NEW ISSUE—FULL BOOK-ENTRY

INSURED RATINGS: Moody's: Aa3 (on review for possible downgrade)
S&P: AA- (stable outlook)
UNDERLYING RATINGS: Moody's: Aa3
S&P: A+
Fitch: A+
See "MISCELLANEOUS—Ratings"

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

$98,200,000
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(CONTRA COSTA COUNTY, CALIFORNIA)
2012 GENERAL OBLIGATION REFUNDING BONDS

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

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

The West Contra Costa Unified School District (Contra Costa County, California) 2012 General Obligation Refunding Bonds (the "Bonds") are being issued by the West Contra Costa Unified School District (the "District") to currently refund all of the District's outstanding: (i) $95,000,000 General Obligation Bonds, Election of 2000, Series C (the "Series 2000C Bonds"); (ii) $30,000,000 General Obligation Bonds, Election of 2002, Series A (the "Series 2002A Bonds"); and (iii) $100,000,000 General Obligation Bonds, Election of 2002, Series B (the "Series 2002B Bonds"); and to advance refund a portion of the District's outstanding: (iv) $69,999,376.75 General Obligation Bonds, Election of 2002, Series C (the "Series 2002C Bonds," and together with the Series 2000C Bonds, Series 2002A Bonds, and the Series 2002B Bonds, the "Refunded Bonds"); and (v) to pay costs associated with the issuance of the Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS."

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

Interest on the Bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2013, to maturity or prior redemption thereof. Principal on the Bonds is payable on August 1 in each of the years and in the amounts shown in the Maturity Schedule, on the inside front cover. See "SECURITY FOR THE BONDS—Payment of Principal and Interest."

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

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

The scheduled payment of principal of and interest on the Term Bond maturing on August 1 in the year 2032 (CUSIP 952347ZH8) (the "Insured Term Bond"), will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Term Bond by **ASSURED GUARANTY MUNICIPAL CORP.**

ASSURED GUARANTY MUNICIPAL

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

MATURITY SCHEDULE
(See Inside Front Cover)

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to approval of their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by GCR, LLP, Emeryville, California, Disclosure Counsel to the District; and for the Underwriters by Nossaman LLP, Irvine, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC on or about July 10, 2012.

PIPER JAFFRAY & CO. **DE LA ROSA & CO.**

Dated: June 19, 2012

MATURITY SCHEDULE

$98,200,000
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(CONTRA COSTA COUNTY, CALIFORNIA)
2012 GENERAL OBLIGATION REFUNDING BONDS
Base CUSIP[±:] 952347

$40,453,000 Serial Bonds

Maturity (August 1)	***Principal Amount***	***Interest Rate***	***Yield[(2)]***	***CUSIP± Suffix***
2021	$1,165,000	5.000%	2.780%	YT3
2021[(1)]	200,000	3.000	2.780	ZF2
2022	1,325,000	3.000	3.000	YU0
2023	1,360,000	5.000	3.160 [C]	YV8
2024	5,125,000	5.000	3.370 [C]	YW6
2025	10,000,000	5.000	3.480 [C]	YX4
2025[(1)]	1,000,000	5.250	3.430 [C]	ZG0
2026	9,895,000	5.000	3.570 [C]	YY2
2027	10,365,000	5.000	3.660 [C]	YZ9

Term Bonds

$32,765,000 5.000% Term Bond due August 1, 2032, Yield[(2)]: 3.960%[C], Price: 108.557%
CUSIP± Suffix ZE5

$25,000,000 5.000% Insured Term Bond due August 1, 2032, Yield[(2)]: 3.810%[C], Price: 109.863%
CUSIP± Suffix ZH8

[C] Yield to call at par on August 1, 2022.

± CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's on behalf of the American Bankers Association. The CUSIP numbers are provided solely for convenience of reference. The District takes no responsibility for the accuracy of such data.

[(1)] Bifurcated Serial Bonds.

[(2)] The Underwriters provided the yields.

No dealer, broker, salesperson or other person has been authorized by the District or the County to give any information or to make any representations other than those contained herein. If given or made, such other information or representations must not be relied upon as having been authorized by the District or the County.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act and have not been registered or qualified under the securities laws of any state. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described herein since the date hereof. This Official Statement is being submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the District. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

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

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the District has agreed to provide certain on-going financial and operating data on an annual basis, it 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 statements are based change. See "CONTINUING DISCLOSURE" and "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

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

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Insured Term Bond or the advisability of investing in the Insured Term Bond. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Charles T. Ramsey, President
Antonio Medrano, Clerk
Madeline Kronenberg, Member
Elaine R. Merriweather, Member
Tony Thurmond, Member

ADMINISTRATION

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

PROFESSIONAL SERVICES

Financial Advisor

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

Bond Counsel

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

Disclosure Counsel

GCR, LLP
Emeryville, California

Paying Agent

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

Verification Agent

Causey Demgen & Moore, Inc.
Denver, Colorado

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APPENDICES

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$98,200,000
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(CONTRA COSTA COUNTY, CALIFORNIA)
2012 GENERAL OBLIGATION REFUNDING BONDS

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page, and appendices hereto, is provided to furnish information concerning the West Contra Costa Unified School District (Contra Costa County, California) 2012 General Obligation Refunding Bonds (the "Bonds"). This Introduction is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement. A full review of the entire Official Statement should be made.

The offering of the Bonds to potential investors is made only by means of the entire Official Statement. This Official Statement is not to be construed as a contract or agreement of the District with the Underwriters or the owners of any of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so stated, are intended solely as such and are not to be construed as representations of fact.

The summaries and information concerning the Bonds, references to the Resolution (defined below) providing for the issuance of the Bonds, statutes and constitutional provisions of the State of California referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to such resolution, statutes and constitutional provisions. Furthermore, the information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable, but is not guaranteed by the District as to accuracy or completeness. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Except as required by the Continuing Disclosure Certificate of the District relating to the Bonds, the District has no obligation to update the information in this Official Statement. See "CONTINUING DISCLOSURE" and "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

THE DISTRICT

The West Contra Costa Unified School District (the "District") is located in Contra Costa County (the "County"), State of California (the "State"), approximately 15 miles northeast of the City and County of San Francisco, California. The District encompasses approximately 110 square miles and provides educational services to approximately 235,000 residents of the cities of El Cerrito, Hercules, Pinole, Richmond and San Pablo, the unincorporated communities of El Sobrante, Kensington and North Richmond, and certain other unincorporated areas within the County. The District is governed by a five-member Board of Education (the "District Board"). The management and policies of the District are administered by a Superintendent, who is appointed by the District Board and is responsible for day-to-day operations as well as the supervision of the District's personnel. Dr. Bruce Harter currently serves as the District's Superintendent. More detailed information concerning the District's governance, organization and finances is provided in "APPENDIX A—DISTRICT FINANCIAL AND OPERATING INFORMATION."

The District's average daily attendance ("ADA") for fiscal year 2010-11 was 27,589 students. The Second Interim Report of the District dated January 31, 2012 (the "Second Interim Report") projects the District's ADA for fiscal year 2011-12 will be 27,498 students. Additional information on the District's operating information is set forth in "APPENDIX A—DISTRICT FINANCIAL AND OPERATING INFORMATION" and "APPENDIX C—DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2011." Taxable property in the District had a fiscal year 2010-11 assessed valuation of approximately $21.93 billion and has a fiscal year 2011-12 assessed valuation of approximately $22.17 billion. See "TAX BASE FOR REPAYMENT OF THE BONDS."

THE BONDS

Authority for Issuance of the Bonds; Purpose

The Bonds are being issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Act"), and pursuant to a resolution adopted by the Board of Education of the District on January 18, 2012 (the "Resolution").

The Bonds are being issued by the District to currently refund all of the District's outstanding: (i) $95,000,000 General Obligation Bonds, Election of 2000, Series C (the "Series 2000C Bonds"); (ii) $30,000,000 General Obligation Bonds, Election of 2002, Series A (the "Series 2002A Bonds"); and (iii) $100,000,000 General Obligation Bonds, Election of 2002, Series B (the "Series 2002B Bonds"); and to advance refund a portion of the District's outstanding: (iv) $69,999,376.75 General Obligation Bonds, Election of 2002, Series C (the "Series 2002C Bonds," and together with the Series 2000C Bonds, Series 2002A Bonds and the Series 2002B Bonds, the "Refunded Bonds"); and (v) to pay costs associated with the issuance of the Bonds. See "PLAN OF REFUNDING."

Form and Registration

The Bonds will be issued in the principal amounts set forth on the inside cover hereof, in the denomination of $5,000 each or any integral multiple thereof and will be dated their date of delivery. The Bonds will be issued in fully registered form, without coupons. The Bonds will be initially registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid by The Bank of New York Mellon Trust Company, N.A., (the "Paying Agent") to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Bonds, as applicable, as described herein. See "APPENDIX E—BOOK-ENTRY ONLY SYSTEM."

Redemption of Bonds

Optional Redemption of Bonds. The Bonds maturing on or before August 1, 2022, are not subject to redemption prior to their maturity dates. The Bonds maturing on or after August 1, 2023, may be redeemed before maturity at the option of the District on any date after August 1, 2022, as a whole, or in part, by lot, from such maturities as are selected by the District. The Bonds will be deemed to consist of $5,000 portions, and any such portion may be separately redeemed. The Bonds redeemed prior to maturity, if any, will be redeemed at the principal amount thereof together with accrued interest to date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds maturing on August 1, 2032 (CUSIP 952347ZE5) are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Payment Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Payment Date (August 1)	Principal Amount to be Redeemed
2028	$5,855,000
2029	6,365,000
2030	6,925,000
2031	7,510,000
2032 (Maturity)	6,110,000

Mandatory Sinking Fund Redemption. The Insured Term Bonds maturing on August 1, 2032 (CUSIP 952347ZH8) are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Payment Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Payment Date (August 1)	Principal Amount to be Redeemed
2028	$5,000,000
2029	5,000,000
2030	5,000,000
2031	5,000,000
2032 (Maturity)	5,000,000

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

Notice of Redemption of Bonds

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

The Redemption Notice will be given to the Registered Owners by the Paying Agent at least 30 but not more than 45 days prior to the redemption date in the manner provided in the Resolution. Neither failure to receive nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

Effect of Notice of Redemption for Bonds

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

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

Bonds No Longer Outstanding

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

Defeasance of Bonds

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

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

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

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

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

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

PLAN OF REFUNDING

The Bonds are being issued to refund the Refunded Bonds identified in the table below and to pay costs associated with the issuance of the Bonds.

Refunded Bonds

The Refunded Bonds consist of certain maturities of the following:

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds
Election of 2000, Series C

Dated Date: April 22, 2003

Maturity Date (August 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP± (952347)
2027	$16,955,000	5.000%	August 1, 2012	100%	MA7
2032	26,160,000	5.000	August 1, 2012	100	MB5
Total	$43,115,000				

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds
Election of 2002, Series A

Dated Date: June 26, 2002

Maturity Date (August 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP± (952347)
2026	$2,890,000	5.000%	August 1, 2012	100%	LB6
2028	3,190,000	5.000	August 1, 2012	100	LC4
2031	5,435,000	5.000	August 1, 2012	100	LD2
Total	$11,515,000				

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds
Election of 2002, Series B

Dated Date: August 25, 2003

Maturity Date (August 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP± (952347)
2026	$8,780,000	5.000%	August 1, 2012	100%	NG3
2028	9,605,000	5.000	August 1, 2012	100	NH1
2032	22,075,000	5.000	August 1, 2012	100	NJ7
Total	$40,460,000				

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds
Election of 2002, Series C

Dated Date: August 1, 2004

Maturity Date (August 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP± (952347)
2014	$950,000	4.250%	August 1, 2013	101%	NT5
2015	990,000	4.000	August 1, 2013	101	NU2
2021	1,310,000	5.375	August 1, 2013	101	PA4
2022	1,380,000	5.375	August 1, 2013	101	PB2
2023	1,450,000	5.500	August 1, 2013	101	PC0
2024	1,530,000	5.500	August 1, 2013	101	PD8
2025	1,610,000	5.000	August 1, 2013	101	PE6
Total	$9,220,000				

The Resolution provides that an amount of net proceeds from the sale of the Bonds, together with certain moneys on deposit in the debt service funds established for the Refunded Bonds, if any, will be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"), for deposit into the Escrow Fund established under an Escrow Agreement dated as of July 1, 2012 (the "Escrow Agreement"), by and between the District and the Escrow Agent, which amount, together with an amount or amounts of cash held uninvested therein, shall be sufficient to refund the Refunded Bonds. Amounts deposited into the Escrow Fund are not available to pay debt service on the Bonds.

Causey Demgen & Moore, Inc. (the "Verification Agent"), an independent certified public accountant licensed to practice in the State, acting as verification agent with respect to the Escrow Fund, will certify in writing that moneys deposited and invested in the Escrow Fund, together with earnings thereon, will be sufficient to pay the redemption price of, and interest on the Refunded Bonds, as the same become due. See "MISCELLANEOUS-Verification."

± CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's on behalf of the American Bankers Association. The CUSIP numbers are provided solely for convenience of reference. The District takes no responsibility for the accuracy of such data.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	**Total**
Par Amount	$98,200,000.00
Net Original Issue Premium	10,180,868.60
Total Sources:	$108,380,868.60
Uses of Funds	
Escrow Fund	$107,465,530.16
Underwriters' Discount	441,900.00
Costs of Issuance(1)	473,438.44
Total Uses:	$108,380,868.60

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

Deposit and Investment of Bond Proceeds

Premium or proceeds of the sale of the Bonds necessary to pay all or a portion of the costs of issuing the Bonds may be deposited in a fund held by the Paying Agent and known as "West Contra Costa Unified School District 2012 General Obligation Refunding Bonds Cost of Issuance Fund" (the "Cost of Issuance Fund") to be kept separate and distinct from all other District funds and be used solely for the purpose of paying costs of issuance of the Bonds.

Any accrued interest and premium received by the District from the sale of the Bonds shall be kept separate and apart in the fund created under the Resolution and designated as the "West Contra Costa Unified School District 2012 General Obligation Refunding Bonds Debt Service Fund" (the "Debt Service Fund") for the Bonds and used only for payments of principal of and interest on the Bonds. Any premium received by the District from the sale of the Bonds not needed to pay for cost of issuance shall be deposited in either the Debt Service Fund or the Escrow Fund. Any excess proceeds of the Bonds remaining after the required deposit to the Escrow Fund and payment of the costs of issuance of the Bonds shall be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

The Bond proceeds deposited in the Escrow Fund will be invested and applied as provided in the Escrow Agreement. The proceeds of the *ad valorem* property taxes levied to repay the Bonds and monies held in the Debt Service Fund may be invested in any investment permitted by law. It is anticipated that the *ad valorem* tax proceeds and moneys in the Debt Service Fund will be invested in the County Investment Pool, although the District could provide instructions to invest in other lawful investments. See "APPENDIX G—COUNTY INVESTMENT POLICY AND EXCERPTS FROM TREASURER'S QUARTERLY INVESTMENT REPORT AS OF MARCH 31, 2012."

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the District payable solely from *ad valorem* taxes levied on taxable property within the District. The County, on behalf of the District, is empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount, in an amount sufficient to pay the principal of and interest on the Bonds due and payable in the next succeeding bond year (less amounts on deposit in the Debt Service Fund), upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates). See "TAX BASE FOR REPAYMENT OF THE BONDS" herein and "SECURITY

FOR THE BONDS—Payment of Principal and Interest on the Bonds" for a description of the manner in which such payments will be made.

Factors Affecting Property Tax Security for the Bonds

The amount of annual *ad valorem* taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds and the then outstanding prior general obligation bonds of the District (collectively, the "Prior General Obligation Bonds"). Fluctuations in the annual debt service on the Bonds and the Prior General Obligation Bonds and the assessed value of taxable property in the District may cause the annual tax rate applicable to the Bonds to fluctuate. See "SECURITY FOR THE BONDS—Combined Annual Debt Service."

Issuance by the District of additional authorized bonds payable from *ad valorem* property taxes may cause the overall property tax rate within the District to increase. Pursuant to voter authorization at an election on June 8, 2010, through a bond measure known as Measure D, the District currently has $280 million of general obligation bonds payable from *ad valorem* property taxes authorized and unissued. In addition, pursuant to voter authorization at an election on November 8, 2005, through a bond measure known as Measure J, the District currently has approximately $77.6 million of general obligation bonds payable from *ad valorem* property taxes authorized and unissued. See "APPENDIX A-DISTRICT FINANCIAL AND OPERATING INFORMATION-District Debt Structure."

Moreover, economic and other factors beyond the District's control could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. These factors include a general market decline in real property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the federal government, the State of California (the "State") and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination.

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

Payment of Principal and Interest on the Bonds

Payments of principal and interest shall be made from the funds on deposit in the Debt Service Fund. Interest on the Bonds is payable semiannually on February 1 and August 1 of each year (each, a "Bond Payment Date"), commencing on February 1, 2013, to maturity or prior redemption thereof. The interest on the Bonds shall be payable in lawful money of the United States of America. Payment of interest on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer or check mailed to such Owner on the Bond Payment Date at his address as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate principal amount of One Million Dollars ($1,000,000) or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

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

Semi-Annual Debt Service on the Bonds

The scheduled payments of principal and interest on the Bonds, assuming no optional redemption prior to maturity, are set forth on the following table:

Date	Principal	Interest	Debt Service	Annual Debt Service
2/1/2013	--	$2,725,783.33	$2,725,783.33	--
8/1/2013	--	2,441,000.00	2,441,000.00	$5,166,783.33
2/1/2014	--	2,441,000.00	2,441,000.00	--
8/1/2014	--	2,441,000.00	2,441,000.00	4,882,000.00
2/1/2015	--	2,441,000.00	2,441,000.00	--
8/1/2015	--	2,441,000.00	2,441,000.00	4,882,000.00
2/1/2016	--	2,441,000.00	2,441,000.00	--
8/1/2016	--	2,441,000.00	2,441,000.00	4,882,000.00
2/1/2017	--	2,441,000.00	2,441,000.00	--
8/1/2017	--	2,441,000.00	2,441,000.00	4,882,000.00
2/1/2018	--	2,441,000.00	2,441,000.00	--
8/1/2018	--	2,441,000.00	2,441,000.00	4,882,000.00
2/1/2019	--	2,441,000.00	2,441,000.00	--
8/1/2019	--	2,441,000.00	2,441,000.00	4,882,000.00
2/1/2020	--	2,441,000.00	2,441,000.00	--
8/1/2020	--	2,441,000.00	2,441,000.00	4,882,000.00
2/1/2021	--	2,441,000.00	2,441,000.00	--
8/1/2021	$1,365,000.00	2,441,000.00	3,806,000.00	6,247,000.00
2/1/2022	--	2,408,875.00	2,408,875.00	--
8/1/2022	1,325,000.00	2,408,875.00	3,733,875.00	6,142,750.00
2/1/2023	--	2,389,000.00	2,389,000.00	--
8/1/2023	1,360,000.00	2,389,000.00	3,749,000.00	6,138,000.00
2/1/2024	--	2,355,000.00	2,355,000.00	--
8/1/2024	5,125,000.00	2,355,000.00	7,480,000.00	9,835,000.00
2/1/2025	--	2,226,875.00	2,226,875.00	--
8/1/2025	11,000,000.00	2,226,875.00	13,226,875.00	15,453,750.00
2/1/2026	--	1,950,625.00	1,950,625.00	--
8/1/2026	9,895,000.00	1,950,625.00	11,845,625.00	13,796,250.00
2/1/2027	--	1,703,250.00	1,703,250.00	--
8/1/2027	10,365,000.00	1,703,250.00	12,068,250.00	13,771,500.00
2/1/2028	--	1,444,125.00	1,444,125.00	--
8/1/2028	10,855,000.00	1,444,125.00	12,299,125.00	13,743,250.00
2/1/2029	--	1,172,750.00	1,172,750.00	--
8/1/2029	11,365,000.00	1,172,750.00	12,537,750.00	13,710,500.00
2/1/2030	--	888,625.00	888,625.00	--
8/1/2030	11,925,000.00	888,625.00	12,813,625.00	13,702,250.00
2/1/2031	--	590,500.00	590,500.00	--
8/1/2031	12,510,000.00	590,500.00	13,100,500.00	13,691,000.00
2/1/2032	--	277,750.00	277,750.00	--
8/1/2032	11,110,000.00	277,750.00	11,387,750.00	11,665,500.00
Total	**$98,200,000.00**	**$79,037,533.33**	**$177,237,533.33**	**$177,237,533.33**

Combined Annual Debt Service

The District currently has general obligation bonds outstanding under five separate voter-approved authorizations, generally referred to herein as the 1998 Authorization, the 2000 Authorization, the 2002 Authorization, the 2005 Authorization and the 2010 Authorization. Each of the five authorizations and the bonds issued and outstanding under each separate authorization are described in detail under "APPENDIX A—DISTRICT FINANCIAL AND OPERATING INFORMATION - District Debt Structure."

Annual debt service for all Prior General Obligation Bonds of the District currently outstanding is as follows:

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Prior General Obligation Bonds
As of June 30, 2012

Year Ending (August 1)	1998 Authorization	2000[1] Authorization	2002[1] Authorization	2005[2] Authorization	2010[2] [3] Authorization	Total Annual Debt Service
2012	$2,938,732.50	$10,491,217.50	$11,641,904.58	$16,245,491.26	$10,168,817.92	$51,486,163.76
2013	2,936,845.00	12,299,918.75	13,406,349.58	16,790,491.26	10,479,600.00	55,913,204.59
2014	2,939,467.50	12,538,350.00	15,299,785.00	17,933,691.26	4,773,400.00	53,484,693.76
2015	2,940,867.50	13,874,150.00	15,987,635.00	19,155,291.26	4,773,400.00	56,731,343.76
2016	2,939,942.50	14,537,550.00	17,743,935.00	20,496,266.26	4,773,400.00	60,491,093.76
2017	2,941,287.50	15,092,212.50	18,994,650.00	21,925,953.76	4,773,400.00	63,727,503.76
2018	2,945,323.75	6,146,462.50	20,004,187.50	23,477,853.76	4,773,400.00	57,347,227.51
2019	2,941,912.50	6,112,212.50	20,306,450.00	25,146,953.76	4,773,400.00	59,280,928.76
2020	2,950,107.50	6,076,962.50	21,034,650.00	26,954,013.76	5,018,400.00	62,034,133.76
2021	2,949,052.50	6,040,462.50	22,115,650.00	28,904,213.76	5,006,150.00	65,015,528.76
2022	2,953,852.50	6,017,462.50	23,241,100.00	30,940,463.76	5,108,900.00	68,261,778.76
2023	2,949,832.50	5,992,937.50	23,937,262.50	31,606,389.76	5,100,900.00	69,587,322.26
2024	1,533,275.00	5,714,750.00	25,037,575.00	32,214,506.50	5,097,400.00	69,597,506.50
2025	743,575.00	5,790,000.00	26,036,000.00	33,637,257.50	5,203,150.00	71,409,982.50
2026	--	5,681,000.00	27,397,500.00	35,080,457.50	5,207,112.50	73,366,070.00
2027	--	5,673,750.00	28,665,250.00	36,585,820.00	5,319,375.00	76,244,195.00
2028	--	5,661,750.00	30,009,750.00	38,160,582.50	5,320,062.50	79,152,145.00
2029	--	5,649,750.00	31,420,000.00	39,809,232.50	5,328,312.50	82,207,295.00
2030	--	5,642,250.00	32,910,250.00	41,529,907.50	26,444,200.00	106,526,607.50
2031	--	5,638,500.00	34,478,500.00	43,328,670.00	6,794,450.00	90,240,120.00
2032	--	5,622,750.00	35,529,000.00	45,206,995.00	6,929,925.00	93,288,670.00
2033	--	--	35,570,500.00	47,173,495.00	7,068,337.50	89,812,332.50
2034	--	--	37,403,500.00	48,608,980.00	7,208,637.50	93,221,117.50
2035	--	--	--	28,575,875.00	7,354,775.00	35,930,650.00
2036	--	--	--	29,860,000.00	7,500,437.50	37,360,437.50
2037	--	--	--	--	7,648,362.50	7,648,362.50
2038	--	--	--	--	7,804,012.50	7,804,012.50
2039	--	--	--	--	7,960,825.00	7,960,825.00
2040	--	--	--	--	8,117,500.00	8,117,500.00
2041	--	--	--	--	8,277,737.50	8,277,737.50
Total	**$37,604,073.75**	**$166,294,398,75**	**$568,171,384.16**	**$779,348,852.62**	**$210,107,780.42**	**$1,761,526,489.70**

(1) Bonds issued under the 2000 Authorization and the 2002 Authorization will be refunded by the net proceeds of the Bonds. The Combined Annual Debt Service table has been adjusted to reflect the issuance of the Bonds. See "APPENDIX A—DISTRICT FINANCIAL INFORMATION – District Debt Structure."

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

(3) The District has committed to make mandatory sinking fund payments to the Series A-1 Bonds Sinking Fund held by the County and pledged for the payment of principal of the Series A-1 Bonds when due. The annual debt service set forth above has not been adjusted for these mandatory sinking fund payments.

Set forth below under the caption "BOND INSURANCE" is the information provided by Assured Guaranty Municipal Corp. for inclusion in this Official Statement. The District has not independently verified the information and does not guarantee its accuracy.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Term Bond maturing on August 1 in the year 2032 (CUSIP 952347ZH8) (the “Insured Term Bond”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Term Bond when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement.

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

ASSURED GUARANTY MUNICIPAL CORP.

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

AGM’s financial strength is rated “AA-” (stable outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “Aa3” (on review for possible downgrade) by Moody’s Investors Service, Inc. (“Moody’s”). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On March 20, 2012, Moody’s issued a press release stating that it had placed AGM’s “Aa3” insurance financial strength rating on review for possible downgrade. AGM can give no assurance as to any further ratings action that Moody’s may take. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody’s comments.

