entity Risk Pools and Joint Powers Authorities The District is associated with three joint power agencies. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 12 to the financial statements. These organizations are: Contra Costa County Schools Insurance Group, Contra Costa and Solano Counties School Districts Self-Insurance Authority, and School Self-Insurance of Contra Costa County.

Basis of Presentation – Fund Accounting

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

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all Districts. It is used to account for the ordinary operations of a District. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (Education Code Sections 17620-17626). Expenditures are restricted to the purposes specified in the Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

Building Fund The Building Fund exists primarily to account separately for proceeds from sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued..

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities:

> **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (Education Code Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.
>
> **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State and local resources to operate the food service program (Education Code Sections 38090-38093) and is used for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (Education Code Sections 38091 and 38100).

Debt Service Funds The Debt Service Funds are established to account for the accumulation of resources for and the payment of principal and interest on long-term debt.

> **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a District (Education Code Sections 15125-15262).

Capital Project Funds The Capital Project Funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds):

> **County School Facilities Fund** The County School Facilities Fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq).
>
> **The Special Reserve Capital Outlay Fund** The Special Reserve Capital Outlay Fund is used to accumulate resources for building a new school.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. Included under the fiduciary fund category are agency funds which are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting – Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2010, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county investment pool are determined by the program sponsor.

Restricted Assets

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

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when paid. The District has no prepaid expenses as of June 30, 2010.

Capital Assets and Depreciation

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

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 14 to 40 years; improvements/infrastructure, 14 to 30 years; equipment, 5 to 10 years.

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Deferred Issuance Costs, Premiums and Discounts

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

Fund Balance Reserves and Designations

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

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

Net Assets

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are in district premiums. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interfund Activity

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

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

Estimates

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

Budgetary Data

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

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

Property Tax

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

New Accounting Pronouncements

In March 2009, GASB issued GASB Statement No. 54, *Fund Balance reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarify the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. Early implementation is encouraged.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2010, are classified in the accompanying financial statements as follows:

Governmental activities	$	10,265,944
Fiduciary funds		4,038
Total Deposits and Investments	$	10,269,982

Deposits and investments as of June 30, 2010, consist of the following:

Cash on hand and in banks	$	4,038
Cash in revolving accounts		3,000
Investments		10,262,944
Total Deposits and Investments	$	10,269,982

Deficit Cash Balance

At June 30, 2010 the General Fund had a deficit County cash balance of $45,848.

Policies and Practices

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

Investment in County Treasury – County pool investments consist of District cash held by the Contra Costa County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio).

Local Agency Investment Fund (LAIF) – The Local Agency Investment Fund (LAIF) consists of amounts held in a special fund maintained by the California State Treasury through which local governments may pool investments. Each governmental agency may invest up to $40,000,000 in each account in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF. At June 30, 2010, the total cost of the District's investment in LAIF was $5,108,200. The total fair value of the District's investment in LAIF was $5,116,597. The fair value total includes unrealized gain of $8,397. The unrealized gain was based on fair market adjustment factor of 1.00164 that was calculated by the State of California Treasurer's Office.

At June 30, 2010, the fair value of the State of California Pooled Money Investment Account (PMIA) including accrued interest was $69.6 billion. Of that amount, 5.42 percent was invested in structured notes and asset-backed securities, and the remaining 94.58 percent was invested in other non-derivative financial products. The PMIA has policies, goals and objectives for the portfolio to make certain that the goals of safety, liquidity, and yield are not jeopardized. These policies are formulated by investment staff and reviewed by both the PMIA and LAIF Advisory Board on an annual basis.