On November 30, 2011, S&P published a Research Update in which it downgraded AGM’s financial strength rating from “AA+” to “AA-“. At the same time, S&P removed the financial strength rating from CreditWatch negative and changed the outlook to stable. AGM can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P’s comments.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended March 31, 2012 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012.

Capitalization of AGM

At March 31, 2012, AGM's consolidated policyholders' surplus and contingency reserves were approximately $3,123,869,658 and its total net unearned premium reserve was approximately $2,275,867,231, in each case, in accordance with statutory accounting principles.

AGM's statutory financial statements for the fiscal year ended March 31, 2012, and for the quarterly period ended March 31, 2012, which have been filed with the New York State Department of Financial Services and posted on AGL's website at http://www.assuredguaranty.com, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended March 31, 2012 (filed by AGL with the SEC on February 29, 2012); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 (filed by AGL with the SEC on May 10, 2012).

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

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

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Insured Term Bond or any uninsured bonds offered under this Official Statement and may hold such Insured Term Bond or uninsured bonds for investment or may sell or otherwise dispose of such Insured Term Bond or uninsured bonds at any time or from time to time.

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

TAX BASE FOR REPAYMENT OF THE BONDS

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

Ad Valorem Property Taxation

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

Method of Property Taxation. Beginning in fiscal year 1978-79, Article XIIIA and its implementing legislation permitted each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness) and prescribed how levies on county-wide property values were to be shared with local taxing entities within each county. All property is assessed using full cash value as defined by Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Article XIIIA of the State Constitution." State law, however, provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, up to 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" sources from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. State law exempts $7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is made up by the State.

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

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

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

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

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

Proposition 8 requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Property owners may apply for a Proposition 8 reduction of their property tax assessment with the County board of equalization or assessment appeals board. In most cases, an appeal is based on the property owners believe that market conditions cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor. See "—Historic Assessed Valuations - Table 1- Assessed Valuation Fiscal Years 2002-03 through 2011-12" reflecting the County Assessor's reduction of the assessed value of certain parcels, commencing in fiscal year 2008-09.

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

Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is made and thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of change of ownership or new construction date.

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

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

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

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

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

Historic Assessed Valuations

The information provided in Tables 1 through 5 below has been provided by California Municipal Statistics, Inc. The District has not independently verified this information and does not guarantee its accuracy.

The following table shows the history of assessed valuation within the District commencing in fiscal year 2002-03. The secured, utility and unsecured property within the District have assessed values of $20,967,316,009, $10,792,683 and $1,192,454,380, respectively, reflecting an estimated increase of approximately 1.10% on the District's tax base for fiscal year 2011-12. The average annual growth rate within the District from fiscal year 2002-03 to fiscal year 2011-12 is 4.12%.

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TABLE 1
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
ASSESSED VALUATION FISCAL YEARS 2002-03 THROUGH 2011-12[(1)]

Fiscal Year	Local Secured	Utility[(2)]	Unsecured	Total[(3)]	Annual % Change[(4)]
2002-03	$15,264,716,553	$47,769,561	$845,837,829	$16,158,323,943	--
2003-04	16,523,400,415	47,437,220	832,007,819	17,402,845,454	7.70%
2004-05	18,694,802,748	34,877,710	942,323,175	19,672,003,633	13.04
2005-06	20,898,373,912	35,233,047	937,524,349	21,871,131,308	11.18
2006-07	23,394,796,810	32,996,057	996,599,562	24,424,392,429	11.67
2007-08	25,972,526,364	12,872,037	986,267,215	26,971,665,616	10.43
2008-09	25,968,908,280	12,850,519	1,080,701,277	27,062,460,076	0.30
2009-10	22,527,198,702	12,079,880	1,206,474,766	23,745,753,348	(12.30)
2010-11	20,862,423,058	12,710,612	1,052,023,491	21,927,157,161	(7.70)
2011-12	20,967,316,009	10,792,683	1,192,454,380	22,170,563,072	1.10

(1) Does not include unitary property valuation.
(2) Includes property owned by each utility within the District. Periodically, certain parcels may be reclassified from utility to local secured or unsecured causing revenue associated with such parcels to be reallocated. The most recent reclassification, effective fiscal year 2011-12 reallocated approximately $2,000,000 dollars from utility assessments to unsecured assessments.
(3) Totals before the redevelopment increment deduction.
(4) Commencing in 2008-09, the Assessor reduced the assessed value of a number of parcels throughout the County. Taxpayers are also entitled to seek a reduction in assessed valuations by way of the appeals process.
Source: California Municipal Statistics, Inc.

Pursuant to Proposition 8, commencing in tax year 2008-09, the County Assessor temporarily reduced base values of properties within the County. The most significant base value reductions, by percentage of value, occurred in 2008-09 through 2010-11. In 2011-12, the County has approximately 368,400 parcels, of which 171,300 or 46% had temporarily reduced base values.

Under Proposition 8, any reduction in the assessed value granted as a result of either (i) a Proposition 8 appeal, or (ii) a discretionary reassessment by the County Assessor, applies only to the year for which the application or reassessment is made. The reductions are subject to annual review and the assessed values are adjusted back to the original values when market conditions improve. Once adjusted back, the values become subject to the annual inflationary factor growth rate allowed by law. See also "TAX BASE FOR REPAYMENT OF THE BONDS-*Ad Valorem* Property Taxation—*Appeals of Assessed value; Proposition 8 Reductions.*"

Tax Levies, Collections and Delinquencies

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

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1st of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (a) filing a civil action against the taxpayer; (b) filing a bond in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (c) filing a bond of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the taxpayer; and (d) seizing and selling personal property, improvements or possessory interests belonging or assessed to the taxpayer.

Teeter Plan and Tax Losses Reserve Fund. The County has adopted the Teeter Plan, as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code and has created a tax losses reserve fund. Under the Teeter Plan, each participating local agency, including school districts, levying property taxes in the County receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The County applies the Teeter Plan to taxes levied for the repayment of school district general obligation bonds.

The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1) the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the County if delinquencies within that agency's area exceed 3% in any tax year. Although delinquencies in the District exceeded 3% in fiscal years 2006-07 through 2009-10, the County did not order discontinuance of the Teeter Plan and the Teeter Plan is in effect as of the date of this Official Statement.

The recent history of tax collections and delinquencies within the District is only available with respect to bond debt service tax levies, and is as shown below.

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

Fiscal Year	Secured Tax Charge	Amount Delinquent as of June 30	Percent Delinquent June 30
2006-07	$26,418,406.60	$1,210,210.04	4.58%
2007-08	31,299,773.17	1,550,643.72	4.95
2008-09	26,534,360.10	1,663,455.48	6.27
2009-10	40,349,223.42	1,282,023.52	3.18
2010-11	38,278,694.81	845,259.12	2.21

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

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Tax Rates

The State Constitution permits the levy of an *ad valorem* tax not to exceed 1% of the full cash value of taxable property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* taxes in excess of the 1% levy is permitted as necessary to provide for the debt service payments on school bonds and other voter-approved indebtedness. The tax rate necessary to pay debt service on the Bonds and the Prior General Obligation Bonds in any given year depends on the assessed value of property in that year. For taxing purposes, the State Board of Equalization divided the area served by the District into tax rate areas ("TRA"). The largest TRA in the District is TRA 8-001. Table 3A summarizes components of the property tax rate in TRA 8-001 from fiscal year 2007-08 to fiscal year 2011-12.

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

	2007-08	2008-09	2009-10	2010-11	2011-12
General - Countywide	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
City of Richmond	.1400	.1400	.1400	.1400	.1400
Bay Area Rapid Transit District	.0076	.0090	.0057	.0031	.0041
East Bay Regional Park	.0080	.0100	.0108	.0084	.0071
West Contra Costa Unified School District	.1035	.1230	.1828	.1869	. 2322
Contra Costa Community College District	.0108	.0066	.0126	.0133	.0144
Total	**1.2699%**	**1.2886%**	**1.3519%**	**1.3517%**	**1.3978%**

(1) The 2011-12 assessed valuation of TRA 8-001 is $5,080,923,687.
Source: California Municipal Statistics, Inc.

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Assessed Valuation By Land Use

The following table reflects the 2011-12 assessed valuation and parcels by land use within the District.

TABLE 3B
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
2011-12 ASSESSED VALUATION AND PARCELS BY LAND USE

	Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$1,192,078,120	5.69%	1,419	1.84%
Vacant Commercial	44,462,308	0.21	301	0.39
Professional/Office	281,266,771	1.34	360	0.47
Industrial	3,455,165,092	16.48	701	0.91
Vacant Industrial	177,754,801	0.85	369	0.48
Recreational	25,959,303	0.12	30	0.04
Government/Social/Institutional	90,827,437	0.43	985	1.28
Vacant Other	14,046,590	0.07	1,098	1.43
Miscellaneous	45,949,024	0.22	415	0.54
Subtotal Non-Residential	$5,327,509,446	25.41%	5,678	7.38%
Residential:				
Single Family Residence	$12,046,329,831	57.45%	55,997	72.76%
Condominium/Townhouse	1,698,256,221	8.10	8,625	11.21
2-4 Residential Units	936,089,809	4.46	3,654	4.75
5+ Residential Units/Apartments	829,114,524	3.95	801	1.04
Mobile Homes	1,891,526	0.01	201	0.26
Miscellaneous Residential Improvements	7,734,499	0.04	88	0.11
Vacant Residential	120,390,153	0.57	1,919	2.49
Subtotal Residential	$15,639,806,563	74.59%	71,285	92.62%
Total	**$20,967,316,009**	**100.00%**	**76,963**	**100.00%**

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

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Assessed Valuation of Single-Family Homes

The following table provides the 2011-12 assessed valuation of single family residential parcels within the District.

TABLE 3C
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
PER PARCEL FISCAL YEAR 2011-12 ASSESSED VALUATION OF SINGLE FAMILY HOMES

	No. of Parcels	2011-12 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	55,997	$12,046,329,831	$215,125	$176,500

2011-12 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - 99,999	14,458	25.819%	25.819%	$879,869,176	7.304%	7.304%
100,000 - 199,999	16,627	29.693	55.512	2,429,131,009	20.165	27.469
200,000 - 299,999	11,327	20.228	75.740	2,796,051,588	23.211	50.680
300,000 - 399,999	6,968	12.444	88.183	2,405,918,684	19.972	70.652
400,000 - 499,999	3,589	6.409	94.593	1,575,561,549	13.079	83.731
500,000 - 599,999	1,538	2.747	97.339	833,889,741	6.922	90.654
600,000 - 699,999	773	1.380	98.720	495,228,804	4.111	94.765
700,000 - 799,999	331	0.591	99.311	245,505,038	2.038	96.803
800,000 - 899,999	172	0.307	99.618	145,324,862	1.206	98.009
900,000 - 999,999	80	0.143	99.761	75,495,474	0.627	98.636
1,000,000 - 1,099,999	56	0.100	99.861	58,019,420	0.482	99.117
1,100,000 - 1,199,999	30	0.054	99.914	34,179,158	0.284	99.401
1,200,000 - 1,299,999	17	0.030	99.945	21,222,210	0.176	99.577
1,300,000 - 1,399,999	8	0.014	99.959	10,734,702	0.089	99.666
1,400,000 - 1,499,999	5	0.009	99.968	7,278,527	0.060	99.727
1,500,000 - 1,599,999	5	0.009	99.977	7,773,439	0.065	99.791
1,600,000 - 1,699,999	4	0.007	99.984	6,516,500	0.054	99.845
1,700,000 - 1,799,999	2	0.004	99.987	3,572,368	0.030	99.875
1,800,000 - 1,899,999	1	0.002	99.989	1,800,000	0.015	99.890
1,900,000 - 1,999,999	2	0.004	99.993	3,835,292	0.032	99.922
2,000,000 and greater	4	0.007	100.000	9,422,290	0.078	100.000
Total	**55,997**	**100.000%**		**$12,046,329,831**	**100.000%**	

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

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Largest Taxpayers in the District

The 20 largest taxpayers in the District, as shown on the 2011-12 secured tax roll, and the amounts of their assessed valuation for all taxing jurisdictions within the District, are shown below. When more taxable property is owned by a single taxpayer, tax collections are more dependent on the ability or willingness of such taxpayer to pay property taxes. As reflected below, in 2011-12 only one taxpayer owned more than 1% of the total taxable property within the District. Assessed valuation for the 20 largest taxpayers amounts to $3,788,888,287, or approximately 18% of the District's total 2011-12 secured tax roll.

TABLE 4
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
LARGEST 2011-12 LOCAL SECURED TAXPAYERS

Property Owner	Primary Land Use	2011-12 Assessed Valuation	% of Total[(1)]
Chevron USA, Inc.	Industrial	$2,746,309,920	13.10%
Bio-Rad Laboratories Inc.	Industrial	130,981,809	0.62
Richmond Parkway Associates	Apartments	101,776,035	0.49
MCD-RCCA-El Cerrito LLC	Shopping Center	85,265,342	0.41
Lennar Emerald LLC	Residential Development	74,534,000	0.36
Richmond Associates LLC	Shopping Center	64,653,573	0.31
Berlex Laboratories Inc.	Industrial	60,228,256	0.29
Kaiser Foundation Health Plan	Medical Building	59,462,762	0.28
Richmond Essex LP	Apartments	47,693,832	0.23
Cherokee Simeon Venture I LLC	Office Building	46,605,291	0.22
Pacific Atlantic Terminals LLC	Industrial	42,982,587	0.20
DDRM Hilltop Plaza LP	Shopping Center	42,015,000	0.20
Dicon Fiberoptics Inc.	Industrial	40,407,901	0.19
Ford Point LLC	Industrial	37,317,142	0.18
IIT Pinole Business Park I LP	Industrial	37,250,000	0.18
Signature at Abella LLC	Shopping Center	35,405,873	0.17
Stephens & Stephens LLC	Industrial	34,800,000	0.17
BP West Coast Products	Industrial	34,559,799	0.16
California Fats & Oils Inc.	Industrial	33,550,550	0.16
Richmond Investors 2010 LLC	Apartments	33,088,615	0.16
TOTAL		**$3,788,888,287**	**18.07%**

(1) Total Local Secured Assessed Valuation for 2011-12: $20,967,316,009.
Source: California Municipal Statistics, Inc.

In January 2012, Lawrence Livermore National Laboratory ("Lawrence Livermore") selected the City of Richmond as the site to build its new research facility. The new campus is expected to open in 2016 and is expected to generate additional tax revenues in the District. However, Lawrence Livermore is not expected to generate property tax revenues as it is a government facility. The District cannot predict the outcome of the site or whether Lawrence Livermore will be built.

Chevron Property Tax Appeals and Litigation. Chevron USA, Inc. ("Chevron"), the largest taxpayer in the District, currently represents 13.10% of the total local secured assessed valuation in the District. Chevron appealed its property assessed valuations for tax years 2004, 2005 and 2006 (the "2004-06 Appeal") to the County Assessment Appeals Board (the "Appeals Board") seeking to reduce the assessed valuation of its refinery, comprised of 45 parcels located primarily within the City of Richmond. On November 19, 2009, the Appeals Board adopted findings and issued a decision (the "Appeals Board Decision") granting Chevron retroactive reductions in its assessed valuations in the amounts of approximately $346 million for tax year 2004-05, $452 million for tax year 2005-06, and $465 million for tax year 2006-07. In compliance with the Appeals Board Decision, the County issued refunds to Chevron and then issued directives to several cities and districts within the County seeking reimbursement of the alleged overpayments.

On May 17, 2010, Chevron Corporation and Chevron USA, Inc. (collectively, "Chevron") filed a lawsuit (the "Chevron Lawsuit") seeking further reductions in the assessed values established under the Appeals Board Decision. In the Chevron Lawsuit, Chevron alleges, among other things, that the taxable values determined by the Appeals Board Decision are excessive and improper and otherwise unsupported by the administrative record. On October 12, 2010, the County filed an opposition to the Chevron Lawsuit and a cross-complaint against the Appeals Board claiming that the assessed values reflected in the Appeals Board Decision are too low. In late 2010 the court granted the City of Richmond leave to intervene and the City of Richmond filed a complaint in intervention to support the County's opposition to the Chevron Lawsuit. On September 9, 2011, the court took the following actions: (i) granted Chevron's motion for judgment on the pleadings with respect to the County's cross-complaint; (ii) dismissed the County's cross-complaint without leave to amend; and (iii) granted leave to the City of Richmond to amend its complaint in intervention. Thereafter, the City of Richmond filed its amended complaint in intervention asserting that if there is any error in the Appeals Board Decision it would be that the Appeals Board undervalued the Chevron property. In February 2012, the County filed a motion for judgment on the pleadings, asserting among other things that Chevron had failed to exhaust its administrative remedies prior to filing the Chevron Lawsuit. The County's motion was granted without leave to amend as to Chevron Corporation and with leave to amend as to Chevron USA, Inc. On May 31, 2012 Chevron USA, Inc. filed its first amended complaint.

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

TABLE 5
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
CHEVRON USA, INC. - HISTORY OF SECURED ASSESSED VALUATION

Year	Assessed Valuations(1)
2004-05	$2,469,045,601(2)
2005-06	2,678,641,859(2)
2006-07	2,680,893,790(2)
2007-08	3,433,927,316
2008-09	3,472,863,434
2010-11	3,086,587,302
2010-11	2,028,768,690
2011-12	2,746,309,920

(1) Secured Assessed Value of the Chevron property as reflected on the County Assessor's Equalized Tax Roll. Values have not been adjusted to reflect successful property tax appeals.
(2) The County Appeals Board ruled that Chevron's Richmond refinery was over assessed in the amount of approximately $346 million, approximately $452 million and approximately $465 million for the tax years of 2004-05, 2005-06 and 2006-07, respectively.
Source: California Municipal Statistics, Inc.

In addition to the Chevron Lawsuit, 28 local cities and special districts filed a petition for writ of mandate, declaratory relief, and injunctive relief (collectively, the "Joint Petition") in Contra Costa County Superior Court. The Joint Petition challenges the County's directive that each entity refund its portion of the 2004, 2005 and 2006 taxes allegedly overpaid by Chevron. Discovery is ongoing in connection with the Joint Petition and a hearing is anticipated in the fall of 2012.

Chevron has also appealed its property assessed valuations for tax years 2007, 2008 and 2009 (the "2007-09 Appeal") to the Appeals Board. Hearings on the 2007-09 Appeal commenced in October 2011 and concluded in January 2012. The Appeals Board issued its decision on this matter on April 2, 2012. Under that decision, Chevron lost its appeal and is required to pay approximately $27 million in additional taxes for the 2007-2009 tax years. Chevron has not yet indicated whether it will appeal this decision.

Chevron has also appealed its property assessed valuations for the 2010 and 2011 tax years (the "2010-11 Appeal") to the Appeals Board. A preliminary hearing on that appeal was held on April 16, 2012. The next scheduled hearing on that appeal is scheduled for January 21, 2013.

The District cannot predict the final outcome of the Chevron Lawsuit, the Joint Petition, the 2007-09 Appeal, the 2010-11 Appeal or the effect of any orders or decisions on the annual tax rate on taxable property within the District.

The assessed value reductions granted to Chevron in the Appeals Board Decision may result in an increase in the annual tax rate on taxable property within the District. Because the District is subject to a Revenue Limit (defined herein below) that is comprised of the local property tax collected and State funding, reductions in local tax collections can be offset by State funding as described more fully in "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION – Allocation of State Funding to Districts."

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIIIA of the State Constitution

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

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

Legislation Implementing Article XIIIA

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

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

Article XIIIB of the State Constitution

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

Article XIIIC and Article XIIID of the State Constitution

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

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

Proposition 26

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

Proposition 62

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

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

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

Proposition 98

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

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (a) approximately 40.9% of State General Fund revenues ("Test 1"), (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost of living (measured as in Article XIIIB by reference to State per capita personal income) and enrollment ("Test 2"), or (c) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one half of one percent is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be paid in future years when per capita State General Fund revenue growth exceeds per capita personal income growth.

Proposition 98 permits the Legislature by two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 schools' minimum funding formula for a one-year period, and any corresponding reduction in funding for that year will not be paid in subsequent years. However, in determining the funding level for the succeeding year, the formula base for the prior year will be reinstated as if such suspension had not taken place. In certain fiscal years, the State Legislature and the Governor have utilized this provision to avoid having the full Proposition 98 funding paid to support K-14 schools.

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

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

Proposition 39

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

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

Proposition 1A

On November 2, 2004, California voters approved Proposition 1A, which amended the State Constitution to reduce significantly the State's authority over major local government revenue sources. Under Proposition 1A, the State may not (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change in how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature, or (iv) decrease Vehicle License Fees revenues without providing local governments with equal replacement funding. Beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

Proposition 22

Under Proposition 1A, the State no longer has the authority to permanently shift city, county, and special district property tax revenues to schools, or take certain other actions that affect local governments. In addition, Proposition 1A restricts the State's ability to borrow State gasoline sales tax revenues. (See "—Proposition 1A" above). These provisions in the Constitution, however, do not eliminate the State's authority to temporarily borrow or redirect some city, county, and special district funds or the State's authority to redirect local redevelopment agency revenues. However, Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, reduces or eliminates the State's authority: (1) to use State fuel tax revenues to pay debt service on State transportation bonds; (2) to borrow or change the distribution of State fuel tax revenues; (3) to direct redevelopment agency property taxes to any other local government; (4) to temporarily shift property taxes from cities, counties, and special districts to schools; (5) and to use vehicle license fee revenues to reimburse local governments for State mandated costs. As a result, Proposition 22 impacts resources in the State's General Fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to the LAO's analysis of Proposition 22 submitted by the LAO on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 will be approximately $1 billion in fiscal year 2010–11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total General Fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's General Fund costs by approximately $1 billion annually for several decades. See however, "STATE OF CALIFORNIA FISCAL ISSUES — 2011-12 State Budget — *Litigation Regarding Recent State Budgetary Provisions" below*.

Future Initiatives

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

GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

State Funding of Education

General. The State Constitution requires that from all State revenues there shall first be set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. Proposition 98 guarantees K-14 schools a minimum share of the State's General Fund revenues. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Proposition 98." School districts within the state receive a significant portion of their funding from State appropriations. State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. As a result, decreases in State revenues can affect appropriations made by the Legislature to school districts. In periods when State funding for public education is reduced or the State experiences budget problems, the District's financial position may be affected, even in the absence of significant education policy changes. The District cannot predict how State income or State education funding will vary over the entire term to maturity of the Bonds. See "STATE OF CALIFORNIA FISCAL ISSUES".

For additional information concerning revenues received by the District from the State and other sources. See "Allocation of State Funding to Districts," below, and "APPENDIX A—DISTRICT FINANCIAL AND OPERATING INFORMATION-District Revenues."

Allocation of State Funding to Districts

Under Education Code Section 42238 *et seq.* each school district is determined to have an annual target funding level according to a base revenue limit ("Revenue Limit") per unit of average daily attendance ("ADA"), based upon the actual attendance of students without provision for excused absences. ADA is determined by school districts, and verified by the County Office of Education, twice a year in December ("First Period ADA") and April ("Second Period ADA").

The calculation of the amount of State funding a school district is entitled to receive each year is a multiple step process. First, the prior year statewide Revenue Limit per ADA is recalculated with adjustments for equalization and other factors. Second, the adjusted prior year statewide Revenue Limit per ADA is inflated according to formulas, including the statewide average revenue limit per ADA for each type of ADA (elementary, high school or adult), which yields the school district's current year Revenue Limit per ADA. Third, the current year Revenue Limit per ADA is applied to each school district's ADA for either the current or prior year, as the district elects. Fourth, Revenue Limit adjustments known as "add-ons" are used to adjust for small school district size and for meals for needy pupils, among others. Finally, through a process known as "back-fill" local *ad valorem* property tax and other local revenues (consisting of the District's share of the local 1% property tax received pursuant to Sections 75 *et seq.* and Sections 95 *et seq.* of the California Revenue and Taxation Code and other revenues itemized under Education Code Section 42238(h)) are deducted from the total Revenue Limit calculated for each district to arrive at the amount of funding the State must provide each school district for the current year as "equalization aid".

The statewide Revenue Limit is calculated three times per year based on school district projections, reviewed by the County Office of Education and the State Department of Education, submitted on or about (i) December 10, based on First Period ADA; and (ii) April 15 and June 30, both based on Second Period ADA. School district funding from the State is calculated in February and June. Then, in October of the next fiscal year, a recalculation or correction is made. Revenue Limit amounts are distributed to school districts on or about the time of the calculations, unless the State applies deferrals.

Enrollment can fluctuate due to factors such as school district population, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment lower a school district's Revenue Limit (and may result in loss of operating revenues), without necessarily permitting the district to make adjustments in fixed operating costs. If a school district's local property tax revenues exceed its Revenue Limit, it is not entitled to State equalization aid and receives only its special categorical aid and the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such school districts are known as "basic aid districts." School districts that receive equalization aid, such as the District, may be referred to as "revenue limit districts".

The District is a revenue limit district. See "APPENDIX A—DISTRICT FINANCIAL AND OPERATING INFORMATION—District Revenues" for historical and projected ADA and the Revenue Limit per ADA of the District.

School District Budgets

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

School districts must adopt a budget no later than June 30 of each year. The District must submit its budget to the State Superintendent within five days of adoption or by July 1, whichever occurs first. The District follows a single budget adoption cycle, which means its budget is only readopted if it is disapproved or as otherwise needed. The District is under the jurisdiction of the Contra Costa County Superintendent of Schools. The District's proposed 2012-13 Budget is expected to be adopted by the District on June 27, 2012.

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

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

At minimum, school districts file with their County Superintendent and the State Department of Education a First Interim Financial Report by December 15 covering financial operations from July 1 through October 31 and a Second Interim Financial Report by March 15 covering financial operations from November

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

Information concerning the District's operations and financials is provided as supplementary information only, and it should not be inferred from its inclusion in this Official Statement that debt service on the Bonds is payable from or in any way secured by the District's general fund. Furthermore, the general fund and operating data provided is excerpted from the District's adopted audited financials and the District's 2012-13 Budget, complete copies of which are available on the District's website at www.wccusd.net, under the link "Budget Information." See "APPENDIX A—DISTRICT FINANCIAL AND OPERATING INFORMATION - Comparative Financial Statements" for the General Fund balances reflected in the District's audited financials, 2011-12 estimated actuals and 2012-13 Budget.