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater will be the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool. The fair value of the county cash pool was $5,165,053, and the weighted average maturity was 122 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the county pool is not required to be rated, nor has it been rated as of June 30, 2010.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. However, the District does not hold any investments in any one issuer, at year-end, that represents five percent or more of the total investments held by the District.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local government units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2010, the District's bank balance was $6,234 with a carrying amount of $7,038. It was insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. Investments in external investment pools, open-ended mutual funds, and securities under reserve repurchase agreements are excluded from this disclosure.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2010, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund
Federal Government	
Categorical aid	$ 205,935
State Government	
Apportionment	1,380,932
Other State	502,012
Local Government	
Other	181,988
Total	$ 2,270,867

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions & Adjustments	Deductions & Adjustments	Balance June 30, 2010
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 9,535,871	$ 101,500	$ -	$ 9,637,371
Construction in Progress	2,263,478	1,735,425	423,055	3,575,848
Total Capital Assets Not Being Depreciated	11,799,349	1,836,925	423,055	13,213,219
Capital Assets Being Depreciated:				
Land Improvements	5,019,380	181,877	-	5,201,257
Buildings and Improvements	20,333,183	168,569	-	20,501,752
Furniture and Equipment	292,723	109,523	-	402,246
Total Capital Assets Being Depreciated	25,645,286	459,969	-	26,105,255
Total Capital Assets	37,444,635	2,296,894	423,055	39,318,474
Less Accumulated Depreciation:				
Land Improvements	2,500,559	237,046	-	2,737,605
Buildings and Improvements	6,939,974	599,936	-	7,539,910
Furniture and Equipment	173,443	58,946	-	232,389
Total Accumulated Depreciation	9,613,976	895,928	-	10,509,904
Governmental Activities Capital Assets, Net	$ 27,830,659	$ 1,400,966	$ 423,055	$ 28,808,570

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

Governmental Activities	
Instruction	$ 662,987
School site administration	24,638
Pupil transportation	22,398
Food services	20,158
Other general administration	25,535
Plant services	140,212
Total Depreciation Expenses Governmental Activities	$ 895,928

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2010, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 331,781	$ -	$ 1,484	$ 333,265
Construction payables	-	115,679	-	115,679
Total	$ 331,781	$ 115,679	$ 1,484	$ 448,944

NOTE 6 – DEFERRED REVENUE

Deferred revenue at June 30, 2010, consists of the following:

	General Fund
Federal Categorical Aid	$ 7,532
State Categorical Aid	9,066
Total Deferred Revenue	$ 16,598

NOTE 7 – LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2009	Interest Accretion/ Additions	Deductions	Balance June 30, 2010	Due in One Year
General obligation bond	$ 14,526,182	$ 85,190	$ 135,000	$ 14,476,372	$ 160,000
Compensated absences	21,901	11,574	-	33,475	-
Notes payable	395,678	-	24,338	371,340	27,274
	14,943,761	96,764	159,338	14,881,187	187,274
Premiums, net of amortization	465,733	-	27,764	437,969	27,764
Total General Long-Term Obligations	$ 15,409,494	$ 96,764	$ 187,102	$ 15,319,156	$ 215,038

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2009	Additions	Redeemed	Bonds Outstanding June 30, 2010
2006	2032	3.25-5.00%	$ 9,800,000	$ 9,800,000	$ -	$ 135,000	$ 9,665,000
2007	2033	4.25-7.00%	$ 4,457,193	4,726,182	85,190	-	4,811,372
				$ 14,526,182	$ 85,190	$ 135,000	$ 14,476,372

The registered voters of the District, on June 6, 2006, pursuant to a special election authorized the issuance and sale of general obligation bonds not to exceed $19,700,000. The proceeds from the bonds will be used in accordance with the ballot measure approved by voters.

In September 2006, the District issued bonds in the amount of $9,800,000, with interest rate ranges from 3.25-5.00 percent. The bond proceeds were used for renovation and modernization of various school facilities throughout the District and to pay necessary costs of issuance of the bonds.

In October 2007, the District issued serial bonds in the amount of $3,105,000, with interest rate ranges from 4.25-7.00 percent. In addition the District issued $1,352,193 in capital appreciation bonds with interest rate ranges from 4.62-4.71 percent. The bond proceeds were also used for renovation and modernization of various school facilities and to pay necessary costs of issuance of the bonds.

Debt Service Requirements to Maturity

The bond matures through 2032 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2011	160,000	604,657	764,657
2012	185,000	599,457	784,457
2013	185,000	588,406	773,406
2014	230,000	578,056	808,056
2015	280,000	565,157	845,157
2016-2020	1,935,000	2,582,904	4,517,904
2021-2025	3,585,000	2,006,483	5,591,483
2026-2030	4,686,700	2,217,813	6,904,513
2031-2032	2,875,493	1,674,508	4,550,001
Total	14,122,193	$ 11,417,441	$ 25,539,634
Accretion to date	354,179		
Total	$ 14,476,372		

Notes Payable

The District borrowed $545,000 to construct a facility at the new elementary school. As of June 30, 2010, the annual requirements to repay the loan are as follows:

Fiscal Year	Loan Payment
2011	35,118
2012	35,118
2013	35,118
2014	35,118
2015	35,118
2016-2020	175,590
2021-2022	70,236
Total	421,416
Less: Amount Representing Interest	(50,076)
Present Value of Minimum Loan Payments	$ 371,340

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2010, amounted to $33,475.

NOTE 8 – FUND BALANCES

Fund balances with reservations and designations are composed of the following elements:

	General Fund	Capital Facilities Fund	Building Fund	Non-Major Governmental Funds	Total
Reserved					
Revolving cash	$ 3,000	$ -	$ -	$ -	$ 3,000
Restricted programs	186,545	-	-	-	186,545
Total Reserved	189,545	-	-	-	189,545
Unreserved					
Designated					
Economic uncertainties	363,450	-	-	-	363,450
Other designations	208,818	-	-	-	208,818
Total Designated	572,268	-	-	-	572,268
Undesignated	1,117,827	2,664,166	6,517,023	964,592	11,263,608
Total Unreserved	1,690,095	2,664,166	6,517,023	964,592	11,835,876
Total	$ 1,879,640	$ 2,664,166	$ 6,517,023	$ 964,592	$ 12,025,421

NOTE 9 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2010, the District participated in two joint powers authorities (JPAs) for the purposes of pooling for risk. There have been no significant decreases in coverage during the year.

Joint Ventures

The District participates in three joint ventures under joint powers agreements (JPAs); the Contra Costa County Schools Insurance Group (CCCSIG) for workers' compensation insurance; the Contra Costa and Solano Counties School Districts Self-Insurance Authority (CCSCSDSIA) for property and liability insurance; and Schools Self-Insurance of Contra Costa County (SSICCC) for dental and vision. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and/or provide coverage for its members. The JPAs are governed by a board consisting of a representative from each member district. Each board controls operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPAs. The JPAs are audited on an annual basis. Financial information can be obtained by contacting each JPA's management.

Coverage provided for property and liability and workers' compensation is as follows:

Insurance Program/Company Name	Type of Coverage	Limits
Contra Costa County Schools Insurance Group	Workers' Compensation	State of California Statutory Limitations
Member Retained Limit	Property	$ 25,000
Northern California ReLiEF	Real and Personal Property	250,000
SAFER		244,750,000
Member Retained Limit	Comprehensive Liability	$ 25,000
Northern California ReLiEF	General Liability	1,000,000
SAFER		5,000,000 or 60,000,000
SAFER	Excess Liability Combined Comprehensive Bodily Injury and Property Damage	$1,000,000 or 24,000,000
Northern California ReLiEF	Comprehensive Crime	$ 5,000,000
Northern California ReLiEF	Equipment	$ 100,000,000
Northern California ReLiEF	Electronic Data Processing Equipment	$ 2,314,218

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees Retirement System (CalPERS).

STRS

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statues, as legislatively amended, with the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2009-2010 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2010, 2009, and 2008, were $508,246, $516,720, and $503,599, respectively, and equal 100 percent of the required contributions for each year.

PERS

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rates are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009-2010 was 9.71 percent of annual payroll. The contribution requirements of the plan members are established by State statue. The District's contributions to CalPERS for the fiscal years ending June 30, 2010, 2009, and 2008, were $117,353, $107,177, and $106,000, respectively, and equal 100 percent of the required contributions for each year.

Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of $123,471 (2.017 percent of salaries subject to STRS). No contributions were made for PERS for the year ended June 30, 2010. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures; however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts have not been included in the budget amounts reported in the General Fund Budgetary Schedule. Additionally, these amounts have not been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2010.

NOTE 12 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District participates in three joint ventures under joint powers agreement (JPAs); the Contra Costa County Schools Insurance Group (CCCSIG) for workers' compensation insurance; the Contra Costa and Solano Counties School Districts Self-Insurance Authority (CCSCSDSIA) for property and liability insurance; and Schools Self-Insurance of Contra Costa County (SSICC) for dental and vision. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

During the year ended June 30, 2010, the District made payments of $1,140,198, $83,591, and $203,000 to the Contra Costa County Schools Insurance Group, the Contra Costa and Solano Counties School Districts Self-Insurance Authority, and Schools Self-Insurance of Contra Costa County, respectively. The payment to Contra Costa County Schools Insurance Group is comprised of $1,005,059 for health care benefits and $135,139 in dental and vision benefits.

II - Required Supplementary Information

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BYRON UNION SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual (GAAP Basis)	Variances - Positive (Negative) Final to Actual
REVENUES				
Revenue limit sources	$ 8,292,193	$ 7,933,309	$ 7,933,309	$ -
Federal sources	513,030	672,325	634,957	(37,368)
Other State sources	1,549,695	1,661,814	1,918,382	256,568
Other local sources	851,998	1,548,915	1,548,914	(1)
Total Revenues	11,206,916	11,816,363	12,035,562	219,199
EXPENDITURES				
Current				
Certificated salaries	6,169,229	6,121,497	6,121,496	1
Classified salaries	1,395,926	1,594,553	1,594,550	3
Employee benefits	2,224,956	2,242,644	2,242,638	6
Books and supplies	316,016	589,113	582,546	6,567
Services and operating expenditures	2,008,305	1,960,300	1,926,657	33,643
Other outgo	-	(17,000)	(17,000)	-
Total Expenditures	12,114,432	12,491,107	12,450,887	40,220
Excess (Deficiency) of Revenues Over Expenditures	(907,516)	(674,744)	(415,325)	259,419
NET CHANGE IN FUND BALANCES	(907,516)	(674,744)	(415,325)	259,419
Fund Balance - Beginning	2,294,965	2,294,965	2,294,965	-
Fund Balance - Ending	$ 1,387,449	$ 1,620,221	$ 1,879,640	$ 259,419

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III - Supplementary Information

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
No Child Left Behind Act (NCLB)			
Title I - Basic Grant	84.010	14329	$ 71,084
ARRA Title I, Part A, Basic Grants Low Income and Neglected	84.389	15005	12,819
Subtotal Title I Grants to Local Educational Agencies Cluster			83,903
Title III, Limited English Proficient (LEP) Student Program	84.365	10084	8,800
Title V, Part A, Innovative Education Strategies	84.299	14354	1,545
Title II - Improving Teacher Quality	84.367	14341	35,680
Title II, Part D, Enhancing Education Through Technology	84.318	14334	574
ARRA State Fiscal Stabilization Fund	84.394	25008	66,999
Passed through Contra Costa SELPA:			
Individuals with Disabilities Education Act (IDEA) Cluster			
IDEA, Basic Local Assistance Entitlement, Part B	84.027	13379	156,416
ARRA IDEA, Part B, Section 611 Local Assistance	84.391	15003	222,406
IDEA, Preschool Grants, Part B	84.173	13430	8,142
ARRA IDEA Part B, Sec 619, Preschool Grants	84.392	15000	11,648
IDEA, Preschool Local Entitlement, Part B	84.027A	13682	20,705
ARRA IDEA Part B, Sec 611, Preschool Local Entitlement	84.391	15002	18,139
Subtotal Individuals with Disabilities Education Act (IDEA) Cluster			437,456
Total U.S. Department of Education			634,957
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
National School Lunch	10.555	13524	222,110
Total U.S. Department of Agriculture			222,110
Total Expenditures of Federal Awards			$ 857,067

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
FOR THE YEAR ENDED JUNE 30, 2010

ORGANIZATION

The Byron Union School District was established in 1949 and is located in Contra Costa County. The District currently operates two elementary schools and one middle school to provide education services to pupils, kindergarten through eighth grade. There were no changes in the boundaries of the District during the current year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Jill Sprenkel	President	December 2010
Karri Murayama	Clerk	December 2010
Elaine Landro	Member	December 2010
Bobbi Nugent	Member	December 2012
Ken Silman	Member	December 2012

ADMINISTRATION

Eric Prater	Superintendent
Gaby Hellier	Chief Business Official

See accompanying note to supplementary information.