County Investment Pool

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

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

See "APPENDIX G—COUNTY INVESTMENT POLICY AND EXCERPTS FROM TREASURER'S QUARTERLY INVESTMENT REPORT AS OF MARCH 31, 2012" for a discussion of the County Pool, valuation procedures, and investment policies.

Accounting Practices

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

The DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2011, appearing in APPENDIX C of this Official Statement, have been audited by Crowe Horwath LLP, independent accountants (the "Auditors"), as set forth in their report thereon. The District considers its audited financial statements to be public information and, accordingly, no consent has been sought or obtained from the Auditors in connection with the inclusion of such financial statements in this Official Statement. Furthermore, the Auditors have made no representation concerning any changes, material or otherwise, in the financial condition of the District since the date of the audit.

STATE OF CALIFORNIA FISCAL ISSUES

The following information concerning the State's budget has been extracted and summarized from publicly available information which the District believes to be reliable, including information provided by the State's Department of Finance, by the Governor's Office and by the Legislative Analyst's Office (the "LAO"); however, none of the District, its counsel (including Disclosure Counsel), the Financial Advisor or the Underwriters guarantee the accuracy or completeness of this information and none of such entities has independently verified such information. Additional information regarding the State budgets and fiscal issues is available at various State-maintained websites, including www.dof.ca.gov. The websites addresses, if any, are provided for convenience only and none of the information contained therein is incorporated by reference nor have the District, its counsel (including Disclosure Counsel), the Financial Advisor or the Underwriters independently verified any of the information or content of such websites.

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

General Overview

State Budget Process. The State's fiscal year currently begins on July 1 and ends on June 30. The State Constitution requires the Governor to propose a budget to the State Legislature no later than January 10 of each year. Under State law, the proposed budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. A final budget must be adopted by a simple majority vote of each house of the State Legislature no later than June 15. Upon the Governor's signature the adopted final budget becomes law (the "State Budget"). State law requires that the State Budget be signed into law by no later than June 30, but with the exception of the State Budget for fiscal year 2011-12, the State Budget has not been timely enacted for many years.

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

Financial Stress on State Budget. The State has experienced significant ongoing financial and budgetary stress for several years. Beginning with the 2008-09 fiscal year, the State has, with varying degrees of success, implemented substantial spending reductions, program eliminations, revenue increases, and other efforts to close an estimated $60 billion budget gap. See "—2011-12 State Budget," below. The Governor released the Proposed Budget for fiscal year 2012-13 on January 5, 2012, in advance of the January 10 deadline. See "—2012-13 Proposed Budget," below.

Enacted Budget Trailer Bills. On March 24, 2011, before the fiscal year 2011-12 State Budget was adopted, the Governor signed into law several budget trailer bills. The bills were intended to more closely align the State's revenues with expenditures by deferring payment of amounts owed to public schools until later in the fiscal year. One bill signed into law, Senate Bill No. 70 (Chapter 7, Statutes of 2011), contains several provisions relating to school funding, as follows:

- Provides a revenue limit deficit factor of 19.892% for fiscal years 2011-12 and 2012-13 to reflect a $106.6 million deficit for county offices of education ("COEs"). Provides a revenue limit deficit factor of 19.608% for fiscal year 2011-12 to reflect a deficit of $7.7 billion for school districts.

- Defers an additional $2.1 billion in K-12 funds from fiscal year 2011-12 to fiscal year 2012-13. Specifically, Senate Bill No. 70 shifts $1.3 billion in March 2012 payments and $763 million in April 2012 payments to August 2012.

- Extends various K-14 fiscal relief options known as flexibility options to school districts for an additional two fiscal years. For school districts, this includes the extension of categorical flexibility from 2012-12 through 2014-15 by reducing restrictions on funding associated with certain categorical programs, existing K-3 Class Size Reduction Program from 2011-12 through 2013-14, and two additional years for existing statutory provisions that reduce instructional materials purchase and adoption requirements, routine and deferred maintenance requirements, surplus property, class size reduction, instructional minutes and local budget reserve requirements.

- Extends until fiscal year 2014-15, authorization for new schools, the majority of which are charter schools, to access flexible categorical program funding on par with existing schools.

- Establishes a zero percent cost-of-living adjustment ("COLA") for K-12 programs in fiscal year 2010-11. Though the actual COLA of 1.67% is not provided, it is applied to the deficit factors established in the bill.

- Provides $2.3 million in federal funds ($1.5 million in Title VI and $781,000 in Title II) for fiscal year 2010-11 for the California Longitudinal Pupil Achievement Data System ("CALPADS").

- Applies an 8.9% reduction to categorical programs for basic aid districts in fiscal year 2010-11 and fiscal year 2011-12 commensurate to the revenue limit reduction rate for other school districts in fiscal year 2010-11 and fiscal year 2011-12. Specifies the intent to restore these reductions at the same time, and in direct proportion to restoration of revenue limit reductions.

- Authorizes a statutory appropriation for the K-3 Class Size Reduction program for fiscal year 2011-12. The statute authorizes the Superintendent of Public Instruction to certify the funding needed for the program in fiscal year 2011-12 to ensure full funding for the program.

- Reduces ongoing Proposition 98 funding for special education by about $13.1 million in fiscal year 2011-12 and backfills with one-time Proposition 98 savings from various programs to cover fiscal year 2010-11 program adjustments.

- Requires the state to adjust the Proposition 98 calculation so that any shift in local property taxes previously received by RDAs has no effect on the Proposition 98 minimum guarantee in fiscal year 2011-12.

2011-12 State Budget

On June 30, 2011, the State budget for fiscal year 2011-12 (the "2011-12 Budget") was signed into law by the Governor. The 2011-12 Budget sought to close a $26.6 billion budget gap by reducing expenditures by $15 billion, targeting revenue increases of nearly $1 billion and additional solutions of $2.9 billion. The 2011-12 Budget assumed revenues of $94.8 billion, expenditures of $91.5 billion and a budget deficit of $2 billion for fiscal year 2010-11. The 2011-12 Budget projected total revenues of $88.5 billion and authorized total expenditures of $85.9 billion for fiscal year 2011-12, thereby projecting that the State would end fiscal year 2011-12 with a $543 million surplus.

Unable to obtain legislative consent, the administration indicated that it would seek voter approval of a ballot measure to extend certain sales and other taxes in the November 2012 election, to protect public safety realignment and supplement the State's revenues. The 2011-12 Budget also included a series of "trigger" reductions to be implemented in the event the State's revenues were less than forecasted. The first series of reductions, totaling approximately $600 million ("Tier 1"), would be implemented if, by January 2012, State revenues fell short of projections by more than $1 billion. If by January 2012 revenues fell short by more than $2 billion, a second series of reductions in education spending, totaling approximately $1.9 billion ("Tier 2"), would be implemented, including $1.8 billion related to K-12 revenue limit funding and the home-to-school transportation program.

As part of the second series of "trigger" reductions, the 2011-12 Budget authorized a reduction of $1.5 billion to school district revenue limit funding, and a corresponding seven day reduction to the State-mandated school year. Upon implementation of this reduction, school districts were permitted to collectively bargain for a shorter school year or accommodate the revenue limit reduction through other means. The 2011-12 Budget also made other significant, one-time modifications to State budgeting requirements under AB 1200. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—School District Budgets."

The 2011-12 Budget decreased total Proposition 98 funding to $48.7 billion. This decrease is reflective of all budgetary actions taken with respect to the State's share of Proposition 98 funding, including increases in baseline revenues, redirection of certain sales tax revenues related to the realignment of public safety programs, and the rebenching of the Proposition 98 minimum funding guarantee (discussed below).

The 2011-12 Budget rebenched the Proposition 98 minimum funding guarantee to account for the following: (i) an increase of $221.8 million, as part of the realignment of public programs from the State to local governments, to fund the delivery of certain mental health services by school districts, (ii) an increase of $578.1 million to backfill general fund revenues lost from the suspension of sales and excise taxes on motor vehicle fuels, and (iii) a decrease of $1.1 billion to reflect the exclusion of most child care programs from Proposition 98. The minimum funding guarantee is also rebenched to account for a $1.7 billion decrease in State general fund revenues as a result of Assembly Bill 27 of the 2010-11 First Extraordinary Session ("ABx1 27"), a companion bill to the 2011-12 Budget. ABx1 27 authorizes redevelopment agencies ("RDAs") to continue operations if their establishing cities or counties agree to make a specified payment, of approximately $1.7 billion statewide, to school districts and county offices of education. Pursuant to Assembly Bill 26 of the 2010-11 First Extraordinary Session ("ABx1 26"), another companion bill to the 2011-12 Budget, RDAs whose establishing cities or counties elect not to make such payments will be required to shut down, and any net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. Certain litigation discussed below challenged the constitutionality of ABx1 26 and ABx1 27 and the latter bill was declared unconstitutional by the Supreme Court of California. See "*—Litigation Regarding Recent State Budgetary Provisions*" below.

The 2011-12 Budget also implemented several significant measures with respect to K-12 education funding, including apportionment deferrals, decreases to pre-school, child care and development funding and the elimination of the Office of the Secretary of Education.

The complete 2011-12 Budget is available from Department of Finance at www.dof.ca.gov/budget/. An impartial analysis and additional information regarding the 2011-12 Budget may be obtained from the LAO at www.lao.ca.gov. None of the information on those websites is incorporated by reference herein.

Prohibition on Diverting Local Revenues for State Purposes. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting a part of the property tax revenues otherwise belonging to cities, counties and special districts, and RDAs, to school and college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies strongly objected to the co-option of their revenues by the State and sponsored a statewide ballot initiative intended to eliminate that practice. In response, the Legislature proposed an amendment to the State Constitution, known as Proposition 1A, which the State's voters approved at the November 2004 election. Proposition 1A was generally superseded by the passage of a constitutional amendment known as "Proposition 22" at the November 2010 election. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPIATIONS—Proposition 22" herein.

Litigation Regarding Recent State Budgetary Provisions. On July 18, 2011, the California Redevelopment Association ("CRA"), the League of California Cities and the Cities of Union City and San Jose filed a petition for writ of mandate (the "CRA Petition") with the California Supreme Court alleging that ABx1 26 and ABx1 27 violate the State Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPIATIONS—Proposition 22" herein. Among other things, the CRA Petition alleged that said bills sought to illegally divert tax increment from RDAs. In the matter entitled *California Redevelopment Association et al. v. Matosantos et al.*, the California Supreme Court, on December 29, 2011, upheld the legality of ABx1 26, stating that the State Legislature has broad powers to establish or dissolve local agencies. However, the Court invalidated ABx1 27 on the grounds that payments required to be made by RDAs to remain in existence could not be characterized as voluntary, and thus violate Proposition 22. The 2012-13 Proposed Budget projects that the elimination of redevelopment agencies pursuant to ABx1 26 will provide additional property tax revenues in the amount of $1.05 billion for K-14 education funding, thereby offsetting a portion of the State's Proposition 98 funding obligations. See "—2012-13 Proposed Budget," below.

On September 28, 2011, the California School Boards Association ("CSBA") and several other local entities filed a petition for a writ of mandate with the Superior Court of the State of California in the City and County of San Francisco (the "CSBA Petition"). The petitioners allege that the 2011-12 Budget improperly diverts sales tax revenues away from the State's general fund thereby improperly reducing the Proposition 98 guaranteed funding by approximately $2.1 billion. The CSBA Petition seeks an order compelling the State Director of Finance and other State officials to recalculate the Proposition 98 minimum funding guarantee in accordance with the State Constitution.

The District is not able to predict, and makes no guarantees with respect to, the outcome of these litigations or how the decisions on the petitions would affect education funding in this or any future years.

Fiscal Outlook Report. On November 16, 2011, the LAO released a report entitled "The 2012-13 Budget: California's Fiscal Outlook" (the "Fiscal Outlook Report"), which included the LAO's projections of the State's General Fund revenues and expenditures for fiscal years 2011-12 through 2016-17 absent any actions to close the projected State budgetary deficit. Relying on the LAO's independent assessment of the State's economy, demographics, revenues, and expenditures, the LAO forecasted total State revenues of $84.8 billon, approximately $3.7 billion less than the $88.5 billion figure included in the 2011-12 Budget. The LAO also forecasted total expenditures of $85.3 billion, slightly below the $85.9 billion included in the 2011-12 Budget. Absent corrective action, the LAO projected that the State faced a projected year-end deficit of approximately $3 billion, as compared to the $543 million year-end surplus assumed by the 2011-12 Budget. The LAO assumed the implementation of $2 billion in midyear "trigger" reductions contemplated by the 2011-12 Budget, the expiration of several temporary budget measures, significant increases in Proposition 98 school costs and other factors.

Additional information regarding the Fiscal Outlook Report may be obtained from the LAO at www.lao.ca.gov. Such information is not incorporated herein by any reference.

Trigger Reductions – Fiscal Year 2011-12. In December 2011, following a determination by the Department of Finance that the State would fall $2.2 billion short of the revenue forecast contained in the 2011-12 Budget, the Governor announced the implementation of $980 million in mid-year trigger cuts, consisting of Tier 1 and certain Tier 2 trigger cuts authorized by the 2011-12 State Budget and totaling $1 billion, including approximately $79.6 million in cuts to school districts. Cuts to funding for State-subsidized child care and K-12 school bus services, as well as cuts to universities, community colleges, developmental services and other services became effective on January 1, 2012. Cuts to K-12 general revenue limit funding for school districts became effective on February 1, 2012.

2012-13 State Budget

On June 15, 2012, the State Legislature passed the main budget bill for 2012-13 (the "2012-13 Budget") and sent it to the Governor for signature. The 2012-13 Budget seeks to close the State's $15.7 billion budget gap with a combination of ongoing cuts, temporary taxes and other short and long term solutions. Under State law, the Governor has until Wednesday, June 27 to take action. While the budget bill passed by the Legislature is sufficient to enact the budget, several trailer bills concerning spending on CalWORKs, CalGrants, Childcare and Healthy Families were pending and scheduled to be voted upon on June 25th and 26th. Initial reports indicate that no significant changes were made with respect to education funding as contemplated in the May Revision (defined below), however, at this time, the District is not able to predict whether the Governor will sign the 2012-13 Budget or whether any trailer bills will contain revisions to the education funding under the May Revision.

Information concerning relevant actions and reports related to the 2012-13 Budget is summarized below. Additional information is available through several State of California sources, including the State Treasurer's website, the California Department of Finance website, the State Legislative Analyst's Office website and other sources. *Certain references to the internet-based addresses of several of those sources are included in this Official Statement for reference and convenience only. The information contained in such websites may not be current and is not incorporated herein by reference.*

Proposed Budget. On January 5, 2012, the Governor released the proposed State budget for fiscal year 2012-13 (the "Proposed Budget"). On January 11, 2012, the LAO released its report on the Proposed Budget indicating that in 2011 the State Legislature and the Governor took significant steps to begin to restore the State's budget to balance but the Proposed Budget shows that the State Legislature still faces a very difficult task. The Proposed Budget envisioned multiyear tax increases, through an initiative proposed for the November 2012 ballot, and significant reductions in social services and subsidized child care programs. If the plan is rejected the Governor proposes much larger cuts, aimed largely at schools. The LAO concludes that, if the State Legislature chooses either of the Governor's two proposed paths, the State budget would move much closer to balance over the next several years.

The Proposed Budget recognizes that education funding has been disproportionally impacted over the last few years and provides Proposition 98 funding of $52.5 billion for 2012-13, an increase of $4.9 billion compared to the State's 2011-12 Budget. However, the LAO indicates that the cornerstone of the Proposed Budget is the assumption that voters will approve temporary 1-2% income tax increases on the State's wealthiest taxpayers and a temporary 0.5% increase in the State's sales tax. The LAO indicates that the initiative would increase state revenues by $6.9 billion by the end of 2012-13, and generate billions of dollars per year, until it expires at the end of 2016, that would be used to pay for the State's Proposition 98 school funding obligations, as increased by the initiative, and to help balance the budget by paying for other State programs.

Proposed Rebenching of Proposition 98 Guarantee. The Proposed Budget includes a series of adjustments or "rebenchings" of the Proposition 98 guarantee. The most significant adjustment relates to the elimination of the sales tax on gasoline. These adjustments provide $373.2 million of State General Fund savings. The Budget also includes a Proposition 98 General Fund reduction of $171.2 million to special education and community college apportionments in the current year to offset increased property taxes resulting from the elimination of redevelopment agencies ("RDAs").

May Revision to the Proposed Budget. On May 14, 2012, the Governor released his May revision to the Proposed Budget for fiscal year 2012-13 (the "May Revision"). The following information is drawn from the Department of Finance's summary of the May Revision.

Since the release of the Proposed Budget, the May Revision estimates that the budget deficit grew from $9.2 billion to $15.7 billion. Absent remedial actions, the State is now projected to end the 2011-12 fiscal year with a $7.6 billion deficit. For fiscal year 2012-13, the May Revision projects that expenditures will exceed revenues by $8.1 billion. The May Revision attributes the increase in the budget deficit to (i) lower than expected tax collections during the first part of 2012, (ii) increases in Proposition 98 spending requirements resulting from year-to-year increases in available revenues and reduced property tax estimates, and (iii) federal and legal challenges to proposed spending reductions to the Medi-Cal and In-Home Supportive Services programs.

To address this budget gap, the May Revision proposes $4.1 billion of additional spending reductions beyond those included in the Proposed Budget, for a total of $8.3 billion. Total proposed measures also include $5.9 billion in revenue increases and $2.5 billion in other measures, for a total projected budget solution of $16.7 billion. Assuming the implementation of all measures, the May Revision projects, for fiscal year 2011-12, year-end revenues of $86.8 billion and expenditures of $86.5 billion. The State is projected to end the 2011-12 fiscal year with a deficit of $3.3 billion. For fiscal year 2012-13, the May Revision projects total revenues of $95.7 billion and expenditures of $91.3 billion, and projects that the State will end the fiscal year with a surplus of $1 billion.

The May Revision incorporates the terms of the March Revenue Initiative of the Governor's tax initiative for November 2012. Personal income taxes on the State's wealthiest taxpayers would be increased for a period of seven years, and the sales and use tax would be increased by 0.25% for a period of four years. The initiative is expected to generate approximately $8.5 billion of gross tax revenues through 2012-13, and reflects an increase of $1.6 billion from that assumed by the Proposed Budget. After factoring for an attendant increase in the Proposition 98 minimum funding guarantee of $2.9 billion, the net benefit to the State general fund is expected to be $5.6 billion.

Assuming the passage of the Governor's tax proposals, the Proposition 98 minimum funding guarantee for fiscal year 2011-12 would be $47 billion, including $32.5 billion from the general fund. For fiscal year 2012-13, the Proposed Budget would set total Proposition 98 funding at $53.7 billion, including $37.7 billion from the general fund. In setting these funding levels, the May Revision makes a series of adjustments and additions to the Proposed Budget, as follows:

- *Redevelopment Revenues.* The May Revision now assumes a $1.2 billion increase in local property taxes to offset State general fund expenditures on education reflecting the distribution of cash assets previously held by redevelopment agencies.

- *Rebenching of Minimum Funding Guarantee*. The May Revision now proposes to decrease the Proposition 98 minimum funding guarantee by $559 million, primarily by reversing the existing policy that holds the minimum funding guarantee harmless from the elimination of the sales tax on gasoline. The May Revision also redesignates a $785.3 million over appropriation of the minimum funding guarantee for fiscal year 2011-12 towards the payment of settle-up debt owed to schools and to prepay a legal settlement in connection with litigation under the Quality Education Investment Act.

- *Apportionment Deferral Reduction.* The May Revision provides $393 million in additional funding during fiscal year 2012-13 to restore State apportionment funding currently subject to deferrals, reducing mid-year budgetary deferrals from $9.5 billion to $6.9 billion. The May Revision indicates this funding is contingent on the passage of the Governor's tax initiative.

- *Local Property Tax Adjustments.* The May Revision now assumes an increase of $459 million in fiscal year 2011-12 and $398 million in fiscal year 2012-13 to school district and county office of education revenue limits resulting from lower offsetting property tax revenues.

- *Charter Schools.* The May Revision includes an increase of $3.4 million in Proposition 98 general fund support for charter school categorical programs due to charter school growth.

- *Revenue Limit Funding.* The May Revision includes an increase of $122 million in fiscal year 2011-12 and $169 million in fiscal year 2012-13 to school district and county office of education revenue limits as a result of projected increases in ADA.

- *Transitional Kindergarten Program.* The May Revision now projects a general fund savings of $91.5 million from the elimination of the Transitional Kindergarten Program, reflecting a decrease of $132.2 million from the savings projected by the Proposed Budget. The May Revision attributes the change to anticipated declining enrollment costs as well as an expected increase in two-year kindergarten costs. The May Revision redirects the anticipated savings from the elimination of this program towards restoring reductions to the reimbursement rate for part-day preschool programs including the Proposed Budget and to expand low-income family access to part-day preschools.

- *Child Care.* The May Revision maintains the Proposed Budget's reductions to subsidized child care programs, but reduces the number of child care slots that will be eliminated. The

May Revision also makes certain adjustments to address concerns that non-cash aided families engaged in education or training would be disproportionately affected.

- *K-14 Mandates.* The May Revision retains the proposal to eliminate certain K-14 education mandates, as well as the proposal to fund the remaining education mandates through a block grant. The May Revision makes certain changes to the block grant program to distribute funding to school districts, county offices of education, charter schools and community college districts equally based on ADA or full-time equivalent students, as applicable. Of the $200 million proposed block grant, $166.6 million would be available for school districts, and $33.4 million would be available for community college districts. The May Revision would also eliminate the existing claiming process as an option to seek reimbursement for mandates, and would permanently repeal the six most-costly mandates. The remaining mandates slated for elimination would be suspended in fiscal year 2012-13 until subsequent legislation is introduced to permanently repeal those activities.

- *Weighted Per-Pupil Funding.* The May Revision retains the proposal to implement a weighted student funding formula to replace the existing school finance system, but makes certain modifications based on concerns raised by the education community including an increase in the base grant portion of the formula to a rate approximately equal to the current average revenue limits for unified school districts.

Trigger Cuts in the Proposed State Budget. The May Revision includes a set of trigger reductions totaling $6.1 billion that would take effect in the event the Governor's November 2012 tax initiative is rejected by voters. The proposed triggers include (i) a total reduction of $5.5 billion to Proposition 98 funding, including $2.7 billion in programmatic funding; (ii) a $250 million reduction to each of the University of California and California State University systems; and (iii) a $50 million reduction to developmental services. In the event the trigger reduction to Proposition 98 funding is implemented, school districts would be provided flexibility to reduce the school year by a combined total of 15 days in fiscal years 2012-13 and 2013-14. Others triggers include reductions in funding for the Department of Parks and Recreation, the Department of Forestry and Fire Protection, fish and game wardens, local water safety patrols, law enforcement grants, and flood control programs.

Additional information regarding the May Revision is available from the Department of Finance's website: www.dof.ca.gov. However, such information is not incorporated herein by any reference.

LAO 2012-13 Budget Update. On May 16, 2012, the LAO released a report entitled "The 2012-13 Budget: Overview of the May Revision." The LAO notes that the Proposed Budget projected $9.2 billion shortfall in the State's general fund budget was revised upward to $15.7 billion in the May Revise. The increase due mainly to lower revenue projections, which have the counterintuitive effect of increasing the state's Proposition 98 minimum guarantee for schools and community colleges in 2012–13. The LAO states that the May Revision economic and revenue forecasts are reasonable and that the LAO's 2011–12 and 2012–13 revenue estimates are just a few hundred million dollars below the administration's forecasts.

The LAO estimates that the State has an ongoing annual operating deficit of around $10 billion that should be addressed through ongoing budgetary actions, principally multiyear or permanent reductions in program spending; revenue increases; and reductions in tax expenditures, such as tax deductions, credits, and exemptions. However, it indicates that adopting various one-time actions to address the administration's estimated $7.6 billion of accumulated deficit is appropriate.

The LAO report, however, expresses concern that the administration overstates the amount of property tax revenues from RDAs that will be distributed to schools in 2011–12 and 2012–13. The LAO indicates that its concerns are partly based on the likelihood that lawsuits will delay distribution of these funds. The LAO also indicates that the May Revision estimated reduction in the Proposition 98 obligations, in the amounts of

$1.4 billion in 2012–13 and $600 million in 2013–14 is subject to considerable uncertainty. The LAO notes that it is likely that schools will receive significantly lower distribution of the RDAs revenues in 2012–13, which could increase the State's Proposition 98 obligations by $900 million.

On May 31, 2012, the LAO released an analysis on the Governor's treatment of the Proposition 98 maintenance factor, indicating that the two main assumptions regarding the creation and payment of a "maintenance factor" produce unreasonable outcomes for schools in the near term and long term. The LAO indicated that the Governor's approach would ratchet down the Proposition 98 base in some years (including 2011-12), ratchet up the base in other years (including 2012-13), and, in some cases (including 2012-13 and 2014-15), lead to schools receiving almost exclusive benefit from any growth in state revenues. The LAO recommended that the Legislature reject the Governor's approach.

Additional information regarding the Proposed Budget is available from the LAO's website: www.lao.ca.gov. However, such information is not incorporated herein by any reference.

Long-Term Forecasts. On November 16, 2011, the LAO released a report entitled "The 2012-13 Budget: California's Fiscal Outlook" (the "Fiscal Outlook Report"), which includes updated expenditure and revenue projections for fiscal year 2011-12 and the next several fiscal years. The Fiscal Outlook Report provides the LAO's projections of the State's General Fund revenues and expenditures for fiscal years 2011-12 through 2016-17 under current law, absent any actions to close the projected State budgetary deficit, as further discussed below. The LAO's projections primarily reflect current-law spending requirements and tax provisions, while relying on the LAO's independent assessment of the outlook for the State's economy, demographics, revenues, and expenditures.