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2010

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	162	162
First through third	553	551
Fourth through sixth	566	568
Seventh and eighth	334	332
Special education	17	20
Total Elementary	1,632	1,633

See accompanying note to supplementary information.

BYRON UNION SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2010

Grade Level	1982-83 Actual Minutes	1982-83 Adjusted and Reduced	1986-87 Minutes Requirement	1986-87 Adjusted and Reduced	2009-2010 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	32,400	n/a	36,000	n/a	46,035	180	n/a	Complied
Grade 1	45,280	n/a	50,400	n/a	51,104	180	n/a	Complied
Grade 2	45,280	n/a	50,400	n/a	51,104	180	n/a	Complied
Grade 3	45,280	n/a	50,400	n/a	51,104	180	n/a	Complied
Grade 4	58,300	n/a	54,000	n/a	58,576	180	n/a	Complied
Grade 5	58,300	n/a	54,000	n/a	58,576	180	n/a	Complied
Grade 6	58,334	n/a	54,000	n/a	60,964	180	n/a	Complied
Grade 7	58,334	n/a	54,000	n/a	60,964	180	n/a	Complied
Grade 8	58,334	n/a	54,000	n/a	60,964	180	n/a	Complied

See accompanying note to supplementary information.

BYRON UNION SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	DEBT
Total General Long-Term Liabilities, June 30, 2010, Unaudited Actuals	$ 14,928,548
Increase in:	
Premium on bond issuance, net of amortization	437,969
Accumulated Vacation	2,449
Decrease in:	
General Obligation Bonds	(49,810)
Total Long-Term Liabilities, June 30, 2010, Audited Financial Statements	$ 15,319,156

	ASSET
Total Capital Assets, June 30, 2010, Unaudited Actuals	$ -
Increase in:	
Land	9,637,371
Construction in progress	3,575,848
Land improvements	5,201,257
Buildings and improvements	20,501,752
Furniture and equipment	402,246
Decrease in:	
Accumulated Depreciation - Land improvements	(2,737,605)
Accumulated Depreciation - Buildings and improvements	(7,539,910)
Accumulated Depreciation - Furniture and equipment	(232,389)
Total Capital Assets, June 30, 2010, Audited Financial Statements	$ 28,808,570

See accompanying note to supplementary information.

BYRON UNION SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

	(Budget) 2011 [1]	2010	2009	2008
GENERAL FUND				
Revenues	$ 10,758,184	$ 12,035,562	$ 12,344,785	$ 12,635,083
Other sources and transfers	-	-	105,142	-
Total Revenues and Other Sources	10,758,184	12,035,562	12,449,927	12,635,083
Expenditures	11,419,877	12,450,887	12,318,208	12,650,950
Other uses and transfers out	-	-	-	67,087
Total Expenditures and Other Uses	11,419,877	12,450,887	12,318,208	12,718,037
INCREASE (DECREASE) IN FUND BALANCE	$ (661,693)	$ (415,325)	$ 131,719	$ (82,954)
ENDING FUND BALANCE	$ 1,217,947	$ 1,879,640	$ 2,294,965	$ 2,163,246
AVAILABLE RESERVES [2]	$ 788,135	$ 1,481,277	$ 940,970	$ 973,431
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	6.90%	11.90%	7.64%	7.65%
LONG-TERM OBLIGATIONS	$ 15,184,120	$ 15,319,156	$ 15,409,494	$ 15,382,258
K-12 AVERAGE DAILY ATTENDANCE AT P-2	1,622	1,632	1,624	1,574

The General Fund balance has decreased by $283,606 over the past two years. The fiscal year 2010-2011 budget projects a budget decrease of $661,693. For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

Total long-term obligations have decreased by $63,102 over the past two years.