The Fiscal Outlook Report forecasts that State General Fund operating shortfalls will be between $8 billion and $9 billion per year in 2013-14 and 2014-15 and then decline gradually to about $5 billion in 2016-17. The May Revision states that absent corrective action, the State's structural gap between revenues and expenditures will remain at approximately $8 billion through at least 2014-15. The LAO overview of the May Revision states that the ongoing structural gap is closer to $10 billion annually.

Future Budgets and Actions

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

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

Litigation Challenging Method of School Financing

In *Robles-Wong, et al. v. State of California* (Alameda County Superior Court, Case No. RG-10-515768), plaintiffs challenge the state's "education finance system" as unconstitutional. Plaintiffs, consisting of 62 minor school children, various school districts, the California Association of School Administrators and the California School Boards Association, allege the state has not adequately fulfilled its constitutional obligation to support its public schools, and seek an order enjoining the state from continuing to operate and rely on the current financing system and to develop a new education system that meets constitutional standards as declared by the court. In a related matter, *Campaign for Quality Education et al. ("CQE") v. State of California* (Alameda County Superior Court, Case No. RG-10-524770), plaintiffs also challenge the constitutionality of the State's education finance system. The court issued a ruling that there was no constitutional right to a particular level of school funding. The court allowed plaintiffs to amend their complaint with respect to alleged violation of plaintiffs' right to equal protection. Plaintiffs have appealed the court's ruling rather than amending their complaint.

The District cannot predict the outcome of this litigation or its possible impact on the District's financial condition.

TAX MATTERS

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

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

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

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

Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. Recently, proposed legislative changes have been introduced in Congress, which, if enacted, could result in additional federal income or state tax being imposed on owners of tax-exempt state or local obligations, such as the Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes (or other changes) will not be introduced or enacted or interpretations will not occur. Before purchasing any of the Bonds, all potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the Bonds.

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

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

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX B.

FINANCIAL STATEMENTS

The audited financial statements of the District for the fiscal year ended June 30, 2011, including the reporting of other post-employment benefit costs and obligations of the District as required under Governmental Accounting Standards Board #45, the independent auditor's report and the statement of activities and of cash flows are included as APPENDIX C attached hereto. The financial statements referred to in the preceding sentence have been audited by Crowe Horwath LLP (the "Auditor"), independent certified accountants. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX C to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the holders and Beneficial Owners (as defined in the Continuing Disclosure Certificate) of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine (9) months following the end of each fiscal year (currently ending June 30) commencing with the report for the 2011-12 fiscal year (which is due no later than March 31, 2013) and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the District in searchable PDF or other acceptable electronic form with the Electronic Municipal Market Access system ("EMMA") of the Municipal Securities Rulemaking Board. The notices of certain enumerated events, if any, will also be filed by the District with EMMA. The specific nature of the information to be contained in the Annual Report or a notice of material event is set forth in "APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). During the last five years, the District has complied in all material respects with its previous undertakings to file annual reports or notices of material events as required under the Rule.

MISCELLANEOUS

Legal Opinion

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

No Litigation

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

Ratings

Moody's Investors Services ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") have assigned ratings of "Aa3" (on review for possible downgrade) and "AA-" (stable outlook), respectively, to the Insured Term Bond, with the understanding that, upon delivery of the Insured Term Bond, a policy insuring the payment when due of principal of and interest with respect to the Insured Term Bond will be issued by AGM. For more information regarding the ratings of AGM, see "BOND INSURANCE" herein. In addition, the Bonds have received the underlying and uninsured ratings of "Aa3" from Moody's, "A+" from S&P and "A+" from Fitch Ratings ("Fitch"). Any rating issued reflects only the views of such rating agency, and any explanation of the significance of such rating should be obtained from such rating agency, at the following address: Moody's at 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007; or its website at: www.moodys.com; S&P at 55 Water Street, New York, New York 10041; or its website at: www.standardandpoors.com; and Fitch at One State Street Plaza, 31st Floor, New York, New York 10004; or its website at: www.fitchratings.com. The information contained or referenced in such websites or otherwise provided by any rating agency is not incorporated herein by reference.

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

Underwriting

The Bonds are being purchased, for offering to the public, by Underwriters pursuant to a Bond Purchase Contract (the "Purchase Contract") by and between the District and Piper Jaffray & Co. (the "Representative"), on its own behalf and as representative of E. J. De La Rosa & Co., Inc. (together with the Representative, the "Underwriters"). The Underwriters have agreed to purchase the Bonds at the net price of $107,820,036.30 (which is equal to the principal amount of the Bonds of $98,200,000.00, plus net original issue premium of $10,180,868.60, less an Underwriters' discount of $441,900.00, and less the bond insurance premium of $118,932.30 being wired by the Underwriters directly to AGM at the request of the District). Pursuant to the Purchase Contract, the Underwriters will purchase all of the Bonds, if any are purchased, subject to certain terms and conditions to be satisfied by the District. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriters.

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

Piper Jaffray & Co. ("Piper Jaffray") and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation ("Pershing"), have entered into an agreement that enables Pershing to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray, including the Bonds. Under that agreement, if applicable to the Bonds, Piper Jaffray will share with Pershing a portion of the fee or commission paid to Piper Jaffray.

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

Verification

Upon delivery of the Bonds, Causey Demgen & Moore, Inc., will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to (a) the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of and interest on with respect to the Refunded Bonds and (b) the computations of yield of the Bonds and the Federal Securities in the Escrow Fund which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

Professionals Involved in the Offering

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

The Bank of New York Mellon Trust Company, N.A., Los Angeles, California is serving as paying agent with respect to the Bonds and as Escrow Agent with respect to the Refunded Bonds. Causey Demgen & Moore, Inc., Denver, Colorado, an independent firm of professional accountants and management consultants, is providing certain services and mathematical computations in connection with the Refunded Bonds. Bond Counsel, Disclosure Counsel, the Verification Agent and the Financial Advisor will receive compensation with respect to the Bonds contingent upon the sale and delivery of the Bonds.

Additional Information

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

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

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

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

By: /s/ Sheri Gamba
Associate Superintendent, Business Services

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APPENDIX A

DISTRICT FINANCIAL AND OPERATING INFORMATION

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

General Information

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

The District currently maintains 36 elementary schools, two K-8 school, six middle/junior high schools, six high schools and six alternative/continuation programs, 60 adult education sites, nine operation sites and 17 State-funded preschools. The pupil teacher ratio in the District is approximately 24:1 for kindergarten, 20:1 for grades 1 and 2, 28:1 for grade 3, 33:1 for grades 4 through 6 and for grades 6-8 in K-8 schools and 38:1 maximum for middle and high schools.

Board of Education

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

BOARD OF EDUCATION
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Name	Position	Expiration of Term
Charles T. Ramsey	President	December, 2014
Antonio Medrano	Clerk	December, 2012
Madeline Kronenberg	Member	December, 2014
Elaine R. Merriweather	Member	December, 2014
Tony Thurmond	Member	December, 2012

Source: West Contra Costa Unified School District.

District Senior Management Team

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

Dr. Bruce Harter, Superintendent. Dr. Harter was appointed Superintendent of the District in July 2006. Prior to his appointment with the District, Dr. Harter served as superintendent at three other school districts. Dr. Harter earned his Bachelor's degree at the University of Michigan, Ann Arbor, Michigan and his Doctorate at the University of Colorado, Denver, Colorado. Dr. Harter has 40 years of service in public education.

Sheri Gamba, Associate Superintendent, Business Services. Ms. Gamba was appointed Associate Superintendent of Business Services of the District in 2007. Prior to her appointment with the District, Ms. Gamba served as Chief Business Officer at Antioch Unified School District. Ms. Gamba is the Past President (2010-11) of Northern California Section of the California Association of School Business Officials, and represents the District on various Joint Powers Agency (JPA) Boards in the region. Ms. Gamba has over 24 years of service in public education.

Wendell C. Greer, Associate Superintendent, K-Adult Education. Mr. Greer was appointed Associate Superintendent of K–Adult Education of the District in 2006. Prior to his appointment with the District, Mr. Greer worked as a teacher and coach and served as an administrator at other school districts in Southern California. Mr. Greer has over 30 years of service in public education.

William Fay, Associate Superintendent, Operations. Mr. Fay was appointed Associate Superintendent of Operations of the District in 2008, after 10 years with the Los Angeles Unified School District. Prior to his career in education, Mr. Fay held various operations management positions at the Walt Disney Corporation and served as chair to both the Planning Commission and the Design Commission of the Planning and Development Department of the City of Pasadena, California. Mr. Fay has 15 of service in public education.

Nia Rashidchi, Assistant Superintendent, Education Services. Ms. Rashidchi was appointed Assistant Superintendent of Educational Services of the District in 2008. Prior to her appointment with the District, Ms. Rashidchi served as an Executive Director at a K-12 school district, a state and federal education coordinator and as an Elementary School Principal. Ms. Rashidchi has 18 years of service in public education

Ann Reinhagen, Assistant Superintendent, Human Resources. Mrs. Reinhagen was appointed Assistant Superintendent of Human Resources of the District in 2010. Prior to her appointment with the District, she served in various certificated positions in two public school districts, advancing from her position as a teacher to a position as Executive Director. Ms. Reinhagen has over 30 years of service in public education.

Steve Collins, Director, Special Education Local Plan Area. Mr. Collins was appointed Special Education Local Plan Area (SELPA) Director of the District in 1996. He has dedicated his career to public education and has served the District for 34 years.

DISTRICT FINANCIAL INFORMATION

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

District Revenues

As is true for all school districts in the State, the District's operating income consists of four components: (1) Revenue Limit Sources (consisting of a mix of State and local property tax revenues,), (2) Federal Revenues, (3) Other State Revenues, and (4) Other Local Revenues. The Revenue Limit Sources includes a portion funded from the State's General Fund and a portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the State Constitution. In addition, school districts may be eligible for other funding, including State and federal program funding and may derive additional revenue from other local sources including parcel taxes. See "– Other District Revenues," below. Additional information concerning revenues of the District is available in the District's Second Interim Report dated January 31, 2012 (the "Second Interim Report"), copies of which may be accessed on the District's website, as indicated above, or by contacting the District's Business

Services Staff at 1108 Bissell Ave., Richmond CA 94801, Room 106; Phone: (510) 231-1170; Fax: (510) 232-4149. The District may impose a charge for copying, mailing and handling.

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

Revenue Limit and ADA. The District is a "revenue limit district," which means that it receives some equalization aid. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION-Allocation of State Funding to Districts" in the body of the Official Statement.

The District computes average daily attendance ("ADA") based on actual attendance only, with no allowances for excused absences. The following table sets forth the ADA based on the District's second period report of attendance for the past nine years and an estimate for fiscal year 2011-12:

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
AVERAGE DAILY ATTENDANCE

Academic Year	Average Daily Attendance
2002-03	32,390
2003-04	31,417
2004-05	30,239
2005-06	29,293
2006-07	28,413
2007-08	28,178
2008-09	28,094
2009-10	27,614
2010-11	27,589
2011-12 (estimated)	27,498

Note: Includes grade levels K-12 and special education – adopted budget.
Source: West Contra Costa Unified School District.

A school district's enrollment can fluctuate due to factors such as population, competition from private, parochial, and public charter schools, inter-district transfers in or out of the district, and other causes. Losses in enrollment lower a school district's revenue limit (and may result in loss of operating revenues), without necessarily permitting the district to make adjustments in fixed operating costs. The District is considered a declining enrollment district. As such the District may choose to base its Revenue Limit funding for the current fiscal year on the prior fiscal year ADA.

The District's net Revenue Limit (reflecting the deficit factor) per ADA for fiscal year 2010-11 was $5,303.77 and for fiscal year 2011-12 is budgeted to be $5,248.48. In its 2011-12 Estimated Actuals, the District estimates that total Revenue Limit for fiscal year 2011-12 will be $147,413,965 of which $7,107,208 is restricted and $140,306,757 is unrestricted. Such amounts include a $55 per pupil (approximately $1.5 million total) mid-year reduction implemented by the State.

Other District Revenues. In addition to base Revenue Limit, the District receives other revenue from State, federal and local sources, including grants and funding for specific programs. The District also collects restricted revenues from other local sources such as parcel taxes, developer fees and certain assessments.

Other State Revenues. Other State Revenues, or categorical funds, consist primarily of restricted revenues that fund specific items, such as special education programs, instructional materials, and mentor teachers. Although such funds are normally restricted, spending flexibility has been granted to school districts by the State commencing with the 2009-10 State Budget.

The District receives a portion of the State Lottery (the "Lottery") revenues. Lottery revenues allocated to the District must be used for the education of students and cannot be used for non-instructional purposes, such as real property acquisition, facility construction, or the financing of research. Lottery net revenues (gross revenues less prizes and administration expenses) are allocated by computing an amount per ADA or full time equivalent ("FTE"). This figure is derived by dividing the total net revenues figures by the total ADA for grades K-12 and by the total FTE for the community colleges, University of California system and the California State University and College system. Each entity receives an amount equal to its total ADA or FTE, as applicable, multiplied by the per ADA or FTE figure. In fiscal year 2010-11, the District received Lottery revenues in the amount of $3,672,062. As reflected in the 2012-13 District Budget assumptions, unrestricted lottery funds are estimated at $118 per ADA and restricted at $23 per ADA for an estimated $4.1 million.

The District also receives State Emergency Repair Program (ERP) monies from the State. The District estimates that it will receive $1.4 million in ERP during fiscal year 2011-12 and anticipates using those funds for certain repairs and portable replacement. As reflected in its 2011-12 Estimated Actuals, the total Other State Revenues from all restricted and unrestricted sources is projected to be $63,015,921 for fiscal year 2011-12 and is budgeted to be $56,493,658 for fiscal year 2012-13.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act (Title 1), No Child Left Behind funding, specialized programs such as Drug Free Schools and Communities Act of 1989, vocational and technology incentives and various other incentives and pass-through federal sources. As reflected in its 2011-12 Estimated Actuals, the District projects receiving restricted and unrestricted federal revenues of approximately $39,823,840 during fiscal year 2011-12 and projects receiving restricted funds of $25,780,824 in its 2012-13 District Budget.

Developer Fees. As part of its local revenue income, the District collects development fees as provided under Education Code sections 17620 *et.seq*. In order to impose developer fees on new residential construction within the district, the District prepares and adopts a School Facilities Need Analysis annually as required by State law. The law requires all developer fees collected to be applied solely to construction of school facilities and also establishes the maximum fees (adjustable for inflation) which may be collected. Expenditures are restricted by Government Code sections 65970-65981 and are generally limited to those expenditures necessary for the District to provide services to the areas impacted by the development. In prior years, the District collected millions of dollars in developer fees that were applied primarily for capital leases for portable classrooms and as otherwise required by law. Due to the decline in construction and corresponding anticipated decrease in revenue derived from developer fees, the District projects collecting approximately $160,000 in developer fees during fiscal year 2011-12. However, collection depends on development and the District cannot guarantee that these funds will become available. As of the date of the 2012-13 District Budget, developer fees had not been collected.

Assessment District. On August 3, 1994, the District completed formation of a Maintenance and Recreation Assessment District ("MRAD") pursuant to the Landscape and Lighting Act of 1972. This allows the District to levy taxes to support the maintenance and operations of fields and outdoor areas for the purpose of public use. Annual assessments are $72 per single family equivalents. There are approximately 77,521 defined living units within the MRAD, and the District has received approximately $5 million annually in assessment revenue, with approximately $5.5 million estimated in 2011-12 and budgeted for in 2012-13. The use of MRAD revenue is restricted to expenditures for recreation, lighting, and landscape operations and maintenance of facilities generally available to the public; it does not count towards the District's revenue limit and effectively relieves the District from funding many of these expenditures from General Fund revenue. MRAD assessments are levied annually on approval by the Board.

Parcel Tax. On June 8, 2004, voters within the District approved a parcel tax to maintain reduced class sizes from kindergarten to third grade, purchase textbooks and teaching materials, attract and retain qualified teachers, aides and counselors, enhance core subjects, restore library services and athletic programs, and improve custodial services (the "Parcel Tax"). The District annually collects 7.2 cents ($0.072) per square foot of total building area of buildings within the District's geographic boundaries or $7.20 per vacant parcel, with an exemption for qualified seniors. The Parcel Tax became effective on July 1, 2004 and was scheduled to expire on June 30, 2009. In November 2008, voters renewed the Parcel Tax, extending the current rate for an additional five years, beginning July 1, 2009 and ending June 30, 2014. The Parcel Tax is anticipated to generate approximately $9.8 million for fiscal year 2011-12. The District budgeted approximately $10.5 million for fiscal year 2012-13 which amount includes an anticipated carry-over of 2011-12 funds.

District Expenditures

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teachers) and classified (non-instructional) employees. Any changes in salaries and benefits from one year to the next are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits. As of the 2011-12 Estimated Actuals, the District estimates that it will expend approximately $209 million in salaries and benefits, or approximately 75% of its total expenditures. The 2012-13 District Budget estimates that the District will expend approximately $206 million in salaries and benefits or approximately 77% of its total expenditures in fiscal year 2012-13.

Labor Relations and Collective Bargaining. As of June 30, 2011, the District employed 1,572 full-time equivalent ("FTE") certificated and 1,169 FTE classified employees, including management and confidential employees.

During the last several years, the District has reduced salary and post-retirement related expenses through negotiated concessions with employees, including negotiating a work year reduction program under which certain days are identified as unpaid furlough days. The District estimates that unpaid furlough days will reduce expenditures by approximately $4.4 million in 2011-12 compared to 2010-11. Employees have also agreed to increases in class sizes and to the elimination of prep teachers which the District estimates will reduce expenditures by $2.2 million in fiscal year 2011-12. In addition, since 2009-10, employee benefits have been reduced through a tiered cap program which the District estimates will reduce expenditures by $9.9 million annually. A fourth measure the taken by the District, with the cooperation of employee groups, is to substantially reduce the District's long-term liability for post-retirement health care. See "Other Post-Employment Benefits" below for additional discussion concerning this issue.

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
LABOR ORGANIZATIONS

Labor Organization	Number of Employees	Contract Expiration
United Teachers of Richmond	1,572 full-and part-time	October 30, 2012*
Public Employees Union, Local 1	1,026 full-and part-time	November 15, 2012
School Supervisors Association	94 full-and part-time	December 31, 2012
Administrators Association	91 full-and part-time	June 30, 2012

Source: West Contra Costa Unified School District.
*In May 2012, United Teachers of Richmond agreed to extend the expiration of its collective bargaining agreement from June 30, 2012 to October 30, 2012. The Board ratified the extension on June 13, 2012.

Retirement Programs. The District participates in the State Teachers Retirement System ("STRS"). This plan covers all full-time certificated employees. Pursuant to Education Code sections 22950 and 22951, the District's contribution rate is 8.25% of the total creditable compensation earned by each employee enrolled in STRS. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to State public schools. The District's annual contributions to STRS for the fiscal years ending June 30, 2009, 2010 and 2011 were $9,485,900, $8,846,010 and $8,409,803, respectively, totaling 100% of the required contributions for each year. In the 2011-12 Estimated Actuals, the District estimates that its contribution to STRS for fiscal year 2011-12 will be $8,463,809. In the 2012-13 District Budget, the District projects that its contribution to STRS will be $8,384,055 for fiscal year 2012-13.

The District also participates in the State Public Employees Retirement System ("PERS"). This plan covers all classified personnel who are employed more than four hours per day. Unlike the STRS employer contribution rate, which is fixed by statute, the PERS rate varies and during the last five (5) fiscal years has ranged from 9.1% to 10.7% of the total creditable compensation earned by each employee enrolled in PERS. In order to receive PERS benefits, an employee must be at least 50 years old and have provided five years of creditable service in PERS. The District's annual contributions to PERS for the fiscal years ending June 30, 2009, 2010 and 2011 were $3,669,145, $3,343,635 and $3,775,389, respectively, totaling 100% of the required contributions for each year. In the 2011-12 Estimated Actuals, the District estimates that its contribution to PERS for fiscal year 2011-12 will be $3,926,625 and budgets $4,357,457 for fiscal year 2012-13.

Both STRS and PERS are operated on a statewide basis and, based on available information, both STRS and PERS have unfunded liabilities. The amounts of the pension-award benefit obligation (PERS) or unfunded actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. STRS and PERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, P.O. Box 15275, Sacramento, California 95851-0275, and copies of the PERS annual financial report and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in those reports is not incorporated by reference in this Official Statement.

The District is unable to predict the amount of liabilities or the amount of future contributions which it may be required to pay. See "APPENDIX C—DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2011" for additional information concerning STRS and PERS contained in the notes to said financial statements.

Other Post-Employment Benefits. Pursuant to its post-employment retirement program, as set forth in its employee contracts prior to 2007, the District is obligated to provide certain post-employment health benefits to employees that were either (i) hired prior to January 1, 2007 and have attained five years of continuous PERS/STRS creditable service or (ii) hired after January 1, 2007 and have attained ten years of continuous PERS/STRS creditable service with the District. Post employment dental benefits are provided to employees who meet the rule of "75" (the number of years worked plus age equals 75 or more). The extent of the District's obligations is dependent on the retirement date for the qualifying employee. For employees that retired prior to January 1, 2007, the District pays 100% of medical and dental costs (subject to certain limitations) for the employee and his or her qualified dependents. For employees retiring after January 1, 2007, the District would pay medical and dental benefits based on the negotiated terms as of the employee's retirement date.

The District negotiated stricter caps and eligibility requirements for post-employment benefits in its employment agreements commencing in 2007, including the four collective bargaining agreements described above. See "—Labor Relations and Collective Bargaining." Under said agreements: (i) employees retiring prior to June 30, 2010 with ten years of continuous PERS/STRS creditable service with the District will be entitled to retire under the practice in place prior to the new restrictions; (ii) employees hired prior to January 1, 2007 and retiring after June 30, 2010, will be entitled to a maximum monthly District contribution depending on years of service with the District ($450 per month for employees with ten years or more of continuous PERS/STRS creditable service, and $750 per month for employees with twenty years or more of continuous PERS/STRS creditable service); and (iii) employees hired after January 1, 2007 and retiring with ten years or more of continuous PERS/STRS creditable service with the District will be entitled to a District contribution based on the CalPERS Health Benefits Program's minimum allowable monthly unequal contribution with no payments for prescription, vision, or dental coverage. The pre-2010 retirement program currently has 2,311 retiree participants, with 31 defined contribution participants (since July 2010) for a total of 2,342 participants as of fiscal year 2011-12. CalPERS announced a rate increase of an average of 9.6% to become effective in January 2013. The District estimates a resulting ongoing cost increase of $1.9 million per year which it has included in the 2012-13 District Budget and multi-year projections.

During the last several years, the Board has taken action, with the cooperation of employee groups, to reduce the District's long term liability for post-employment health care. In the District's 2008 actuarial study it was determined that the District's Governmental Accounting Standards Board liability ("GASB 34") was $495 million. At that time, it was projected that, barring certain changes, the District's GASB 34 liability would grow to $550 million. However, with the implementation of several negotiated retiree benefit provisions, the District's GASB 34 liability has been reduced to $385 million, according to the most recent actuarial study completed in 2010. To offset its annual GASB 34 liability, the District maintains an irrevocable trust fund in the amount of $11 million. The District estimated GASB 34 annual required contribution for fiscal year 2011-12 is approximately $18.6 million and the District has budgeted approximately $18.5 million for fiscal year 2012-13.

District Comparative Financial Statements

Current Financial Condition. The State Constitution requires that from all State revenues there shall first be set apart the monies to be applied by the State for the support of the public school system and public institutions of higher education. Proposition 98 guarantees K-14 schools a minimum share of the State's General

Fund revenues. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Proposition 98." However, when State revenues decrease or the State experiences budget problems, funding for public education may also decrease.

The District's proposed 2012-13 Budget is expected to be adopted by the Board on June 27, 2012 (the "District's 2012-13 Budget"). The Executive Summary included in the District's 2012-13 Budget describes how the District has addressed the financial challenges of recent years by focusing on cost saving measures, including, but not limited to, increasing local revenues, taking advantage of funding flexibility, negotiating employee concessions, and enacting school and facility closures and facility consolidation, as well as adopting flexibility options such as modified K-3 Class size reduction and categorical flexibility, among other revenue enhancements and expenditure reductions. The District's 2012-13 Budget, other District Budgets and the District's 2010-11 financial report, are available on the District's website at www.wccusd.net, under the link "Budget Information."

In the District's 2012-13 Budget, the District emphasizes the importance of responsible fiscal management and clarifies the use of funding flexibility provided by the State and certain restricted federal revenues. Specifically, the District's 2012-13 Budget includes the use of funding flexibility in the estimated amount of $14.5 million during fiscal year 2012-13 to offset cuts from the State.

The District utilized $5.4 million of American Recovery and Reinvestment Act moneys and related funding to pay teacher salaries and benefits, to implement K-3 class size reduction as well as certain site safety positions during fiscal year 2011-12. The grant funding was not renewed.

The District's multi-year projections utilize the County Office of Education's published assumptions for developing revenue projections. These assumptions include the 2011-12 mid-year trigger cuts and assume that the Governor's tax initiative in the 2012-13 Proposed State Budget will pass in the November 2012 State election. The District notes that these assumptions do not constitute a fiscally conservative position due to the State's economic crisis, the State's uncertain ability to fund cost-of-living adjustments ("COLA") in future years and the unknown outcome of the November 2012 State election. However, if the November 2012 taxes do not pass and the 2012-13 mid-year trigger cuts occur, the District expects to utilize moneys in a Special Reserve Fund in the amount of approximately $2.8 million plus $3.3 from the unrestricted general fund to operate the District during fiscal year 2012-13. See "STATE OF CALIFORNIA FISCAL CRISIS" in the body of this Official Statement.

In accordance with State funding flexibility, the District has adopted a modified class size reduction program. The K-3 Class Size Reduction Program will be funded solely from the District's restricted parcel tax proceeds, in the amount of $2.3 million for fiscal year 2012-13. The multi-year projection for the K-3 Class Size Reduction Program does not include the staffing costs necessary to implement any K-3 Class Size Reduction due to the pending expiration of the parcel tax in April 2014.

The multi-year projection using the current assumptions for 2012-13 indicates that the District will be deficit spending in the amount of $6.1 million; however, by using the $2.8 million in the Special Reserve Fund, plus $3.3 million in unrestricted general fund balance in 2012-13, the District expects to avoid the deficit spending. In addition, to avoid a projected fiscal year 2013-14 deficit, an additional transfer of Special Reserve Fund dollars in the amount of $3.8 million plus $3 million in unrestricted fund balances will be required. Further, to avoid a projected fiscal year 2014-15 deficit, $5.7 million in unrestricted fund balances and $6.8 in Special Reserves will be required. Under the current projections, the estimated June 30, 2012 Special Reserve Fund balance in the amount of approximately $13.5 million would be depleted by fiscal year end 2014-15.

The following table summarizes the District's audited General Fund revenues, expenditures and fund balances for recent fiscal years.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
GENERAL FUND - REVENUES, EXPENDITURES AND FUND BALANCES
FISCAL YEARS 2006-07 THROUGH 2010-11 (AUDITED), FISCAL YEAR 2011-12 (ESTIMATED ACTUALS) AND FISCAL YEAR 2012-13 (ADOPTED BUDGET)

	2006-07 Actual(1)	2007-08 Actual(1)	2008-09 Actual(1)	2009-10 Actual(1)	2010-11 Actual(1)	2011-12 Estimated Actuals(2)	2012-13 Budget(2)
REVENUES							
Revenue Limit Sources	$166,673,420	$166,817,807	$161,899,365	$142,320,077	$147,914,626	$147,413,965	$148,224,578
Federal Revenue	24,788,572	25,621,521	33,497,975	31,062,400	32,744,652	39,823,840	25,780,824
Other State Revenue	74,652,133	71,167,149	66,992,666	63,976,273	63,859,239	63,015,921	56,493,658
Other Local Revenue	22,015,726	21,327,703	20,821,034	20,199,980	22,034,729	20,989,366	20,507,475
Total Revenues(3)	288,129,851	284,934,180	283,211,040	257,558,730	266,553,246	271,243,092	251,006,535
EXPENDITURES							
Certificated Salaries	118,718,728	121,060,184	120,290,735	110,694,305	105,990,977	106,570,730	102,999,261
Classified Salaries	40,227,424	44,592,168	41,418,183	37,823,881	38,983,802	40,976,256	40,963,091
Employee Benefits	60,690,279	66,089,445	69,075,209	60,199,786	58,161,626	61,864,081	62,107,767
Books and Supplies	12,129,982	12,340,626	8,843,494	9,912,409	11,369,314	14,681,235	10,274,961
Contract Services and Operating Expenditures	39,040,722	41,425,355	39,283,607	43,130,953	41,059,033	47,653,948	46,193,996
Capital Outlay	795,863	889,702	457,520	1,248,554	331,905	618,020	3,869,298
Other Outgo	1,298,343	51,834	41,903	33,137	51,428	6,510,179	974,967
Indirect Cost Reimbursement	(843,802)	(802,241)	–	–		(804,302)	(638,442)
Debt Service							
Principal	300,000	790,000	1,415,000	2,374,214	3,070,914	–	–
Interest and Other	189,515	–	–	241,250	686,475	–	–
Total Expenditures(3)	272,547,054	286,437,073	280,825,651	265,658,489	259,705,474	278,070,147	266,744,899
Excess of Revenues Over/(Under) Expenditures	15,582,797	(1,502,893)	2,385,389	(8,099,759)	6,847,772	(6,827,055)	(15,738,364)
Other Financing Sources/(Uses)							
Transfers In	2,383,192	2,839,820	916,428	1,731,887	2,700,512	6,872,000	5,779,684
Transfers Out	(3,237,865)	(3,551,157)	(794,836)	(926,928)	–	3,500,000	–
Proceeds from the issuance of long-term liabilities	189,515	–	–	–	–	–	–
Total(3)	(665,158)	(711,337)	121,592	804,959	2,700,512	3,372,000	5,779,684
Net Change Fund in Balance	14,917,639	(2,214,230)	2,506,981	(7,294,800)	9,548,284	(3,455,055)	(9,958,680)
Beginning Fund Balance July,1(4)	33,136,357	48,053,996	45,839,766	48,346,747	47,354,945	45,569,215	42,114,160
Ending Fund Balance, June 30(4)	$48,053,996	$45,839,766	$48,346,747	$41,051,947	$56,903,229	$42,114,160	$32,155,480
Restricted Fund Balance	$19,117,248	$24,272,690	$28,297,086	$25,612,527	$27,130,317	$21,558,437	$14,902,932
Unrestricted Fund Balance	28,936,748	21,567,076	20,049,661	15,439,420	18,438,898	20,555,723	17,252,548
Special Reserve Fund Balance (5)	–	–	–	6,302,998	11,334,014	13,504,014	10,654,330

(1) Excerpted from the District's respective Audited Financial Reports.
(2) Excerpted from the District's 2012-13 Budget, dated June 27, 2012.
(3) Totals may not add to totals due to independent rounding.
(4) The discrepancy between the ending fund balance for June 30, 2011 and the beginning balance for the 2011-12 Estimated Actuals is due to the General Fund information in the audited financial statements for the year ended June 30, 2011, including the Deferred Maintenance Fund and the Special Reserve for Other than Capital Outlay Projects Fund, to conform to GASB Statement No. 54's definition of governmental funds.
(5) The Special Reserve Fund was accounted for separately in the 2009-10 Audited Financials, the 2010-11 Audited Financials, the 2011-12 Estimated Actuals and the 2012-13 Budget.

Source: West Contra Costa Unified School District.

District Debt Structure

General Obligation Bonds. The District has outstanding general obligation bonds issued under five different voter-approved authorizations, as further described in the paragraphs below. Since 1998, voters have authorized the District to issue up to $1.27 billion of general obligation bonds. The District has approximately $819,078,900 of general obligation bonds currently outstanding, including bonds issued to refund all or portions of certain series of bonds.

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

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

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

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

On June 8, 2010, the District received voter approval, through a bond measure known as Measure D, to issue up to $380 million in general obligation bonds to continue renovating and rebuilding the District's elementary and secondary schools (the "2010 Authorization"). On November 22, 2011, the District issued $100,000,000 of bonds under the 2010 Authorization, consisting of its Series 2010A Bonds and its Series 2010A-1 Bonds. The Series 2010A-1 Bonds were issued in the form of Qualified School Construction Bonds and the District expects to receive on or about February 1 and August 1 of each year, a cash subsidy from the Treasury relative to the interest payable on such bonds by the District, until the last of the Series 2010A-1 Bonds matures on August 1, 2030. Approximately $280 million remains authorized and unissued under the 2010 Authorization.

The bonds issued under each of the Authorizations described above, including refunding bonds, are issued on a parity basis payable from an unlimited tax upon all property subject to taxation within the District. The County Board of Supervisors is empowered and obligated to levy such tax for the repayment of such bonds. See

"SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS - *AD VALOREM* Property Taxation" in the body of this Official Statement.

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

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The following table reflects the District's outstanding general obligation bonds, as of June 30, 2012:

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
OUTSTANDING GENERAL OBLIGATION BONDS
AS OF JUNE 30, 2012

Authorization / Series Name	Issue Date	Final Maturity (August 1)	Original Issue Amount	Principal Outstanding[4]
1998 Authorization ($40 million)				
2001 Refunding Bonds, Series A[1]	Nov. 6, 2001	2025	$28,610,000	$18,495,000
2001 Refunding Bonds, Series B[1]	Nov. 16, 2001	2025	10,255,000	6,810,000
2000 Authorization ($150 million)				
Series 2000C Bonds[3][4]	Apr. 22, 2003	2032	95,000,000	43,115,000
2009 Refunding Bonds[2]	Aug. 12, 2009	2018	47,215,000	39,310,000
2011 Refunding Bonds[3]	Aug. 25, 2011	2024	33,960,000	33,960,000
2012 Refunding Bonds[4]	July 10, 2012	2032	40,370,000	40,370,000
2002 Authorization ($300 million)				
Series 2002A Bonds[3][4]	Jun. 26, 2002	2031	30,000,000	11,515,000
Series 2002B Bonds[3][4]	Aug. 25, 2003	2032	100,000,000	40,460,000
Series 2002C Current Interest Bonds[4]	Aug. 1, 2004	2034	40,000,000	35,625,000
Series 2002C Capital Appreciation Bonds[5]	Aug. 11, 2004	2034	29,999,377	28,179,129
Series 2002D Capital Appreciation Bonds[5]	Oct. 19, 2005	2034	99,998,106	93,145,012
2011 Refunding Bonds[3]	Aug. 25, 2011	2024	51,605,000	51,605,000
2012 Refunding Bonds[4]	July 10, 2012	2032	57,830,000	57,830,000
2005 Authorization ($400 million)				
Series 2005A Bonds[2]	May 17, 2006	2035	70,000,000	61,280,000
Series 2005B Bonds[2]	July 15, 2008	2035	120,000,000	115,025,000
Series 2009C Capital Appreciation Bonds[5]	Aug. 12, 2009	2033	52,084,759	52,084,759
Series 2009C Build America Bonds	Aug. 12, 2009	2034	52,825,000	52,825,000
2009 Refunding Bonds[2]	Aug. 12, 2009	2031	10,645,000	10,645,000
Series D-1 Qualified School Construction Bonds	June 24, 2010	2024	25,000,000	25,000,000
Series D-2 Capital Appreciation Bonds[5]	June 24, 2010	2036	2,499,949	2,499,949
2010 Authorization ($380 million)				
Series 2010A Bonds	Nov. 22, 2011	2041	79,000,000	79,000,000
Series 2010A-1 Qualified School Construction Bonds	Nov. 22, 2011	2030	21,000,000	21,000,000
TOTAL			**$999,697,191**	**$821,578,849**

(1) The 2001 Refunding Bonds, Series A and Series B, were issued to refund four series of bonds in the initial aggregate principal amount of $40,000,000 issued under the 1998 Authorization.
(2) The 2009 Refunding Bonds were issued to fully refund the Series 2000A Bonds and Series 2000B Bonds and partially refund the Series 2005A Bonds and 2005B Bonds.
(3) The 2011 Refunding Bonds were issued to partially refund the Series 2000C Bonds, Series 2002A Bonds, and the Series 2002B Bonds.
(4) The 2012 Refunding Bonds were issued to fully refund the outstanding Series 2000C Bonds, the Series 2002A Bonds and the Series 2002B Bonds and to partially refund the outstanding Series 2002C Bonds.
(5) The outstanding capital appreciation bonds are expressed in terms of original denominational amount; the accreted interest amount is not included.
Source: West Contra Costa Unified School District.

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

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

2005 CERTIFICATES
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

Year Ending June 30	Principal	Interest	Total
2012	$ 475,000	$ 447,577	$ 922,577
2013	500,000	424,967	924,967
2014	525,000	400,867	925,867
2015	555,000	375,352	930,352
2016-2020	3,205,000	1,434,204	4,639,204
2021-2024	3,630,000	511,395	4,141,395
Total	**$8,890,000**	**$3,594,362**	**$12,484,362**

Source: West Contra Costa Unified School District

Plan for Repayment of Other Long-Term Debt. The District currently has other long term debt with outstanding balances ranging from approximately $126,000 to approximately $9,350,000. The District's Board of Education has approved plans for the repayment of such debt from fiscal years 2011-12 to 2015-16, as follows:

- ***Voluntary Integration Program***. This obligation arises from cost disallowances in the aggregate amount of $7,652,000 based on State audits of program expenditures from fiscal years 1988-89 to 1989-90. During fiscal year 1992-93, the original agreement was restructured and an agreed-upon repayment schedule was adopted. The final payment in the amount of $872,000 will be made during fiscal year 2011-12 and, thereafter, this obligation will be fully discharged.

- ***Computer Equipment Acquisition Loans***. During the fiscal year 1989-90, the District financed the acquisition of an administrative and instructional computer system with a loan from IBM. In 1993, the District and IBM restructured the obligation and adopted a schedule of payments of $3,623,744 comprised of $2,459,111 of principal and $1,164,633 of interest payable annually from fiscal years 2007-08 to 2015-16. As of June 30, 2011 the balance of the loan was $3,742,000. The IBM Loan was repaid in full in February 2012.

- ***Child Care Facilities Loan.*** On February 7, 2001, the California Department of Education approved a no-interest loan for the development and acquisition of child care facilities. The District received an initial disbursement of $573,048 in 2001-02 and a disbursement of $598,060 in 2002-03. As of June 30, 2011 the balance was $126,347. The loan is scheduled to be fully repaid in fiscal year 2012-13.

- ***Emergency Apportionment Loans.*** Approximately 20 years ago, the District experienced financial difficulties that led to a default in certain lease payments with respect to its 1988 Certificates (described above), and to an April 1991 Chapter 9 bankruptcy filing (which was dismissed by the United States Bankruptcy Court in October 1991). To resolve such difficulties, the District implemented several steps (collectively, the "Measures"), including but not limited to: (i) obtaining two Emergency Apportionment Loans from the State in July 1990 and November 1991, in the aggregate amount of $28,525,000 (the "Emergency Apportionment"), which resulted in the appointment of a State Trustee (the "State Trustee"); (ii) refunding the 1998 Certificates as described above; and (iii) changes of key personnel. A State Trustee is vested with authority to stay or rescind any Board action that may, in the opinion of the Trustee, adversely affect the financial condition of the District.

  The payment schedule for the Emergency Apportionment contemplates that the District will make annual payments of approximately $1,421,000 on February 1 of each year until the loan is fully repaid in fiscal year 2017-18. However, on September 7, 2011, the Board adopted a resolution directing staff to take all necessary actions to pay off the balance of the loan during fiscal year 2011-12. The District projects that such repayment would result in annual savings in the approximate amount of $1.5 million commencing in fiscal year 2012-13.

On March 5, 2012, the State Superintendent of Public Instruction (the "State Superintendent") provided 60 day notice to the County Superintendent of Schools, the State Legislature, the California Department of Finance and the State Controller that the following conditions set forth in the California Education Code for removal of the State Trustee were expected to be met by April 30, 2012:

- The emergency loan is repaid.
- The District has adequate fiscal systems and controls in place.
- The State Superintendent determined that the District's future compliance plan is probable.

The District repaid the Emergency Apportionment in full on May 30, 2012. Therefore, the District will no longer be required to retain the State Trustee, but will be subject to fiscal oversight by the County Superintendent of Schools, as is every school district in the State. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION – School District Budgets" in the body of the Official Statement.

No assurance can be given with respect to the future financial condition of the District or any actions that may or may not be taken in connection with any future financial difficulties. The financial condition of the District, however, does not impact the obligation of the Board of Supervisors of the County to levy *ad valorem* taxes for the payment of amounts due in connection with the Bonds. See "SECURITY FOR THE BONDS" in the body of the Official Statement.

Statement of Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. for debt issued as of June 1, 2012. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

DIRECT AND OVERLAPPING DEBT
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
As of June 1, 2012

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

2011-12 Assessed Valuation:	$22,170,563,072
Redevelopment Incremental Valuation:	4,917,411,839
Adjusted Assessed Valuation:	$17,253,151,233

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 6/1/12	
Bay Area Rapid Transit District	3.956%	$ 16,320,082	
East Bay Municipal Utility District, Special District No. 1	6.369	1,378,889	
Contra Costa Community College District	13.860	31,044,321	
West Contra Costa Unified School District	**100.**	**821,578,850**	(1)
East Bay Regional Park District	6.146	7,960,607	
City of El Cerrito Parcel Tax Obligations	100.	2,685,000	
West Contra Costa Healthcare District Parcel Tax Obligations	88.982	19,260,154	
Richmond Redevelopment Community Facilities District No. 1998-1	100.	3,420,000	
City and County 1915 Act Bonds	100.	31,836,390	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$935,484,293	

DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	13.798%	$ 41,627,321	
Contra Costa County Pension Obligations	13.798	49,465,140	
Contra Costa Fire Protection District Pension Obligations	3.938	4,394,611	
Alameda-Contra Costa Transit District Certificates of Participation	10.216	3,522,988	
Contra Costa Community College District Certificates of Participation	13.860	118,503	
West Contra Costa Unified School District General Fund Obligations	**100.**	**8,415,000**	(2)
City of El Cerrito General Fund Obligations	100.	9,020,000	
City of Hercules Certificates of Participation	91.395	15,948,428	
City of Pinole Pension Obligations	100.	5,047,180	
City of Richmond General Fund Obligations	100.	135,995,000	
City of Richmond Pension Obligations	100.	113,260,133	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$386,814,304	
Less: Contra Costa County obligations supported by revenue funds		15,628,690	
City of Richmond obligations supported by port revenues		49,776,550	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$321,409,064	
GROSS COMBINED TOTAL DEBT		$1,322,298,597	(3)
NET COMBINED TOTAL DEBT		$1,256,893,357	

(1) Excludes issue to be sold.
(2) Emergency apportionment loan balance is $0 as of 6/1/12 due to an economic defeasance.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2011-12 Assessed Valuation:
Direct Debt ($821,578,850) 3.71%
Total Direct and Overlapping Tax and Assessment Debt........................4.22%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($829,993,850)..4.81%
Gross Combined Total Debt..7.66%
Net Combined Total Debt 7.29%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: $0

Source: California Municipal Statistics, Inc.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Education
West Contra Costa Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $98,200,000 West Contra Costa Unified School District (Contra Costa County, California) 2012 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") of the Governing Board of the West Contra Costa Unified School District (the "District").

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

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

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

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

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

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

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

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

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX C

FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEAR ENDED JUNE 30, 2011

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
Richmond, California

FINANCIAL STATEMENTS
June 30, 2011

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2011

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2011

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Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of West Contra Costa Unified School District, as of and for the year ended June 30, 2011, which collectively comprise West Contra Costa Unified School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The basic financial statements referred to above do not include the Trust and Agency Fund financial statements for the Associated Student Body accounts which should be included to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the basic financial statements is not known as the District cannot identify the amounts in these accounts. See further discussion in Note 13 to the basic financial statements.

In our opinion, except that the omission described in the preceding paragraph results in an incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of West Contra Costa Unified School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the basic financial statements, the District restated its beginning net assets to correct an error in the recognition of capital assets at July 1, 2010.

INDEPENDENT AUDITORS' REPORT
(Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2011 on our consideration of West Contra Costa Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information such as the General Fund Budgetary Comparison Schedule and Schedule of Other Postemployment Benefits Funding Progress, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 7, 2011

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
1108 Bissell Avenue
Richmond, CA 94801-3135
Telephone (510) 231-1100

Bruce Harter, Ph.D.
Superintendent of Schools

Sheri Gamba
Associate Superintendent
Business Services

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

Management's discussion and analysis of West Contra Costa Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011. It should be read in conjunction with the District's financial statements.

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

FINANCIAL AND EDUCATIONAL HIGHLIGHTS

The District's financial position has strengthened over the past year. Overall revenues of $357.5 million exceeded expenditures by $12 million. Total net assets increased by 6.57% over the course of the year.

The 2010-11 financial statements cannot be adequately addressed without acknowledging the extraordinary issues facing the Nation, State and the School District during the 2010-11 school year. The current recession has our nation in its worst economic crisis since the Great Depression. California, being one of the largest economies in the United States has been hit particularly hard with job losses and home foreclosures during this past school year.

Within the District this meant a constant need to track and revise estimates of an ever-changing funding stream from our State. State Revenue deficits were a net 17.9% on the per pupil revenues. In addition to the funding reductions, the State also continued the revenue deferral program so at the close of 2010-11 the District was owed millions by the State for programs operated during 2010-11.

As the District prepares for the 2011-12 school year it is faced the major challenge of a State budget which is facing major deficits and instability due to the uncertainty of how the budget will be balanced. The District has adopted budget reductions and has kept pace with rising costs. The community continues to show strong support for education and the District through the passage of a parcel tax in 2008 and a general obligation bond authorization for capital improvement in 2010. The District has tackled the difficult task of managing the budget reductions and making the effort to raise revenues which are necessary to remain solvent during these tough times.

REPORTING THE DISTRICT AS A WHOLE

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

- District-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

  - Basic services funding (i.e., regular and special education) is described in the governmental funds statements.

  - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the proprietary funds statements.

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The Statement of Net Assets and the Statement of Activities

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

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

- Increase or decrease in the net assets of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.

- Additional non-financial factors such as condition of school buildings and other facilities and changes in the property tax base of the District need to be considered in assessing the overall health of the district.

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

The District has three kinds of funds:

Governmental Funds

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

1. How cash and other financial assets can be readily converted to cash flow (in and out).

2. The balances left at year-end that are available for spending.

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

Proprietary Funds

The proprietary fund category includes Internal Service Funds.

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

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

Fiduciary Funds

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

THE DISTRICT AS A WHOLE

Net Assets – The District's combined net assets were higher on June 30, 2011 than they were the year before—increasing by $12 million to $194.6 million as reflected on the next page.

Net Assets

	GOVERNMENTAL ACTIVITIES	
	2011	2010
Current Assets	$ 276,903,173	$ 360,796,850
Capital Assets	886,771,971	809,644,571
Total Assets	1,163,675,144	1,170,441,421
Current Liabilities	68,375,925	80,172,466
Long-term Liabilities	900,689,681	903,343,117
Total Liabilities	969,065,606	983,515,583
Net Assets:		
Invested in Capital Assets, net of related debt	141,750,782	20,832,255
Restricted For:		
Capital Projects	45,800,912	170,041,507
Debt Service	42,321,459	38,745,510
Educational Programs	27,130,217	25,612,527
Other Purposes (Expendable)	10,242,038	10,696,041
Other Purposes (Unexpendable)	8,148,364	13,224,861
Unrestricted	(80,784,234)	(92,226,663)
Total Net Assets	$ 194,609,538	$ 186,925,838

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

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

- The Board was able to increase District reserves and now maintains $10 million in the Districts Special Reserve Fund as insurance toward potential cuts that may be enacted by the State due to the mid-year trigger language adopted along with the State's budget for 2011-12.

Changes in Net Assets – The District's total revenues exceeded its expenditures by $12 million. Property taxes, State Aid and other general sources accounted for most of the District's revenues contributing approximately 68 cents per every dollar of revenue received while Federal, State and local grants and contributions for specific purposes provided approximately 32 cents of every dollar of revenue.

	GOVERNMENTAL ACTIVITIES	
	2011	**2010**
Revenues:		
Program revenues:		
Charges for Services	$ 1,094,319	$ 1,233,555
Operating Grants and Contributions	92,093,881	91,549,906
Capital Grants and Contributions	20,406,400	575,998
Total Program Revenues	113,594,600	93,349,459
General Revenues:		
Property Taxes	115,691,726	120,374,750
Federal and State Aid	123,569,138	111,659,345
Interest and Investment Earnings	624,924	839,017
Interagency revenues:		
Miscellaneous	4,038,401	2,868,771
Special extraordinary items		
Total General Revenues	243,924,189	235,741,883
Total Revenues	357,518,789	329,091,342
Expenses:		
Instruction	164,958,093	180,557,998
Support Services:		
Administrative	40,490,286	45,499,286
Student Support	36,463,241	38,696,860
Non-Student Support	18,240,340	19,835,546
Plant Services	34,559,467	36,734,670
Ancillary Services	7,663,001	7,801,561
Transfers between agencies	922,296	1,009,130
Community Services	135,887	106,613
Interest on long-term debt	42,094,551	43,221,370
Total Expenses	345,527,162	373,463,034
Change in Net Assets	$ 11,991,627	$ (44,371,692)

Governmental Activities

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

The cost of all programs was $345.5 million for this fiscal year. The users of District programs as well as Federal, State and local governments who provided funds for specific programs provided $113.6 million. The balance of the District's expenditures were paid for by State apportionments for ADA and by local property taxes. Property taxes comprised of $115,691,726 of this amount while State education aid formulas contributed the remaining $123,569,138.

	Total Cost 2011	Net (Expense) Revenue 2011	Total Cost 2010	Net (Expense) Revenue 2010
Instruction	$ 164,958,093	$ (103,189,205)	$ 180,557,998	$ (137,998,408)
Support Services	95,193,867	(58,101,561)	104,031,692	(66,309,508)
Facilities and Plant	34,559,467	(26,097,581)	36,734,670	(29,453,310)
Ancillary Services	7,663,001	(1,986,159)	7,801,561	(2,342,454)
Other	43,152,734	(42,558,056)	44,337,113	(43,999,895)
Total	$ 345,527,162	$ (231,932,562)	$ 373,463,034	$ (280,103,575)

THE DISTRICT'S FUNDS

The financial position of the District as a whole is reflected in its governmental fund statements. As the District completed the year, its governmental funds reported a combined fund balance of $227 million, well below last year's combined ending fund balance of $300 million. This decrease is due to activities in the District's Building Fund.

General Fund Budgetary Highlights

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

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

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

The final revised general fund budget of the District reflected anticipated revenues of $284.4 million against appropriated expenditures of $298.9 million thus anticipating a decrease of $14.4 million in overall fund balance. This variance is due to potential expenditure of prior year restricted grant fund balances.

Actual revenues were less than anticipated while actual expenditures were also less than anticipated. The combination of these variances resulted in a higher $6.8 million than projected ($14.4 million) in ending fund balance. This variance is largely due to certain grants that must be deferred to the following year in they are unspent by year end closing.

Summary of Revenues for Governmental Function

The following schedule represents a summary of the general operating fund, special revenue fund, capital projects fund and debt service fund revenues for the fiscal year ended June 30, 2011, and the increase and decrease (in amount and percentage) in relations to prior year amounts.