Average daily attendance has increased by 58 over the past two years. A decrease of 10 ADA is anticipated during fiscal year 2010-2011.

[1] Budget 2011 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.

See accompanying note to supplementary information.

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BYRON UNION SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

	Deferred Maintenance Fund	Cafeteria Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 109,241	$ 163,255	$ 458,728
Receivables	-	-	-
Total Assets	109,241	163,255	458,728
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	1,484	-
Total Liabilities	-	1,484	-
Fund Balances:			
Unreserved:			
Undesignated, reported in:			
Special revenue funds	109,241	161,771	-
Debt service funds	-	-	458,728
Capital projects funds	-	-	-
Total Fund Balance	109,241	161,771	458,728
Total Liabilities and Fund Balances	$ 109,241	$ 163,255	$ 458,728

See accompanying note to supplementary information.

County School Facilities Fund		Special Reserve Capital Outlay Fund		Total Non-Major Governmental Funds	
$	-	$	234,852	$	966,076
	-		-		-
	-		234,852		966,076
	-		-		1,484
	-		-		1,484
	-		-		271,012
	-		-		458,728
	-		234,852		234,852
	-		234,852		964,592
$	-	$	234,852	$	966,076

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

	Deferred Maintenance Fund	Cafeteria Fund	Bond Interest and Redemption Fund
REVENUES			
Federal sources	$ -	$ 222,110	$ -
Other State sources	-	19,703	7,898
Other local sources	564	228,174	745,482
Total Revenues	564	469,987	753,380
EXPENDITURES			
Current			
Pupil services:			
Food services	-	382,844	-
Administration:			
All other general administration	-	17,000	-
Facility acquisition and construction	49,333	-	-
Debt service:			
Principal	-	-	135,000
Interest	-	-	607,619
Total Expenditures	49,333	399,844	742,619
Excess (Deficiency) of Revenues Over Expenditures	(48,769)	70,143	10,761
NET CHANGE IN FUND BALANCES	(48,769)	70,143	10,761
Fund Balance - Beginning	158,010	91,628	447,967
Fund Balance - Ending	$ 109,241	$ 161,771	$ 458,728

See accompanying note to supplementary information.

County School Facilities Fund	Special Reserve Capital Outlay Fund	Total Non-Major Governmental Funds
$ -	$ -	$ 222,110
-	-	27,601
3	1,206	975,429
3	1,206	1,225,140
-	-	382,844
	-	17,000
3	8	49,344
-	-	135,000
-	-	607,619
3	8	1,191,807
-	1,198	33,333
-	1,198	33,333
-	233,654	931,259
$ -	$ 234,852	$ 964,592

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as required by *Education Code* Section 46201. Senate Bill 2 of the 2009-10 Fourth Extraordinary Session (SBX4 2) allows for an equivalent five-day reduction to the required number of instruction minutes for the fiscal years 2009-10 through 2012-12.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Non-Major Governmental Funds – Balance Sheet and Statement of Revenue, Expenditures and Change in Fund Balance

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

IV - Independent Auditors' Reports

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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*

Governing Board
Byron Union School District
Byron, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Byron Union School District, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated December 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial duties 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 the Byron Union School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Byron Union School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Byron Union School District's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Byron Union 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items(s) 2010-1 and 2010-2.

The Byron Union School District's responses to the findings are included in the **Schedule of Findings and Questioned Costs**. However, we did not audit the responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.

El Dorado Hills, California
December 3, 2010

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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

Governing Board
Byron Union School District
Byron, California

Compliance

We have audited the compliance of Byron Union 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, 2010. Byron Union 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 grants applicable to each of its major Federal programs is the responsibility of Byron Union School District's management. Our responsibility is to express an opinion on Byron Union 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 Byron Union 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 Byron Union School District's compliance with those requirements.

In our opinion, Byron Union School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Byron Union School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Byron Union School District's internal control over compliance with the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Byron Union School District's internal control over compliance.