	2011 Fiscal Year	Percent of Total	Increase (Decrease) From Prior Fiscal Year	Percent Increase (Decrease) From Prior Fiscal Year
Revenue Limit Sources	$ 147,914,626	41	$ 5,594,549	3.93%
Federal	45,959,439	13	3,847,133	9.14%
Other State	96,730,001	27	19,823,748	25.78%
Other Local	66,820,803	19	(8,442,554)	(11.22%)
Total Revenues	$ 357,424,869	100%	$ 20,822,876	6.19%

The following schedule represents a summary of the general operating fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2011, and the increase and decrease (in amount and percentage) in relations to prior year amounts.

Summary of Expenditures by Object Code

	2011 Fiscal Year	Percent of Total	Increase (Decrease) From Prior Fiscal Year	Percent Increase (Decrease) From Prior Fiscal Year
Certificated salaries	$ 108,493,017	25.20%	$ (4,955,231)	(4.37%)
Classified salaries	45,113,189	10.48%	1,383,941	3.16%
Employee benefits	60,832,945	14.13%	(2,408,606)	(3.81%)
Books and supplies	18,949,886	4.40%	2,446,486	14.82%
Services, other operation expenses	50,158,766	11.65%	(8,805,858)	(14.93%)
Capital outlay	94,598,081	21.97%	28,069,863	42.19%
Debt service:				
Principal	20,114,268	4.67%	(51,059,587)	71.74%
Interest	31,961,296	7.42%	3,411,922	11.95%
Other outgo	368,295	0.08%	335,158	1,001%
Total Expenditures	$ 430,589,743	100%	$ (31,581,912)	(6.83%)

CAPITAL ASSET AND DEBT ADMINISTRATION

By June 30, 2011, the District had invested $1 billion in a broad range of capital assets including land, school buildings, athletic facilities, computer and audio-visual equipment as well as support facilities as reflected in the following table. Additional information about the capital assets of the District can also be found in footnote 4. Total depreciation expense for the year was $18.1 million while additions to net capital assets amounted to approximately $81.4 million.

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

Capital Assets

	Governmental Activities			
	Balance, July 1, 2010	Additions	Reductions	Balance, June 30, 2011
Governmental activities:				
Land	$ 52,371,291			$ 52,371,291
Site Improvements	58,260,347	$ 5,013,656	$ 1,293,574	61,980,429
Buildings	700,961,564	117,032,938	14,571,222	803,423,280
Machinery and Equipment	11,897,675	1,033,716	92,889	12,838,502
Construction In Progress	221,818,612	99,137,686	119,906,377	201,049,921
Totals at historical cost	1,045,309,489	222,217,996	135,864,062	1,131,663,423
Less: accumulated depreciation				
Site Improvements	(39,509,018)	(1,296,230)	(1,285,086)	(39,520,162)
Buildings	(194,473,914)	(15,966,037)	(11,849,016)	(198,590,935)
Machinery and Equipment	(5,989,913)	(835,758)	(45,316)	(6,780,355)
Total accumulated depreciation	(239,972,845)	(18,098,025)	(13,179,418)	(244,891,452)
Governmental activities, capital Assets, Net	$ 805,336,644	$ 204,119,971	$ 122,684,644	$ 886,771,971

Long-Term Liabilities

In recent years the District has received approval from the voters to issue $1.2 billion in bonds. Measure E was approved for $40 million in November 1998 to fund various capital improvement projects and to construct a new middle school. Measure M in the amount of $150 million was approved in November 2000 to renovate the elementary schools of the District. Measure D was approved in March 2002 to renovate the secondary schools of the District as well as provide additional funds to supplement Measure M. This measure is in the amount of $300 million. Measure J was approved for $400 million in November 2005 to continue repairing all school facilities, improve classroom safety and technology. Finally, Measure D was approved for $380 million in 2010 and will be used toward the continued renovation and rebuilding program for elementary and secondary schools. The District will continue to sell and issue bonds authorized by these measures in amounts necessary to meet the cash flow needs of the construction projects as they progress over the next several years.

Long-Term Liabilities (continued)

At year end the District had $918.3 million in general obligation bonds and other long-term liabilities outstanding, a slight decrease over the prior year.

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

Governmental Activities

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Amounts Due Within One Year
Emergency Apportionment Loan	$ 10,627,181		$ 1,258,794	$ 9,368,387	$ 1,258,078
General Obligation Bonds	758,222,822		16,945,830	741,276,968	12,968,145
Accreted Interest	39,182,929	$ 11,596,532		50,779,461	
GO Bond Premium	16,645,903		788,391	15,857,512	788,391
1994 Certificates of Participation	9,345,000		455,000	8,890,000	475,000
Voluntary Integration Program	1,872,000		1,000,000	872,000	872,000
Computer equipment acquisition	3,933,152		357,120	3,576,032	1,180,283
Compensated absences	2,939,279	551,485		3,490,764	
OPEB Obligation	78,915,248	23,606,113	18,409,754	84,111,607	
Child care facilities loan	223,871		97,524	126,347	97,524
Total Long-term liabilities	$ 921,907,385	$ 35,754,130	$ 39,312,413	$ 918,349,102	$ 17,659,421

The state limits the amount of general obligation debt the District can issue to 2.5 percent of the assessed value of all taxable property within the District's boundaries. The District has applied for and been granted two waivers of this limit by the California State Board of Education, one for Measure J and one for Measure D 2010. These waivers allow the District to issue bonds up to an amount not to exceed 3.5% of assessed value for the Measure J and 5.0% of assessed value for the Measure D 2010 bond authorization.

Notes to Basic Financial Statements

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Declining enrollment continues to be a concern for the District. The District monitors this situation and has made budget reductions to counter the loss of revenue from declining enrollment. The State of California continues to experience budget difficulties due to the economic crisis. The State Budget for 2011-12 includes a series of trigger reductions that are authorized to be implemented in the event the State's revenues are less than forecast. At this time the Legislative Analyst Office indicates the State's revenues are less than forecast. The District has prepared for mid-year triggers by setting aside additional reserves. However, since the majority of District revenue comes from the State, we will most certainly continue to experience budget challenges in this year and in the coming years if the mid-year triggers become ongoing cuts. The State's current cash deferral program puts an additional strain on the District resources, which become a greater concern if the District is forced to use its reserves due to the economic crisis. The District will receive only 72% of the cash to operate the programs in the 2011-12 school year, with the other 28% of cash deferred to July and August.

BASIC FINANCIAL STATEMENTS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 212,427,140
Receivables	53,634,783
Prepaid expenses	10,172,038
Stores inventory	669,212
Non-depreciable capital assets (Note 4)	253,421,212
Depreciable capital assets, net of accumulated depreciation (Note 4)	633,350,759
Total assets	1,163,675,144
LIABILITIES	
Accounts payable	43,525,310
Unpaid claims and claim adjustment expenses (Note 5)	500,000
Deferred revenue	6,691,194
Long-term liabilities (Note 6):	
Due within one year	17,659,421
Due after one year	900,689,681
Total liabilities	969,065,606
NET ASSETS	
Invested in capital assets, net of related debt	141,750,782
Restricted (Note 7)	133,642,990
Unrestricted	(80,784,234)
Total net assets	$ 194,609,538

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities (Note 4):					
Instruction	$ 164,958,093		$ 41,362,488	$ 20,406,400	$ (103,189,205)
Instruction-related services:					
Supervision of instruction	21,072,753		14,796,574		(6,276,179)
Instructional library, media and technology	3,361,348		370,802		(2,990,546)
School site administration	16,056,185		573		(16,055,612)
Pupil services:					
Home-to-school transportation	7,700,516		1,872,847		(5,827,669)
Food services	11,557,216	$ 1,034,644	10,616,912		94,340
All other pupil services	17,205,509		6,400,184		(10,805,325)
General administration:					
Data processing	3,326,974				(3,326,974)
All other general administration	14,913,366	46,703	1,953,067		(12,913,596)
Plant services	34,559,467	12,972	8,448,914		(26,097,581)
Ancillary services	7,663,001		5,676,842		(1,986,159)
Community services	135,887				(135,887)
Other outgo	922,296		594,678		(327,618)
Interest on long-term liabilities	42,094,551				(42,094,551)
Total governmental activities	$ 345,527,162	$ 1,094,319	$ 92,093,881	$ 20,406,400	$ (231,932,562)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	58,145,805
Taxes levied for debt service	41,655,701
Taxes levied for other specific purposes	15,890,220
Federal and state aid not restricted to specific purposes	123,569,138
Interest and investment earnings	624,924
Miscellaneous	4,038,401
Total general revenues	243,924,189
Change in net assets	11,991,627
Net assets, July 1, 2010, as previously stated	186,925,838
Restatement (Note 12)	(4,307,927)
Net assets, July 1, 2010, as restated	182,617,911
Net assets, June 30, 2011	$ 194,609,538

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2011

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 17,965,675	$ 55,586,909	$ 32,002,545	$ 11,268,354	$ 116,823,483
Cash awaiting deposit				1,000	1,000
Cash on hand and in banks	18,801			62,466	81,267
Cash in revolving fund	70,000				70,000
Cash with Fiscal Agent		7,611,652		1,600,814	9,212,466
Investments	6,820,575	66,716,904		10,152,926	83,690,405
Receivables	48,775,932	178,740	21,657	4,658,454	53,634,783
Prepaid expenditures	60,000				60,000
Due from other funds				410,000	410,000
Stores inventory	237,233			431,979	669,212
Total assets	$ 73,948,216	$ 130,094,205	$ 32,024,202	$ 28,585,993	$ 264,652,616
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 10,421,435	$ 19,434,079		$ 1,074,872	$ 30,930,386
Due to other funds				410,000	410,000
Deferred revenue	6,623,552			67,642	6,691,194
Total liabilities	17,044,987	19,434,079		1,552,514	38,031,580
Fund balances:					
Nonspendable	367,233			431,979	799,212
Restricted	27,130,317	110,660,126	$ 32,024,202	26,601,500	196,416,145
Assigned	11,334,014				11,334,014
Unassigned	18,071,665				18,071,665
Total fund balances	56,903,229	110,660,126	32,024,202	27,033,479	226,621,036
Total liabilities and fund balances	$ 73,948,216	$ 130,094,205	$ 32,024,202	$ 28,585,993	$ 264,652,616

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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

June 30, 2011

Total fund balances - Governmental Funds		$ 226,621,036
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $1,131,663,423 and the accumulated depreciation is $244,891,452 (Note 4).	886,771,971	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2011 consisted of (Note 6):		
General Obligation Bonds and premium	$ (757,134,504)	
Accreted interest	(50,779,461)	
Certificates of Participation	(8,890,000)	
Emergency Apportionment Loan	(9,368,387)	
Voluntary Integration Plan	(872,000)	
Computer equipment acquisition loan	(3,576,032)	
Child care facilities loan	(126,347)	
Other Postemployment Benefits (OPEB) (Note 9)	(84,111,607)	
Compensated absences	(3,490,764)	
		(918,349,102)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net assets of the Self-Insurance Fund are:		1,800,851
In the governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred:		(12,347,256)
Costs associated with the issuance of long-term liabilities are not financial resources and, therefore, are not reported as assets in governmental funds.		10,112,038
Total net assets - governmental activities		$ 194,609,538

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2011

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Revenue limit sources:					
State apportionment	$ 91,995,827				$ 91,995,827
Local sources	55,918,799				55,918,799
Total revenue limit	147,914,626				147,914,626
Federal sources	32,744,652		$ 2,379,974	$ 10,834,813	45,959,439
Other state sources	63,859,239		557,126	32,313,636	96,730,001
Other local sources	22,034,729	$ 679,831	41,687,271	2,418,972	66,820,803
Total revenues	266,553,246	679,831	44,624,371	45,567,421	357,424,869
Expenditures:					
Certificated salaries	105,990,977			2,502,040	108,493,017
Classified salaries	38,983,802	701,102		5,428,285	45,113,189
Employee benefits	58,161,626	233,215		2,438,104	60,832,945
Books and supplies	11,369,314	2,204,656		5,375,916	18,949,886
Contract services and operating expenditures	41,059,033	3,720,040		5,379,693	50,158,766
Capital outlay	331,905	72,641,421		21,624,755	94,598,081
Other outgo	51,428	316,867			368,295
Debt service:					
Principal retirement	3,070,914		16,945,830	97,524	20,114,268
Interest	686,475		31,274,821		31,961,296
Total expenditures	259,705,474	79,817,301	48,220,651	42,846,317	430,589,743
Excess (deficiency) of revenues over (under) expenditures	6,847,772	(79,137,470)	(3,596,280)	2,721,104	(73,164,874)
Other financing sources (uses):					
Operating transfers in	2,700,512	750,138	1,600,000	1,738,332	6,788,982
Operating transfers out		(3,338,332)		(3,450,650)	(6,788,982)
Total other financing sources (uses)	2,700,512	(2,588,194)	1,600,000	(1,712,318)	
Net changes in fund balances	9,548,284	(81,725,664)	(1,996,280)	1,008,786	(73,164,874)
Fund balances, July 1, 2010	47,354,945	192,385,790	34,020,482	26,024,693	299,785,910
Fund balances, June 30, 2011	$ 56,903,229	$ 110,660,126	$ 32,024,202	$ 27,033,479	$ 226,621,036

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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

For the Year Ended June 30, 2011

Net changes in fund balances - Total Governmental Funds		$ (73,164,874)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net assets (Note 4).	$ 102,311,619	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(18,098,025)	
Gain or loss from disposal of capital assets are reported as revenue for entire proceeds in the governmental funds, but in the statement of activities, only the resulting gain or loss is reported (Note 4).	(2,778,267)	
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as revenue in the period it is incurred. In government-wide statements, the premium or discount is amortized as interest over the life of the debt (Note 6).	788,391	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net assets (Note 6).	20,114,268	
Issuance costs and discounts related to the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the statement of net assets.	(514,002)	
In governmental funds, interest on long-term liabilities is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred.	634,886	
Accreted interest on capital appreciation bonds is not recorded in the governmental funds, but increases the long-term liabilities in the statement of net assets (Note 6).	(11,596,532)	
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost recovery basis. Change in net assets for the Self-Insurance Fund was:	42,007	

(Continued)

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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

(Continued)

For the Year Ended June 30, 2011

In government funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was (Notes 6 and 9):	$ (5,196,359)	
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	(551,485)	$ 85,156,501
Change in net assets of governmental activities		$ 11,991,627

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND

June 30, 2011

ASSETS	
Cash and investments:	
Cash in County Treasury (Note 2)	$ 2,538,819
Cash with Fiscal Agent (Note 2)	9,700
Total assets	2,548,519
LIABILITIES	
Accounts payable	247,668
Unpaid claims and claim adjustment expenses (Note 5)	500,000
Total liabilities	747,668
NET ASSETS	
Restricted (Note 7)	$ 1,800,851

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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

SELF-INSURANCE FUND

For the Year Ended June 30, 2011

Operating revenues:	
Self-insurance premiums	$ 3,165,990
Operating expenses:	
Books and supplies	290,527
Contract services	2,833,456
Total operating expenses	3,123,983
Operating income	42,007
Total net assets, July 1, 2010	1,758,844
Total net assets, June 30, 2011	$ 1,800,851

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

SELF-INSURANCE FUND

For the Year Ended June 30, 2011

Cash flows from operating activities:	
Cash received from self-insurance premiums	$ 3,165,990
Cash paid for books and supplies	(290,527)
Cash paid for claims	(2,493,860)
Cash paid for contract services	(1,350,572)
Net cash used in operating activities	(968,969)
Change in cash and investments	(968,969)
Cash and investments, July 1, 2010	3,517,488
Cash and investments, June 30, 2011	$ 2,548,519
Reconciliation of operating loss to net cash used in operating activities:	
Operating income	$ 42,007
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in accounts payable	(1,010,976)
Net cash used in operating activities	$ (968,969)

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

ALL TRUST AND AGENCY FUNDS

June 30, 2011

	Trust Fund Retiree Benefits Trust	Agency Fund Payroll Clearing Fund	Total
ASSETS			
Cash in County Treasury (Note 2)	$ 3,602,008	$ 1,698,976	$ 5,300,984
Investments (Note 2)	7,144,415		7,144,415
Receivables	968,411	20,449	988,860
Total assets	11,714,834	1,719,425	13,434,259
LIABILITIES			
Accounts payable	425	1,719,425	1,719,850
NET ASSETS			
Restricted (Note 7)	$ 11,714,409	$ -	$ 11,714,409

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS

RETIREE BENEFITS TRUST FUND

For the Year Ended June 30, 2011

Revenues:	
Other local sources	$ 19,028,120
Expenditures:	
Contract services and operating expenditures (Note 9)	19,112,844
Change in net assets	(84,724)
Net assets, July 1, 2010	11,799,133
Net assets, June 30, 2011	$ 11,714,409

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

The District and the Corporation have a financial and operational relationship that meets the reporting entity definition of Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Corporation as a component unit of the District. The basic, but not the only criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that the nongovernmental unit is dependent on another and the dependent unit should be reported as part of the other.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Accordingly, for the year ended June 30, 2011, the financial activities of the Corporation have been blended into the financial statements of the District. The Corporation's financial activities are presented in the Corporation Debt Service Fund. COPs issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

Basis of Presentation - Financial Statements

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

Basis of Presentation - Government-Wide Financial Statements

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

The Statement of Net Assets and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting

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

A - Governmental Fund Types

1. General Fund:

   The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. For financial reporting purposes, the current year activity and year end balance of the Special Reserve for Other than Capital Outlay Projects Fund is combined with the General Fund.

2. Special Revenue Funds:

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

3. Capital Projects Funds:

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

4. Debt Service Funds:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

B - Proprietary Fund

1. Self-Insurance Fund:

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

C - Fiduciary Funds

1. Trust Fund:

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

2. Agency Fund:

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

Basis of Accounting

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

Accrual

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Modified Accrual

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

Budgets and Budgetary Accounting

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

Stores Inventory

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

Cafeteria Food Purchases

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

Capital Assets

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

Compensated Absences

Compensated absences totaling $3,490,764 are recorded as a liability of the District. The liability is for the earned but unused benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Sick Leave

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

Deferred Revenue

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

Restricted Net Assets

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

Fund Balance Classifications

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

A - Nonspendable Fund Balance:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications (Continued

B - Restricted Fund Balance:

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

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2011, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2011, no such designation has occurred.

E - Unassigned Fund Balance:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policy

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

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2011, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes

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

Encumbrances

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

Eliminations and Reclassifications

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

Estimates

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

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2011 consisted of the following:

	Governmental Activities			
	Governmental Funds	Proprietary Fund	Total	Fiduciary Activities
Pooled Funds:				
Cash in County Treasury	$116,823,483	$ 2,538,819	$119,362,302	$ 5,300,984
Cash awaiting deposit	1,000		1,000	
Deposits:				
Cash on hand and in banks	81,267		81,267	
Cash in revolving fund	70,000		70,000	
Total pooled funds and deposits	116,975,750	2,538,819	119,514,569	5,300,984
Investments:				
Cash with Fiscal Agent	9,212,466	9,700	9,222,166	
Local Agency Investment Fund	83,690,405		83,690,405	7,144,415
Total investments	92,902,871	9,700	92,912,571	7,144,415
Total	$209,878,621	$ 2,548,519	$212,427,140	$ 12,445,399

Pooled Funds

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

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

In accordance with applicable state laws, the Contra Costa County Treasurer may invest in derivative securities. However, at June 30, 2011, the Contra Costa County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

2. CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Under Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, through December 31, 2012 interest-bearing cash balances held in banks are insured up to $250,000 and non-interest bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2011, the carrying amount of the District’s accounts was $151,267, and the bank balance was $151,267, all of which was insured.

Cash with Fiscal Agent

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

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

Local Agency Investment Fund

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

2. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2011, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

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

Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2011, the District had no concentration of credit risk.

3. INTERFUND TRANSACTIONS

Interfund Activity

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

Interfund Receivables/Payables

Individual fund interfund receivable and payable balances at June 30, 2011 were as follows:

Fund	Interfund Receivables	Interfund Payables
Non-Major Funds:		
Cafeteria		$ 410,000
Capital Facilities	$ 410,000	
Totals	$ 410,000	$ 410,000

3. INTERFUND TRANSACTIONS (Continued)

Interfund Transfers

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

Interfund transfers for the 2010-2011 fiscal year were as follows:

Transfer from the Special Reserve for Capital Outlay Projects Fund to the Building Fund to move funds received from the state parks and recreation program.	$ 750,138
Transfer from the Building Fund to the Bond Interest and Redemption Fund to reclassify Measure D principal payments.	1,600,000
Transfer from the Building Fund to the Special Reserve for Capital Outlay Projects Fund to move remaining Re-Development Agency (RDA) funds.	1,738,332
Transfer from the Adult Education Fund to the General Fund for indirect support costs.	101,492
Transfer from the Adult Education Fund to the General Fund for Tier III flexibility provisions of SBX3 4.	1,000,000
Transfer from the Child Development Fund to the General Fund for indirect support costs.	110,924
Transfer from the Cafeteria Fund to the General Fund for indirect support costs.	477,981
Transfer from the Corporation Debt Service Fund to the General Fund to repay prior year excess transfer of debt principal payments.	10,115
Transfer from the Deferred Maintenance Fund to the General Fund for Tier III flexibility provisions of SBX3 4.	1,000,000
	$ 6,788,982

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2011 is shown below:

	Balance June 30, 2010, as Previously Stated	Restatement (Note 12)	Balance July 1, 2010 as Restated	Transfers and Additions	Transfers and Deductions	Balance June 30, 2011
Governmental Activities						
Non-depreciable:						
Land	$ 52,371,291		$ 52,371,291			$ 52,371,291
Work-in-process	221,818,612		221,818,612	$ 99,137,686	$ 119,906,377	201,049,921
Depreciable:						
Buildings	700,961,564		700,961,564	117,032,938	14,571,222	803,423,280
Site improvements	58,260,347		58,260,347	5,013,656	1,293,574	61,980,429
Equipment	11,897,675		11,897,675	1,033,716	92,889	12,838,502
Totals, at cost	1,045,309,489		1,045,309,489	222,217,996	135,864,062	1,131,663,423
Less accumulated depreciation:						
Buildings	(190,165,987)	$ (4,307,927)	(194,473,914)	(15,966,037)	(11,849,016)	(198,590,935)
Site improvements	(39,509,018)		(39,509,018)	(1,296,230)	(1,285,086)	(39,520,162)
Equipment	(5,989,913)		(5,989,913)	(835,758)	(45,316)	(6,780,355)
Total accumulated depreciation	(235,664,918)	(4,307,927)	(239,972,845)	(18,098,025)	(13,179,418)	(244,891,452)
Capital assets, net	$ 809,644,571	$ (4,307,927)	$ 805,336,644	$ 204,119,971	$ 122,684,644	$ 886,771,971

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 9,910,443
Supervision of instruction	1,266,491
Instructional library, media and technology	202,533
School site administration	961,967
Home to school transportation	472,805
Food services	707,379
All other pupil services	1,036,998
Ancillary services	463,450
Community services	8,132
All other general administration	759,347
Data processing	202,118
Plant services	2,106,362
Total depreciation expense	$ 18,098,025

5. SELF-INSURANCE CLAIMS

The District is self-insured for property and liability claims. For accounting and reporting purposes, the District has established a separate Self-Insurance Fund for the payment of claims. For the year ended June 30, 2011, the District provides coverage up to a maximum of $100,000 for each property or liability claim. The District participates in a joint powers authority for claims in excess of coverage provided by the Fund (Note 10).

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

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

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

	June 30, 2011	June 30, 2010
Unpaid claim and claim adjustment expenses, beginning of year	$ 500,000	$ 500,000
Total incurred claims and claim adjustment expenses	1,340,237	1,350,572
Total payments	(1,340,237)	(1,350,572)
Total unpaid claims and claim adjustment expenses at end of year	$ 500,000	$ 500,000

6. LONG-TERM LIABILITIES

General Obligation Bonds

Bond	Interest Rate %	Date of Issuance	Maturity Date	Amount of Original Issuance	Outstanding July 1, 2010	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2011
Measure E, Refunding Series A	4.15% - 5.7%	2001	2025	$ 28,610,000	$ 20,645,000		$ 1,040,000	$ 19,605,000
Measure E, Refunding Series B	4.3% - 6.0%	2001	2025	10,255,000	7,550,000		360,000	7,190,000
Measure M, Series B	4.0% - 6.0%	2002	2031	40,000,000	885,000		885,000	
Measure M, Series C	2.5% - 5.0%	2003	2032	95,000,000	84,665,000		2,320,000	82,345,000
Measure D, Series A	4.25% - 7.0%	2002	2031	30,000,000	26,325,000		1,475,000	24,850,000
Measure D, Series B	4.1% - 5.0%	2003	2032	100,000,000	87,420,000		3,160,000	84,260,000
Measure D, Series C, Current Interest	4.0% - 5.0%	2004	2035	40,000,000	37,225,000		780,000	36,445,000
Measure D, Series C, Capital Appreciation	2.4% - 5.8%	2004	2035	29,999,377	29,217,456		470,644	28,746,812
Measure D, Series D, Capital Appreciation	3.15% - 5.05%	2006	2035	99,998,106	96,670,658		1,420,186	95,250,472
Measure J, Series A	4.0% - 5.0%	2006	2035	70,000,000	62,325,000		1,045,000	61,280,000
Measure J, Series B	5.0% - 6.0%	2009	2036	120,000,000	115,025,000			115,025,000
Measure J, Series C1	6.24% - 12.0%	2010	2033	52,084,759	52,084,759			52,084,759
Measure J, Series C2	8.46%	2010	2034	52,825,000	52,825,000			52,825,000
2009 Refunding	3.0% - 5.38%	2010	2031	57,860,000	57,860,000		3,990,000	53,870,000
Measure J, Series D1	6.56%	2010	2024	25,000,000	25,000,000			25,000,000
Measure J, Series D2	6.80% - 6.81%	2010	2036	2,499,949	2,499,949			2,499,949
				$ 854,132,191	$ 758,222,822	$ -	$ 16,945,830	$ 741,276,992

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2001 Refunding Measure E, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	$ 1,110,000	$ 1,066,349	$ 2,176,349
2013	1,160,000	1,011,441	2,171,441
2014	1,225,000	953,335	2,178,335
2015	1,295,000	890,880	2,185,880
2016	1,355,000	823,560	2,178,560
2917-2021	8,050,000	2,932,028	10,982,028
2022-2026	5,410,000	635,043	6,045,043
	$ 19,605,000	$ 8,312,636	$ 27,917,636

The annual requirements to amortize the 2001 Refunding Measure E, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	$ 380,000	$ 419,768	$ 799,768
2013	395,000	399,844	794,844
2014	425,000	378,785	803,785
2015	445,000	355,855	800,855
2016	475,000	331,400	806,400
2017-2021	2,845,000	1,193,400	4,038,400
2022-2025	2,225,000	271,800	2,496,800
	$ 7,190,000	$ 3,350,852	$ 10,540,852

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2003 Measure M, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	$ 2,415,000	$ 3,978,663	$ 6,393,663
2013	2,490,000	3,880,563	6,370,563
2014	2,570,000	3,779,363	6,349,363
2015	2,660,000	3,674,763	6,334,763
2016	2,755,000	3,566,463	6,321,463
2017-2021	15,445,000	15,593,181	31,038,181
2022-2026	18,985,000	11,211,125	30,196,125
2027-2031	23,815,000	5,890,625	29,705,625
2032-2033	11,210,000	567,000	11,777,000
	$ 82,345,000	$ 52,141,746	$134,486,746

The annual requirements to amortize the 2002 Measure D, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012		$ 1,210,758	$ 1,210,758
2013	$ 780,000	1,194,183	1,974,183
2014	810,000	1,160,395	1,970,395
2015	845,000	1,125,226	1,970,226
2016	880,000	1,087,910	1,967,910
2017-2021	5,035,000	4,769,175	9,804,175
2022-2026	6,395,000	3,357,375	9,752,375
2027-2031	8,200,000	1,542,500	9,742,500
2032	1,905,000	47,625	1,952,625
	$ 24,850,000	$ 15,495,147	$ 40,345,147

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2003 Measure D, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	$ 1,655,000	$ 4,021,690	$ 5,676,690
2013	2,555,000	3,929,215	6,484,215
2014	2,640,000	3,825,315	6,465,315
2015	2,735,000	3,717,815	6,452,815
2016	2,840,000	3,604,895	6,444,895
2017-2021	15,980,000	15,979,975	31,959,975
2022-2026	19,685,000	11,588,875	31,273,875
2027-2031	24,615,000	6,077,125	30,692,125
2032-2033	11,555,000	584,625	12,139,625
	$ 84,260,000	$ 53,329,530	$ 137,589,530

The annual requirements to amortize the 2005 Measure D, Series C, Current Interest General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	$ 820,000	$ 1,749,798	$ 2,569,798
2013	860,000	1,716,198	2,576,198
2014	905,000	1,680,898	2,585,898
2015	950,000	1,642,610	2,592,610
2016	990,000	1,602,623	2,592,623
2017-2021	5,695,000	7,332,718	13,027,718
2022-2026	7,280,000	5,738,869	13,018,869
2027-2031	9,425,000	3,606,875	13,031,875
2032-2036	9,520,000	983,250	10,503,250
	$ 36,445,000	$ 26,053,839	$ 62,498,839

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2005 Measure D, Series C, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	$ 567,683	$ 267,317	$ 835,000
2013	656,115	363,885	1,020,000
2014	739,473	475,527	1,215,000
2015	814,828	600,172	1,415,000
2016	882,657	737,343	1,620,000
2017-2021	4,580,860	5,469,140	10,050,000
2022-2026	6,264,331	11,785,669	18,050,000
2027-2031	7,192,175	20,042,825	27,235,000
2032-2036	7,048,690	27,321,310	34,370,000
	$ 28,746,812	$ 67,063,188	$ 95,810,000

The annual requirements to amortize the 2006 Measure D, Series D, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	$ 2,105,460	$ 519,540	$ 2,625,000
2013	2,327,598	717,402	3,045,000
2014	2,527,733	952,267	3,480,000
2015	2,719,715	1,215,285	3,935,000
2016	2,904,482	1,520,519	4,425,001
20017-2021	18,380,161	14,884,839	33,265,000
2022-2026	20,361,872	27,993,128	48,355,000
2027-2031	22,492,520	46,992,480	69,485,000
2032-2036	21,430,931	62,344,066	83,774,997
	$ 95,250,472	$157,139,526	$252,389,998

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2006 Measure J, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012		$ 2,959,003	$ 2,959,003
2013		2,959,003	2,959,003
2014	$ 545,000	2,948,103	3,493,103
2015	1,710,000	2,903,003	4,613,003
2016	1,775,000	2,832,415	4,607,415
2017-2021	10,030,000	12,945,834	22,975,834
2022-2026	12,400,000	10,308,750	22,708,750
2027-2031	15,455,000	6,842,375	22,297,375
2032-2036	19,365,000	2,508,123	21,873,123
	$ 61,280,000	$ 47,206,609	$108,486,609

The annual requirements to amortize the 2009 Measure J, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012		$ 6,656,375	$ 6,656,375
2013		6,656,375	6,656,375
2014		6,656,375	6,656,375
2015		6,656,375	6,656,375
2016	$ 1,225,000	6,625,750	7,850,750
2017-2021	10,400,000	31,571,625	41,971,625
2022-2026	20,000,000	27,335,625	47,335,625
2027-2031	36,400,000	18,560,063	54,960,063
2032-2036	47,000,000	8,184,375	55,184,375
	$115,025,000	$118,902,938	$233,927,938

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2010 Measure J, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2017-2021	$ 5,652,228	$ 11,682,772	$ 17,335,000
2022-2026	11,158,350	17,271,650	28,430,000
2027-2031	23,170,181	61,789,819	84,960,000
2032-2034	12,104,000	48,001,000	60,105,000
	$ 52,084,759	$138,745,241	$190,830,000

The annual requirements to amortize the 2010 Measure J, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012		$ 4,468,995	$ 4,468,995
2013		4,468,995	4,468,995
2014		4,468,995	4,468,995
2015		4,468,995	4,468,995
2016		4,468,995	4,468,995
2017-2021		22,344,975	22,344,975
2022-2026		22,344,975	22,344,975
2027-2031		22,344,975	22,344,975
2032-2036	$ 52,825,000	13,873,343	66,698,343
	$ 52,825,000	$103,253,243	$156,078,243

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2009 Measure J and M, General Obligation Bonds Refund outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	$ 3,915,000	$ 2,143,456	$ 6,058,456
2013	3,600,000	2,019,906	5,619,906
2014	4,575,000	1,878,331	6,453,331
2015	5,120,000	1,690,656	6,810,656
2016	7,070,000	1,457,256	8,527,256
2017-2021	21,125,000	3,286,625	24,411,625
2022-2026	3,285,000	1,786,716	5,071,716
2027-2031	4,200,000	842,694	5,042,694
2032	980,000	26,338	1,006,338
	$ 53,870,000	$ 15,131,978	$ 69,001,978

The annual requirements to amortize the 2010 Measure J, Series D1, General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

Year Ended June 30,	Principal	Interest	Total
2012		$ 268,250	$ 268,250
2013		268,250	268,250
2014		268,250	268,250
2015		268,250	268,250
2016		268,250	268,250
2017-2021		1,431,250	1,431,250
2022-2026	$ 25,000,000	804,363	25,804,363
	$ 25,000,000	$ 3,576,863	$ 28,576,863

The annual requirements to amortize the 2010 Measure J, Series D2, General Obligation Bonds Payable, outstanding as of June 30, 2011, are as follows:

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

6. LONG-TERM LIABILITIES (Continued)

Certificates of Participation (COPs)

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

Scheduled payments for the COPs are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	$ 475,000	$ 447,577	$ 922,577
2013	500,000	424,967	924,967
2014	525,000	400,867	925,867
2015	555,000	375,352	930,352
2016	585,000	348,157	933,157
2017-2021	3,360,000	1,272,993	4,632,993
2022-2024	2,890,000	324,447	3,214,447
	$ 8,890,000	$ 3,594,360	$ 12,484,360

Emergency Apportionment Loan

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

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

Year Ended June 30,	Principal	Interest	Total
2012	$ 1,278,078	$ 143,524	$ 1,421,602
2013	1,297,658	123,944	1,421,602
2014	1,317,539	104,063	1,421,602
2015	1,337,723	83,879	1,421,602
2016	1,358,217	63,385	1,421,602
2017-2018	2,779,172	64,027	2,843,199
	$ 9,368,387	$ 582,822	$ 9,951,209

6. LONG-TERM LIABILITIES (Continued)

Voluntary Integration Plan

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

Year Ending June 30,	Total Payments
2012	$ 872,000

Computer Equipment Acquisition Loan

During fiscal year 1989-90, the District financed the acquisition of an administrative and instructional computer system with a loan from IBM. The acquired assets collateralized the loans. Subsequent to June 30, 1993, the District restructured the debt to allow for one payment during fiscal year 1993-94 and the remaining payments of $3,576,032, represented by $2,459,111 of principal and $1,116,921 of interest, payable in fiscal years 2007-08 through 2015-16. The Pooled Money investment rate of 4.402% as of June 30, 1994, was used to impute the interest costs implicit in the repayment amounts.

Year Ending June 30,	Total Payments
2012	$ 1,242,000
2013	625,000
2014	625,000
2015	625,000
2016	625,000
	3,742,000
Less amount representing interest	(165,968)
Total payments	$ 3,576,032

6. LONG-TERM LIABILITIES (Continued)

Child Care Facilities Loan

On February 7, 2001, the District received a no-interest loan from the California Department of Education for the development and acquisition of child care facilities. The District received an initial amount of $573,048 with the District repaying $33,000 of the loan. In 2002-03, the District received an additional $598,060. The carrying balance of the loan as of June 30, 2011 is $126,347. The loan balance is to be repaid in ten annual installments.

The following is a schedule of loan repayments:

Year Ending June 30,	Total Payments
2012	$ 97,524
2013	28,823
Total payments	$ 126,347

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2011 is shown below:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 758,222,822		$ 16,945,830	$ 741,276,992	$ 12,968,145
General Obligation Bonds Premium	16,645,903		788,391	15,857,512	788,391
Accreted interest	39,182,929	$ 11,596,532		50,779,461	
Certificates of Participation	9,345,000		455,000	8,890,000	475,000
Emergency Apportionment Loan	10,627,181		1,258,794	9,368,387	1,278,078
Voluntary Integration Plan	1,872,000		1,000,000	872,000	872,000
Computer equipment acquisition loan	3,933,152		357,120	3,576,032	1,180,283
Child care facilities loan	223,871		97,524	126,347	97,524
OPEB obligation (Note 9)	78,915,248	23,606,113	18,409,754	84,111,607	
Compensated absences	2,939,279	551,485		3,490,764	
Total	$ 921,907,385	$ 35,754,130	$ 39,312,413	$ 918,349,102	$ 17,659,421

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

7. NET ASSETS / FUND BALANCES

Restricted net assets consisted of the following at June 30, 2011:

	Governmental Activities	Fiduciary Funds
Restricted for revolving cash	$ 70,000	
Restricted for prepaid expenses	10,172,038	
Restricted for stores inventory	669,212	
Restricted for unspent categorical program revenues	27,130,217	
Restricted for future payment of self-insured claims	1,800,851	
Restricted for special revenues	5,678,301	
Restricted for capital projects	45,800,912	
Restricted for debt service	42,321,459	
Restricted for retiree benefits		$ 11,714,409
Total restricted net assets	$133,642,990	$ 11,714,409

Fund balances, by category, at June 30, 2011 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 70,000				$ 70,000
Stores inventory	237,233			$ 431,979	669,212
Prepaid expenditures	60,000				60,000
Subtotal nonspendable	367,233			431,979	799,212
Restricted:					
Unspent categorical revenues	27,130,317				27,130,317
Capital projects		$110,660,126		10,625,942	121,286,068
Special revenues				5,678,301	5,678,301
Debt service			$ 32,024,202	10,297,257	42,321,459
Subtotal restricted	27,130,317	110,660,126	32,024,202	26,601,500	196,416,145
Assigned:					
Tier III flexibility	11,334,014				11,334,014
Unassigned:					
Designated for economic uncertainty	7,860,452				7,860,452
Undesignated	10,211,213				10,211,213
Subtotal unassigned	18,071,665				18,071,665
Total fund balances	$ 56,903,229	$110,660,126	$ 32,024,202	$ 27,033,479	$226,621,036

8. EMPLOYEE RETIREMENT SYSTEMS

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

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-2011 was 10.707% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2009, 2010 and 2011 were $3,669,145, $3,343,635 and $3,775,389, respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

Plan Description

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

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

<u>Plan Description and Provisions</u> (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members are required to contribute 8.0% of their salary. The required employer contribution rate for fiscal year 2010-2011 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2009, 2010 and 2011 were $9,485,900, $8,846,010 and $8,409,803, respectively, and equal 100% of the required contributions for each year.

9. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the District provides post-employment health benefits to all employees (1) hired prior to December 31, 2006 and who have attained five continuous years of service with the District (as defined by PERS/STRS); (2) are hired after January 1, 2007 and have attained ten continuous years of service with the District (as defined by PERS/STRS). Dental benefits are provided to employees who meet the rule of "75" (number of years worked plus age equals 75 or more) to qualify for post employment dental benefits. As of June 30, 2011, a total of 2,358 retirees met the health care benefit requirement.

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

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 23,610,818
Interest on net OPEB obligation	3,551,186
Adjustment to annual required contribution	(3,555,891)
Annual OPEB cost	23,606,113
Contributions made	(18,409,754)
Increase in net OPEB obligation	5,196,359
Net OPEB obligation - beginning of year	78,915,248
Net OPEB obligation - end of year	$ 84,111,607

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011 and preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 41,403,868	36.5%	$ 50,747,951
June 30, 2010	$ 44,531,861	56.4%	$ 78,915,248
June 30, 2011	$ 23,606,113	28.1%	$ 84,111,607

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial liability for benefits was $385,520,762 and the actuarial value of assets was $0, resulting in a unfunded actuarial accrued liability (UAAL) of $385,520,762. However, the District has set aside $11,714,409 in the Retiree Benefits Trust Fund for future payment of these benefits. No current employees are covered by the Plan. The OPEB plan is currently operated as a pay-as-you-go plan.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

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

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after 10 years. Both rates included a 3.25 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was 27 years.

10. JOINT POWERS AGREEMENTS

Contra Costa County Schools Insurance Group

The District is a member with other school districts of a Joint Powers Authority, Contra Costa County Schools Insurance Group (CCCSIG), for the operation of a common risk management and insurance program for workers' compensation coverage. The following is a summary of financial information for CCCSIG at June 30, 2010 (most recent information available):

Total assets	$	97,277,482
Total liabilities	$	72,699,996
Total net assets	$	24,577,486
Total revenues	$	44,125,911
Total expenses	$	44,207,706
Change in net assets	$	(81,795)

Northern California Regional Liability Excess Fund (Nor Cal Relief)

The District is a member with other agencies of a Joint Powers Authority, Northern California Regional Liability Excess Fund (Nor Cal Relief), for the operation of a common risk management and insurance program for property and liability coverage. The following is a summary of financial information for Nor Cal Relief at June 30, 2010 (most recent information available):

Total assets	$	55,534,065
Total liabilities	$	29,832,458
Total net assets	$	25,701,607
Total revenues	$	36,200,979
Total expenses	$	30,541,028
Change in net assets	$	5,659,951

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

11. CONTINGENCIES

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

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

12. RESTATEMENT

During the year ended June 30, 2011, management determined that accumulated depreciation of capital assets were understated at June 30, 2010. Management identified capital assets for one school site which was not transferred from work-in-process upon completion. The depreciation for this site had not been recorded in the District's government-wide financial statements from the date it was placed into service, through June 30, 2010. The effect of the restatement is a decrease of net capital assets and a decrease in net assets as of June 30, 2010 of $4,307,927.

13. TRUST AND AGENCY FUND - GAAP DEPARTURE

The Trust and Agency fund financial statements for the Associated Student Body are not included in the basic financial statements or notes to basic financial statements. The District was not able to provide adequate documentation to determine the amount of assets, liabilities, and net assets, if any, for the Associated Student Body accounts as of June 30, 2011. The exclusion of these fiduciary funds is considered a departure from accounting principles generally accepted in the United States of America (GAAP), and as a result the independent auditors' report for the District's financial statements is qualified for the year ended June 30, 2011.

14. SUBSEQUENT EVENTS

General Obligation Bonds

On August 1, 2011, the District issued 2011 General Obligation Refunding Bonds in the amount of $85,565,000. The Board of Supervisors of the Contra Costa County is empowered and obligated to annually levy and collect ad valorem property taxes without limitation as to rate or amount on all taxable property in the District for the payment of interest, principal, and premium, if any. The bonds bear interest ranging from 3.00% to 5.25% and are scheduled to mature through August 1, 2024.

On November 8, 2011, the District issued Election of 2010, Series A General Obligation Bonds totaling $79,000,000. The Board of Supervisors and Contra Costa County are empowered and obligated to annually levy and collect ad valorem property taxes without restriction as to rate or amount on all the taxable property in the District for the payment of interest, principal, and premium due, if any. The bonds bear interest ranging from 3.00% to 5.25% and are expected to mature through August 1, 2041.

On November 8, 2011, the District issued Election of 2010, Series A-1 General Obligation Bonds totaling $21,000,000. The Board of Supervisors and Contra Costa County are empowered and obligated to annually levy and collect ad valorem property taxes without restriction as to rate or amount on all the taxable property in the District for the payment of interest, principal, and premium due, if any. The bonds were issued as Qualified School Construction Bonds, and are eligible to receive direct cash subsidy payments from the US Treasury relating to the interest payable. The bonds bear interest at 6.25% and are expected to mature through August 1, 2030.

REQUIRED SUPPLEMENTARY INFORMATION

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2011

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Revenue limit sources:				
State apportionment	$ 80,702,011	$ 89,591,702	$ 91,995,827	$ 2,404,125
Local sources	57,885,468	58,145,807	55,918,799	(2,227,008)
Total revenue limit	138,587,479	147,737,509	147,914,626	177,117
Federal sources	26,336,649	49,377,539	32,744,652	(16,632,887)
Other state sources	59,888,937	65,058,180	63,859,239	(1,198,941)
Other local sources	20,474,003	22,272,236	22,034,729	(237,507)
Total revenues	245,287,068	284,445,464	266,553,246	(17,892,218)
Expenditures:				
Certificated salaries	103,883,190	109,623,550	105,990,977	3,632,573
Classified salaries	36,368,048	39,967,201	38,983,802	983,399
Employee benefits	57,613,906	60,838,122	58,161,626	2,676,496
Books and supplies	17,174,475	30,633,051	11,369,314	19,263,737
Contract services and operating expenditures	35,461,913	50,852,830	41,059,033	9,793,797
Capital outlay	124,200	3,209,792	331,905	2,877,887
Other outgo	(641,540)	(653,730)	51,428	(705,158)
Debt service:				
Principal retirement	3,755,794	3,755,794	3,070,914	684,880
Interest	631,816	631,816	686,475	(54,659)
Total expenditures	254,371,802	298,858,426	259,705,474	39,152,952
(Deficiency) excess of revenues (under) over expenditures	(9,084,734)	(14,412,962)	6,847,772	21,260,734
Other financing sources (uses):				
Operating transfers in	3,421,602		2,700,512	2,700,512
Operating transfers out				
Total other financing sources (uses)	3,421,602		2,700,512	2,700,512
Net change in fund balance	(5,663,132)	(14,412,962)	9,548,284	23,961,246
Fund balance, July 1, 2010	47,354,945	47,354,945	47,354,945	
Fund balance, June 30, 2011	$ 41,691,813	$ 32,941,983	$ 56,903,229	$ 23,961,246

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS

For the Year Ended June 30, 2011

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll*	UAAL as a Percentage of Covered Payroll*
6/30/2008	June 30, 2007	$0	$496 million	$496 million	0%	$0	0%
6/30/2009	June 30, 2007	$0	$496 million	$496 million	0%	$0	0%
6/30/2010	June 30, 2007	$0	$523 million	$513.8 million	0%	$0	0%
6/30/2011	July 1, 2010	$0	$386 million	$386 million	0%	$0	0%

* No current employees are covered by the Plan.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

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

B - Schedule of Other Postemployment Benefits Funding Progress

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

SUPPLEMENTARY INFORMATION

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2011

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Corporation Debt Service Fund	Debt Service Fund	Total
ASSETS										
Cash in County Treasury	$ 559,115	$ 316,355	$ 4,682	$ 1,194,673	$ 1,940,266	$ 9,469	$ 7,229,008		$ 14,786	$ 11,268,354
Cash awaiting deposit			1,000							1,000
Cash on hand and in banks	24,955		37,511							62,466
Cash with Fiscal Agent							323,938	$ 1,276,876		1,600,814
Investments	3,202				1,156,600				8,993,124	10,152,926
Receivables	1,546,985	115,621	2,959,065	1,784	4,313	4,487	13,728		12,471	4,658,454
Due from other funds					410,000					410,000
Stores inventory			431,979							431,979
Total assets	$ 2,134,257	$ 431,976	$ 3,434,237	$ 1,196,457	$ 3,511,179	$ 13,956	$ 7,566,674	$ 1,276,876	$ 9,020,381	$ 28,585,993
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	$ 188,399	$ 148,519	$ 272,087		$ 42,762		$ 423,105			$ 1,074,872
Deferred revenue		67,642								67,642
Due to other funds			410,000							410,000
Total liabilities	188,399	216,161	682,087		42,762		423,105			1,552,514
Fund balances:										
Nonspendable			431,979							431,979
Restricted	1,945,858	215,815	2,320,171	$ 1,196,457	3,468,417	$ 13,956	7,143,569	$ 1,276,876	$ 9,020,381	26,601,500
Total fund balances	1,945,858	215,815	2,752,150	1,196,457	3,468,417	13,956	7,143,569	1,276,876	9,020,381	27,033,479
Total liabilities and fund balances	$ 2,134,257	$ 431,976	$ 3,434,237	$ 1,196,457	$ 3,511,179	$ 13,956	$ 7,566,674	$ 1,276,876	$ 9,020,381	$ 28,585,993

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

ALL NON-MAJOR FUNDS

For the Year Ended June 30, 2011

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Corporation Debt Service Fund	Debt Service Fund	Total
Revenues:										
Federal sources	$ 363,357	$ 195,751	$ 10,275,705							$ 10,834,813
Other state sources	3,310,121	2,465,724	860,675	$ 1,097,096		$ 20,387,452	$ 4,192,568			32,313,636
Other local sources	369,888	269,085	1,105,876	6,247	$ (131,521)	18,948	738,713		$ 41,736	2,418,972
Total revenues	4,043,366	2,930,560	12,242,256	1,103,343	(131,521)	20,406,400	4,931,281		41,736	45,567,421
Expenditures:										
Certificated salaries	1,364,349	1,137,691								2,502,040
Classified salaries	584,157	717,705	4,104,128				22,295			5,428,285
Employee benefits	394,079	594,824	1,444,044				5,157			2,438,104
Books and supplies	87,794	219,861	4,923,561		132		144,568			5,375,916
Contract services and operating expenditures	240,729	68,321	316,071	10,778	338,487		4,405,307			5,379,693
Capital outlay			114,467	1,352	786,892	20,438,952	283,092			21,624,755
Debt service:										
Principal retirement		97,524								97,524
Total expenditures	2,671,108	2,835,926	10,902,271	12,130	1,125,511	20,438,952	4,860,419			42,846,317
Excess (deficiency) of revenues over (under) expenditures	1,372,258	94,634	1,339,985	1,091,213	(1,257,032)	(32,552)	70,862		41,736	2,721,104
Other financing sources (uses):										
Operating transfers in							1,738,332			1,738,332
Operating transfers out	(1,101,492)	(110,924)	(477,981)	(1,000,000)			(750,138)	$ (10,115)		(3,450,650)
Total other financing sources (uses)	(1,101,492)	(110,924)	(477,981)	(1,000,000)			988,194	(10,115)		(1,712,318)
Net change in fund balances	270,766	(16,290)	862,004	91,213	(1,257,032)	(32,552)	1,059,056	(10,115)	41,736	1,008,786
Fund balances, July 1, 2010	1,675,092	232,105	1,890,146	1,105,244	4,725,449	46,508	6,084,513	1,286,991	8,978,645	26,024,693
Fund balances, June 30, 2011	$ 1,945,858	$ 215,815	$ 2,752,150	$ 1,196,457	3,468,417	$ 13,956	$ 7,143,569	$ 1,276,876	$ 9,020,381	$ 27,033,479

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

ORGANIZATION

June 30, 2011

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

BOARD OF TRUSTEES

ADMINISTRATION

Bruce Harter, Ph.D.
Superintendent of Schools

Wendell Greer
Associate Superintendent, K-12

Bill Fay
Associate Superintendent for Operations

Sheri Gamba
Associate Superintendent for Business Services

Anne Reinhagen
Assistant Superintendent for Human Resources

Nia Rashidchi
Assistant Superintendent of Educational Services

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For the Year Ended June 30, 2011

	Original Second Period Report	Annual Report
Elementary:		
Kindergarten	2,237	2,230
First through Third	6,921	6,872
Fourth through Eighth	9,796	9,691
Home and Hospital	7	11
Special Education	628	853
Non Public Schools	2	2
Community Day School	17	24
Total Elementary	19,608	19,683
Secondary:		
Regular Classes	6,962	6,824
Special Education	720	598
Compulsory Continuation Education	230	208
Community Day School	29	23
Home and Hospital	30	30
Non Public Schools	10	10
Total Secondary	7,981	7,693
	27,589	27,376

See accompanying notes to supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2011