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

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

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.

El Dorado Hills, California
December 3, 2010

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Byron Union School District
Byron, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Byron Union School District as of and for the year ended June 30, 2010, and have issued our report thereon dated December 3, 2010. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2009-2010*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with requirements of laws, regulations, contracts, and grants listed below is the responsibility of Byron Union School District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Byron Union School District's compliance with the State laws and regulations applicable to the following items:

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten compliance	3	Yes
Independent Study	23	Not Applicable
Continuation education	10	Not Applicable
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable
Instructional Materials:		
General requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes

	Procedures in Audit Guide	Procedures Performed
Early retirement incentive	4	Yes
Gann limit calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement – Receipt of Funds	1	Yes
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program		
General requirements	4	Not Applicable
After school	4	Not Applicable
Before school	5	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	1	Not Applicable
Mode of instruction	1	Not Applicable
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	3	Not Applicable

Based on our audit, we found that for the items tested, the Byron Union School District complied with the State laws and regulation referred to above. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Byron Union School District had not complied with the laws and regulations. Our audit does not provide a legal determination on Byron Union School District's compliance with the State laws and regulations referred to above.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.

El Dorado Hills, California
December 3, 2010

V - Schedule of Findings and Questioned Costs

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SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2010

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.027A, 84.173, 84.391 (ARRA), 84.392 (ARRA)	Special Education Cluster (IDEA), including ARRA

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for State programs:	Unqualified

The following findings represent reportable conditions, material weaknesses, and/or instances of noncompliance including questioned costs that are required to be reported.

Five Digit Code	Finding Type
30000	Internal Control

2010-1 Student Body Operations – (30000)

Criteria or Specific Requirements

Revenue potential analysis is to compare actual gross income and profit to anticipated gross income and profit. The comparison may indicate whether any shortages or overages exist. If any shortages exist, it can be examined in a timely manner.

Condition

During our testing of the student body internal control procedures we noted that Excelsior Middle School does not consistently utilize revenue potential forms. Forms were either not utilized or incomplete.

Questioned Cost

None

Effect

The school site will be unable to effectively identify shortages and overages in a timely manner. Time passage makes it difficult to identify the cause of a shortage or overage.

Cause

The school site is aware of the revenue potential forms however, due to possible lack of training on how to properly complete a revenue potential form; the forms are not completed or are incorrectly completed.

Recommendation

The District should train those responsible on how to properly complete a revenue potential form and how to utilize the forms to determine any shortages or overages.

Corrective Action Plan

The Associated Student Body has been trained on the use of the revenue potential form along with its importance for internal control and has started to use the form for the 2010-2011 fiscal year.

2010-2 Student Body Cash Receipts – (30000)

Criteria or Specific Requirements

Cash collected must be recorded on pre-numbered receipts to enable those responsible for accounting to compare amounts collected to amounts deposited.

Condition

Excelsior Middle School does not fully utilize a system which includes writing pre-numbered receipts for cash received.

Questioned Cost

None

Effect

The school site is unable to trace the amounts deposited to the amounts collected. Without the ability to reconcile cash receipts and deposits, any misappropriation of cash may not be detected in a timely manner.

Cause

Excelsior Middle School has used pre-numbered receipts in the past. The school site is unaware of the importance of the use of pre-numbered receipts and was not advised on the continued use of pre-numbered receipts.

Recommendation

Excelsior Middle School should be using pre-numbered receipts with two carbon copies for all transactions. Original receipts should be provided to the payees, and copies for the amounts deposited should be attached with the deposit slip cash count sheet to the District, the second copy should remain in the receipt book for easy reference.

Corrective Action Plan

The Associated Student Body has been provided with a three-part receipt book and will provide receipts for cash payments. Once copy of the receipt will be provided to the payee, one will be attached to the deposit and one will remain with the receipt book. Training is also being provided.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

None reported.

BYRON UNION SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

There were no prior year findings reported for June 30, 2009.

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Byron Union School District (the "District") in connection with the issuance of $2,000,000 aggregate principal amount of Byron Union School District 2011 Taxable General Obligation Bond Anticipation Notes (Qualified School Construction Bonds) (the "Notes"). The Notes are being issued pursuant to that certain resolution adopted by the Board of Trustees of the District on April 21, 2011 (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 in order to assist Piper Jaffray & Co. (the "Underwriter"), in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, 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 4 and 5 of this Disclosure Certificate.

"Designated Material Event" means any of the events listed in Section 6 of this Disclosure Certificate.

"Dissemination Agent" shall mean any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Agent has evidenced its acceptance in writing. Initially, and in the absence of the specific designation of a successor or alternate Dissemination Agent, the Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A.

"Holder" means any holder of the Notes or any beneficial owner of the Notes so long as they are immobilized with DTC.

"Listed Event" shall mean any of the events listed in Section 6 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access ("EMMA") website located at http://emma.msrb.org, or any other entity designated or authorized by the Securities and Exchange Commission ("S.E.C.").

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Number for the Notes have been assigned. The Final Official Statement relating to the Notes is dated July 6, 2011 ("Final Official Statement").

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 240 days after the end of the District's fiscal year (currently ending June 30), commencing with the report for the fiscal year ending June 30, 2011, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

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

(c) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB, as provided herein; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall 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 to the MSRB.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial information including the general purpose financial statements of the District for the preceding Fiscal Year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding Fiscal Year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) Outstanding indebtedness and lease obligations;

(ii) General fund budget and actual results;

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

(iv) Assessed valuations; and

(v) Largest local secured taxpayers.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been made available on the MSRB's website. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Designated Events.

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Notes not later than ten (10) Business Days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties.

(iv) Substitution of credit or liquidity providers, or that failure to perform.

(v) Issuance by the Internal Revenue Service of an adverse tax opinion, a proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender Offers;

(vii) Defeasances;

(viii) Rating Changes; or

(ix) Bankruptcy, insolvency, receivership or similar event of the District.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

The District has also covenanted to provide notice to the MSRB and the California Department of Education of the occurrence of the following event not later than ten (10) Business Days after the occurrence of such event:

(x) The expenditure of the final amounts on deposit in the Project Fund established with the proceeds of sale of the Notes.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material, not later than ten (10) Business Days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material events affecting the tax status of the Notes;

(ii) Modifications of rights to Holders;

(iii) Optional, unscheduled or contingent Note calls;

(iv) Release, substitution or sale of property securing repayment of the Notes;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional Paying Agent or the change of name of the Paying Agent.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) Business Days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Notes pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate when the District is no longer an obligated person with respect to the Notes, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Notes.

SECTION 8. Dissemination Agent. The Superintendent may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Bank of New York Mellon Trust Company, N.A. 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. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the District. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Certificate owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the District shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the District.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate under the following conditions:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Certificate, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material 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 to include it in any future disclosure or notice of occurrence of a Designated Material Event.

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.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the County Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and Holders from time to time of the Notes, and shall create no rights in any other person or entity.

SECTION 13. Assignment. The District shall not transfer its obligations under the County Resolution unless the transferee agrees to assume all obligations of the District under this Disclosure Certificate that would have been obligations of the transferee under the Rule, as amended as of the date of this Disclosure Certificate.

SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Underwriter and Holders, from time to time of the Notes, and shall create no rights in any other person or entity.

Date: July 13, 2011

BYRON UNION SCHOOL DISTRICT

By: ______________________________________
Superintendent

ACCEPTED:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Dissemination Agent

By: ______________________________________
Authorized Officer

EXHIBIT A
NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Byron Union School District
Name of Issue:	$2,000,000 Byron Union School District 2011 Taxable General Obligation Bond Anticipation Notes (Qualified School Construction Bonds)
Date of Issuance:	July 13, 2011

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Certificates as required by Section 4(a) of the Continuing Disclosure Certificate dated July 13, 2011. The Issuer anticipates that the Annual Report will be filed by ___________________.

Dated: _______________________________

[ISSUER/DISSEMINATION AGENT]

By: _________________________________

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