Grade Level	1986-87 Minutes Require-ment	1982-83 Actual Minutes	2010-11 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	31,500	36,000	180	In Compliance
Grade 1	50,400	45,160	50,400	180	In Compliance
Grade 2	50,400	45,160	50,400	180	In Compliance
Grade 3	50,400	45,160	50,400	180	In Compliance
Grade 4	54,000	45,160	54,000	180	In Compliance
Grade 5	54,000	45,160	54,000	180	In Compliance
Grade 6	54,000	45,160	54,000	180	In Compliance
Grade 7	54,000	45,160	54,515	180	In Compliance
Grade 8	54,000	45,160	54,515	180	In Compliance
Grade 9	64,800	52,898	64,896	180	In Compliance
Grade 10	64,800	52,898	64,896	180	In Compliance
Grade 11	64,800	52,898	64,896	180	In Compliance
Grade 12	64,800	52,898	64,896	180	In Compliance

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

For the Year Ended June 30, 2011

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U. S. Department of Education - Passed through California Department of Education		
	Special Education Cluster:		
84.027	Special Education IDEA: Basic Local Assistance Entitlement, Part B, Sec. 611 (Formerly 94-142)	13379	$ 5,736,637
84.027	Special Education IDEA: Local Assistance Part B, Sec 611 Private School ISPs	10115	43,689
84.027	Special Education - Alternative Dispute Resolution, Part B, Sec. 611	13007	15,000
84.027A	Special Education IDEA: Preschool Local Entitle-ment, Part B, Sec. 611 (Age 3-5)	13682	560,838
84.027A	Special Education IDEA: Local Staff Development Grants, Part B, Sec. 611	13613	3,526
84.173	Special Education IDEA: Preschool Grant, Part B, Sec 619 (Age 3-4-5)	13430	398,956
84.391	Special Ed: ARRA IDEA Part B, Sec 611, Basic Local Assistance	15003	2,930,216
84.391	Special Ed: ARRA IDEA Part B, Sec 611, Preschool Local Entitlement	15002	194,007
84.392	Special Ed: ARRA IDEA Part B, Sec 619, Preschool Grants	15000	128,498
	Subtotal Special Education Cluster		10,011,367
	Title I, Part A Cluster:		
84.010	NCLB: Title I, Part A, Basic Grants Low Income and Neglected	14329	9,094,034
84.389	NCLB: ARRA Title I, Part A, Basic Grants Low Income and Neglected	15005	3,659,304
	Subtotal Title I, Part A Cluster		12,753,338
	Title I Cluster:		
84.377	NCLB: Title I, School Improvement Grant (SIG) for Elementary and Secondary	15127	571,450
84.377	NCLB: Title I, School Improvement Grant (SIG) for Elementary and Secondary	15020	863,640
	Subtotal Title I		1,435,090

(Continued)

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2011

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Education - Passed through California Department of Education (Continued)			
	Title II, Part D Cluster:		
84.318	NCLB: Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants	14334	$ 75,685
84.386	NCLB: ARRA Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants	15019	91,546
287793	NCLB: ARRA Title II, Part D, Enhancing Education Through Technology (EETT), Competitive Grants	15126	287,793
	Subtotal Title II, Part D		455,024
	Adult Education Cluster:		
84.002A	Adult Education: Adult Basic Education and ESL	13973	274,018
84.002A	Adult Education: Adult Secondary Education	13978	18,834
84.002A	Adult Education: English Literacy and Civics Education	14109	44,007
84.002A	Adult Education: Voc. and Applied Tech Education	14109	26,498
	Subtotal Adult Education		363,357
84.216	NCLB: Title I, Capital Expenses/Private Schools	13953	12,641
84.357	NCLB: Title I, Part B, Reading First Program	14328	30,609
84.367	NCLB: Title II, Administrator Training	14344	4,647
84.367	NCLB: Title II, Part A, Improving Teacher Quality	14341	2,243,207
84.365	NCLB: Title III, Limited English Proficiency (LEP) Student Program	10084	1,047,367
84.186	NCLB: Title IV, Safe and Drug Free Schools and Communities, Formula Grants	14347	52,251
84.287	NCLB: Title IV, 21st Century Community Centers Learning Program	14350	1,922,454
84.215X	Teaching American History	10128	139,666
84.215E	Readiness and Emergency Management	14377	63,777
84.181	Special Education IDEA: Early Intervention Grants, Part C	23761	83,664
84.048	Vocational Programs: Voc. and Applied Tech. Prep, Title II, Sec. 203 (Carl Perkins Act)	13920	267,118
84.196	Homeless Children Education (Stewart McKinney) Grants	13697	41,848
84.126A	Department of Rehabilitation: Workability II, Transitions Partnership	10006	137,707
84.394	ARRA: State Fiscal Stabilization Fund	25008	4,436,860
	Total U.S. Department of Education		10,483,816

(Continued)

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2011

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Health and Human Services - Passed through California Department of Education		
93.778	Department of Health Services: Medi-Cal Billing Option (DHS)	10013	$ 580,321
VARIOUS	Other ARRA Programs - Dept of Rehabilitation	10130	49,959
	Total U.S. Department of Health and Human Services		630,280
	U.S. Department of Agriculture - Passed through California Department of Education		
	Child Nutrition Cluster:		
10.555	School Programs (NSL Sec. 4)	13391	9,515,079
10.559	School Programs (Summer Food Service)	13004	760,626
	Subtotal Child Nutrition Cluster		10,275,705
	Total Federal Programs		$ 46,407,977

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2011

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

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For the Year Ended June 30, 2011
(In Thousands)

	(Budget) 2012	2011	2010	2009
General Fund				
Revenues and other financing sources	$ 256,914	$ 269,254	$ 265,299	$ 284,130
Expenditures	260,704	259,706	265,658	280,826
Other uses and transfers out			927	796
Total outgo	260,704	259,706	266,585	281,622
Change in fund balance	$ (3,790)	$ 9,548	$ (1,286)	$ 2,508
Ending fund balance	$ 53,113	$ 56,903	$ 47,355	$ 48,641
Available reserves	$ 18,088	$ 18,071	$ 15,109	$ 19,282
Designated for economic uncertainties	$ 7,821	$ 7,860	$ 7,976	$ 8,421
Undesignated fund balance	$ 10,267	$ 10,211	$ 7,133	$ 10,861
Available reserves as percentages of total outgo	6.94%	6.96	5.67	6.85%
All Funds				
Total long-term liabilities	$ 900,690	$ 918,349	$ 921,907	$ 755,480
Average daily attendance at P-2 (not in thousands)	27,391	27,589	27,614	28,094

The General Fund fund balance has increased by $8,262 over the past three years. The fiscal year 2011-2012 budget projects a decrease of $3,790. For a district this size, the State of California recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses. The District has met this requirement.

The District has incurred operating deficits in the fiscal year 2009-2010, and anticipates incurring an operating deficit during the 2011-2012 fiscal year.

Total long-term liabilities have increased by $162,869 over the past two years, due primarily to the issuance of General Obligation Bonds (See Note 6 to the financial statements).

Average daily attendance has decreased by 505 over the past two years. The District anticipates a decrease of 198 ADA for the 2011-2012 fiscal year.

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2011

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

See accompanying notes to supplementary information.

NOTES TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2011.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 45,959,439
Add: State Fiscal Stabilization Funds spent from prior year awards	84.394	3,072,914
Less: Federal reimbursement of interest paid on Build America Bonds	N/A	(2,379,974)
Medi-Cal Billing Funds not spent	93.778	(244,402)
Total Schedule of Expenditure of Federal Awards		$ 46,407,977

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

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

1. PURPOSE OF SCHEDULES (Continued)

E - Schedule of Financial Trends and Analysis

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2011-2012 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

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

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2011, the District did not adopt this program.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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

We have audited the compliance of West Contra Costa Unified School District with the types of compliance requirements described in the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2011. Compliance with the requirements of state laws and regulations is the responsibility of West Contra Costa Unified School District's management. Our responsibility is to express an opinion on West Contra Costa Unified School District's compliance based on our audit.

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

Description	Audit Guide Procedures	Procedures Performed
Regular and Special Day Classes	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, see below
Instructional Materials:		
General requirements	12	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	No, see below
Public Hearing Requirement - Receipt of Funds	1	Yes
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	No, see below
Contemporaneous Records of Attendance, for charter schools	1	No, see below
Mode of Instruction, for charter schools	1	No, see below

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

Description	Audit Guide Procedures	Procedures Performed
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	3	No, see below

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

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

The 2010-2011 School Accountability Report Cards specified by Education Code Section 33126 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2011. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2010-2011 Audit Guide relating to the comparison of tested data from the 2010-2011 fiscal year to the 2010-2011 School Accountability Report Cards.

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

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

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

In our opinion, West Contra Costa Unified School District complied with the state laws and regulations referred to above for the year ended June 30, 2011. Further, based on our examination, for items not tested, nothing came to our attention to indicate that West Contra Costa Unified School District had not complied with the state laws and regulations.

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

This report is intended solely for the information of the Board of Education, management, the State Controller's Office, the California Department of Education and the California Department of Finance, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 7, 2011

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

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

We have audited the financial statements of West Contra Costa Unified School District as of and for the year ended June 30, 2011, and have issued our report thereon dated December 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We noted a material weakness that is included in the Schedule of Audit Findings and Questioned Costs as Finding 2011-01. We noted a significant deficiency that is included in Schedule of Audit Findings and Questioned Costs as Finding 2011-02. We also provided management with other comments as identified in the Schedule of Audit Findings and Questioned Costs as Finding 2011-03.

Compliance and Other Matters

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

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

(Continued)

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

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 7, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited West Contra Costa Unified School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Contra Costa Unified School District's major federal programs for the year ended June 30, 2011. West Contra Costa Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Contra Costa Unified School District's management. Our responsibility is to express an opinion on West Contra Costa Unified School District's compliance based on our audit.

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

In our opinion, West Contra Costa Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2011-04.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Internal Control Over Compliance

Management of West Contra Costa Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered West Contra Costa Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Contra Costa Unified School District's internal control over compliance.

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

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

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

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 7, 2011

FINDINGS AND RECOMMENDATIONS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010, 84.389	Title I, Part A Cluster (Including ARRA)
84.027, 84.027A, 84.173, 84.391, 84.392	Special Education Cluster (IDEA) (Including ARRA)
10.579	ARRA: State Fiscal Stabilization Fund
84.318, 84.386	Educational Technology State Grants Cluster (Including ARRA)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,392,239	
Auditee qualified as low-risk auditee?	___ Yes	X No

STATE AWARDS

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

SECTION II - FINANCIAL STATEMENT FINDINGS

2011-01 MATERIAL WEAKNESS - CAPITAL ASSETS (30000)

Criteria

Internal Controls - Financial Reporting

Condition

During the current year, District management identified capital assets which had not been transferred from work-in-process since the project's completion in March of 2003. The accumulated depreciation of project from the date placed into service through June 30, 2010 has not been recorded in the District's financial statements.

Effect

The District's capital assets as of July 1, 2010 were overstated by the accumulated depreciation of the asset from the date the project was placed into service through June 30, 2010.

Cause

The asset inventory counts completed by District management between fiscal year ended June 30, 2003 and 2010 did not identify the incorrectly classified asset, and related understatement of depreciation.

Fiscal Impact

The fiscal impact of the error was an addition to accumulated depreciation of $4,307,927, representing depreciation of the assets from March 2003 through June 30, 2010.

Recommendation

District management should implement procedures to ensure that work-in-process is appropriately reconciled to supporting capital asset reports regularly, but at least annually.

Corrective Action Plan

The District's net assets as of July 1, 2010 have been adjusted to add the previously excluded accumulated depreciation, and the asset has been reclassified in the appropriate capital asset category. District management will complete a full reconciliation of all capital assets, to include a review of work-in-process accounts to supporting documentation.

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2011-02 SIGNIFICANT DEFICIENCY - FINANCIAL REPORTING - TRUST AND AGENCY FUNDS

Criteria

Education Code Section 48930 (and California Department of Education's "Accounting Procedures for Student Organizations" handbook) requires Student Body organizations to follow the regulations set forth by the Governing Board of the District.

Condition

The District sites which have Student Body accounts are not reported in the District's audited financial statements.

Effect

The District's Trust and Agency Funds reported in the audited financial statements do not include $979,185 of Student Body accounts.

Cause

The District has elected not to include the Student Body Accounts in the audited financial statements.

Fiscal Impact

There is no fiscal impact to the District.

Recommendation

The District should include the Student Body Accounts in the audited financial statements.

Corrective Action Plan

The District has taken significant steps to develop procedures and practices for student body organizations. The District will include the Student Body Accounts in the records presented for audit during the year ending June 30, 2012.

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2011-03 DEFICIENCY - COMPENSATED ABSENCES (30000)

Criteria

Internal Controls - Best practices for internal controls and District policies and procedures.

Condition

The District is not enforcing its vacation carryover policy. Employees have exceeded their maximum allowable vacation carryover.

Effect

Several employees have accrued vacation in excess of the maximum hours/days permitted by policy.

Cause

The District is not enforcing the approved vacation policy.

Fiscal Impact

Not determinable.

Recommendation

All employees should be required to take their earned vacation hours/days in the respective year. Also, the accrual should stop once an employee has reached the maximum permitted per policy.

Corrective Action Plan

The District concurs with this finding. The District has implemented procedures to reduce the vacation accrual balance. District management will continue to work with their staff to reduce the excess vacation accrual to the District's allowable limit.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2011-04 FEDERAL COMPLIANCE - INTEREST

Criteria

OMB Circular A-133 – Except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (31 USC 6501 et seq.) and the Indian Self-Determination Act (23 USC 450), interest earned by local government and Indian tribal government grantees and subgrantees on advances is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to $100 per year may be kept for administrative expenses. Interest earned by non-State non-profit entities on Federal fund balances in excess of $250 is required to be remitted to Department of Health and Human Services.

Condition

The District did not submit interest earned on federal funds for the first and second quarter promptly.

Effect

The District could potentially lose federal funding on all programs.

Cause

The District had not yet completed the implementation of procedures to ensure prompt submission of quarterly interest payments.

Fiscal Impact

The amount of interest was not submitted timely.

Recommendation

The District should implement procedures to ensure that the interest on all federal awards is being remitted to the federal agency at least quarterly.

Corrective Action Plan

The District will implement a process for prompt remittance of interest earned on federal awards.

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2011

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2011

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2010-01 The District is not enforcing its vacation carryover policy. Employees have exceeded their maximum allowable vacation carryover. All employees should be required to take their earned vacation hours/days in the respective year. Also, the accrual should stop once an employee has reached the maximum permitted per policy.	Not implemented.	See current year finding 2011-01.
2010-02 The District did not calculate or remit the interest earned on federal programs to the federal agency for the Child Nutrition (ARRA) Equipment Assistance program. The District should implement procedures to ensure that the interest on all federal awards is being calculated and remitted to the federal agency quarterly.	Partially implemented.	See current year finding 2011-02.
2010-03 At Hercules High School one student was improperly counted as present for one day. The District should implement procedure to ensure that attendance is correctly reported.	Implemented.	

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the West Contra Costa Unified School District (the "District") in connection with the issuance and delivery of its $98,200,000 (Contra Costa County, California) 2012 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on January 18, 2012 (the "Resolution").

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

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

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

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

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

"Dissemination Agent" shall mean KNN Public Finance, a Division of Zions First National Bank, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Holders" shall mean registered owners of the Bonds.

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

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

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purpose of the Rule in the future.

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent upon written direction to, not later than nine months following the end of the District's fiscal year (presently ending on June 30), commencing with the report for the 2011-12 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report shall be provided to the MSRB in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

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

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

(d) The Dissemination Agent shall:

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

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

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

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

(a) The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

1. State funding received by the District for the last completed fiscal year;
2. average daily attendance of the District for the last completed fiscal year;
3. outstanding District indebtedness; and
4. summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;

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

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

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

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

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

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

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

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

SECTION 6. Termination of Reporting Obligation. The obligation of the District and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

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

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this

Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriters, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

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

Date: July 10, 2012

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

By:__________[FORM ONLY]_________
Associate Superintendent of
Business Services

Dissemination Agent:

KNN PUBLIC FINANCE

By:________[FORM ONLY]__________
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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

Date of Issuance: July 10, 2012

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________, 20___.

Dated: _________________

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

By: ___________[FORM ONLY]____________________
Authorized Officer

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in numbered paragraphs 1-10 of this Appendix E, concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system, has been furnished by DTC for use in official statements and neither the District nor the Underwriters takes any responsibility for the completeness or accuracy thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners(a) payments of interest or principal with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix E. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this Appendix E, "Securities" means the Bonds, "Issuer" means the District and "Agent" means the Paying Agent.

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

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

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

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

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

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

In the event that the book-entry system is discontinued, the following provisions would also apply: (a) Bonds may be exchanged for a like aggregate principal amount of Bonds or other authorized denominations of the same maturity and interest rate, upon surrender thereof to the Paying Agent; (b) the transfer of any Bond may be registered on the books maintained by the Paying Agent under the applicable Resolution for such purpose only upon the surrender thereof to the Paying Agent together with a duly executed written instrument of transfer in a form approved by the Paying Agent; (c) for every exchange or transfer of Bonds, the Paying Agent shall require the payment by any owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer; (d) all interest payments on the Bonds will be made by wire or check mailed by the Paying Agent to the owners thereof to such owner's address as it appears on the registration books maintained by the Paying Agent on the 15th day of the month preceding such Interest Payment Date; and (e) all payments of principal of and any premium on the Bonds will be paid upon surrender thereof to the Paying Agent.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

The District cannot and does not give any assurances that DTC will distribute to Participants or that Participants or others will distribute to the Beneficial Owners payments of principal of and interest and premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The District is not responsible or liable for the failure of DTC or any Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay relating thereto.

Neither the District nor the Paying Agent will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Participant, or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the Bonds; (iii) any notice that is permitted or required to be given to Holders pursuant to the applicable Resolution; (iv) the selection by DTC, any Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; (v) any consent given or other action taken by DTC as Bondholder; or (vi) any other procedures or obligations of DTC, Participants or Indirect Participants under the book-entry system.

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APPENDIX F

CERTAIN ECONOMIC DATA FOR CONTRA COSTA COUNTY

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

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

Introduction

The County was incorporated in 1850 with the City of Martinez as the County Seat. The County is situated northeast of San Francisco, bounded by San Francisco and San Pablo bays to the west and north, the Sacramento River delta to the north, San Joaquin County to the east, and by Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The central section of the County is developing from a suburban area into a commercial and financial headquarters center. The eastern part of the County is developing from a rural, agricultural area to a suburban region. The County has extensive and varied transportation facilities – ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the areas comprising the County with Alameda County and San Francisco.

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

Population

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

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

Year	Contra Costa County	City of El Cerrito	City of Hercules	City of Pinole	City of Richmond	City of San Pablo
2008	1,048,242	23,306	24,309	19,260	103,899	31,172
2009	1,060,435	23,440	24,480	19,383	104,513	31,808
2010	1,047,948	23,538	24,051	18,383	103,661	29,143
2011	1,056,306	23,649	24,153	18,461	104,382	28,931
2012	1,065,117	23,774	24,272	18,560	104,887	29,105

(1) Excludes population statistics of unincorporated territory within the District.
Source: *California Department of Finance,* estimates as of January 2012.

Employment

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

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

	2008	2009	2010	2011	2012[4]
Civilian Labor Force[1]					
Employment	492,000	471,300	463,700	469,600	479,900
Unemployment	32,200	53,500	58,700	54,500	48,300
Total[2]	524,200	524,800	522,400	524,100	528,100
Unemployment Rate[3]	6.1%	10.2%	11.2%	10.4%	9.1%

(1) Based on place of residence.
(2) Totals may not add due to rounding.
(3) The unemployment rate is calculated using unrounded data.
(4) As of April 2012.
Source: *California Employment Development Department, Labor Market Information Division*.

The following table summarizes the number of workers by industry in the County for calendar years 2006 through 2010.

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

	2006	2007	2008	2009	2010
Farm	700	700	700	800	800
Manufacturing	20,200	20,600	20,700	18,700	18,100
Wholesale Trade	9,100	9,100	8,700	7,700	7,600
Retail Trade	44,000	44,400	43,600	41,200	40,100
Transportation & Public Utilities	8,400	8,800	8,900	8,300	7,900
Information	13,400	13,000	11,800	10,400	9,800
Financial Activities	32,100	29,100	26,600	25,700	25,500
Professional and Business Services	50,600	49,400	49,300	45,900	43,700
Education and Health	42,700	44,600	45,600	47,700	48,600
Leisure and Hospitality	32,400	33,200	32,800	31,200	31,500
Other Services	12,200	12,500	12,400	11,700	11,600
Government	48,900	52,200	52,600	51,300	48,900
Total All Industries[2]	344,500	346,800	339,500	321,800	312,400

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

The following table summarizes the unemployment rates in Contra Costa County and the cities within the District as of April 2012.

CONTRA COSTA COUNTY
CIVILIAN LABOR FORCE UNEMPLOYMENT RATES
(As of April 2012)(1)

Contra Costa County	9.1%
City of El Cerrito	8.1
City of Hercules	6.5
City of Pinole	6.3
City of Richmond	14.8
City of San Pablo	18.2
State of California	10.5
United States	7.7

(1) As of April 2012 and place of residence; calculated based on unrounded data; not seasonally adjusted.
Source: *California Employment Development Department*, *Labor Market Information Division.*

Largest Employers

The following table summarizes the 10 largest employers in Alameda and Contra Costa Counties.

EAST BAY: ALAMEDA AND CONTRA COSTA COUNTIES
LARGEST EMPLOYERS

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

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

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

CONTRA COSTA COUNTY
MAJOR EMPLOYERS

Employer	Location	Industry
Bayer Health Care Pharmaceuticals	Richmond	Laboratories-Pharmaceutical (Mfrs)
Bio-Rad Laboratories Inc.	Hercules	Laboratory Analytical Instruments (Mfrs)
C & H Sugar Co Inc	Crockett	Sugar Refiners (Mfrs)
California State Auto Ass	Walnut Creek	Automobile Clubs
Chevron Corp	San Ramon	Petroleum Products (Mfrs)
Chevron Global Downstream LLC	San Ramon	Petroleum Products (Whls)
Concord Naval Weapons Station	Concord	Federal Government-National Security
Contra-Costa Regional Med Center	Martinez	Hospitals
Department Of Veterans Affairs	Martinez	Physicians & Surgeons
Doctor's Medical Center	San Pablo	Hospitals
John Muir Health Physical Rhn	Concord	Physical Therapists
John Muir Medical Center	Concord	Hospitals
Kaiser Permanente	Walnut Creek	Hospitals
Kaiser Permanente Medical Center	Martinez	Clinics
Muirlab	Walnut Creek	Laboratories-Medical
Nordstrom	Walnut Creek	Department Stores
PMI Group Inc.	Walnut Creek	Insurance-Bonds
Richmond City Offices	Richmond	Government Offices-City, Village & Twp
San Ramon Regional Medical Center	San Ramon	Hospitals
Shell Oil Products Co.	Martinez	Oil Refiners (Mfrs)
St Mary's College Of CA	Moraga	Schools-Universities & Colleges Academic
Sutter Delta Medical Center	Antioch	Hospitals
Tesoro Golden Eagle Refinery	Pacheco	Oil Refiners (Mfrs)
USS-Posco Industries	Pittsburg	Steel Mills (Mfrs)
VA Outpatient Clinic	Martinez	Physicians & Surgeons

Source: *State of California Employment Development Department*, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2012, 1st Edition

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

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

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

Source: *City of Richmond Community Development Department.*

Commercial Activity

The following table summarizes historical taxable transactions within the County for the most recent calendar years for which such data is available, 2006 to 2010.

CONTRA COSTA COUNTY
TAXABLE TRANSACTIONS
(Dollars in Thousands)

Year	Sales Tax Permits	Taxable Transactions
2006	23,249	$13,867,661
2007	23,181	14,086,295
2008	23,149	13,307,681
2009	21,395	11,883,049
2010	21,784	11,953,846

Source: *California State Board of Equalization*.

The following table summarizes historical taxable transactions in the District for calendar years 2006 to 2010.

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

City	2006	2007	2008	2009	2010
El Cerrito	$339,605	$338,603	$308,414	$278,014	$246,574
Hercules	127,680	124,879	128,453	116,921	114,753
Pinole	310,239	303,589	286,289	250,977	259,846
Richmond	1,129,643	1,228,740	1,160,972	1,016,242	1,069,512
San Pablo	146,901	151,789	155,280	139,345	142,225

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

Median Household Income

The table below reflects recent historical median household income within the County for calendar years 2006 through 2010. Data for calendar year 2011 is not yet available.

CONTRA COSTA COUNTY
MEDIAN HOUSEHOLD INCOME

Year	Contra Costa County
2006	74,241
2007	75,483
2008	78,469
2009	75,084
2010	78,385

Source: *U.S. Census Bureau.*

Building Activity

The following table reflects recent historical residential building activity in the County for the last five calendar years for which such data is available.

CONTRA COSTA COUNTY
RESIDENTIAL BUILDING PERMIT VALUATION
(Dollars in Thousands)
2007-2011

Year	Number of Residential Permits	Residential Valuation
2007	3,607	$1,216,666
2008	1,894	661,937
2009	1,201	504,632
2010	1,699	553,058
2011	1070	454,302

Source: *Construction Industry Research Board.*

The table below summarizes the building activity during calendar year 2011 for cities within the District.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT[(1)]
2011 BUILDING PERMIT VALUATION FOR CITIES IN THE

City	Residential Units	Residential Valuation
El Cerrito	0	$6,668,000
Hercules	0	12,388,000
Pinole	0	2,416,000
Richmond	1	12,295,000
San Pablo	1	2,530,000

(1) Excludes building permit valuation for unincorporated territory within the District.
Source: *Construction Industry Research Board*.

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APPENDIX G

COUNTY INVESTMENT POLICY AND EXCERPTS FROM TREASURER'S QUARTERLY INVESTMENT REPORT AS OF MARCH 31, 2012

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CONTRA COSTA COUNTY

INVESTMENT POLICY

JUNE 2011

STANDARDS AND OBJECTIVES

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

Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the ***prudent investor standard***. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part to an overall strategy, investments may be acquired as authorized by law.

§53600.5. Trustee's Objectives Regarding Funds

When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the primary objective of a trustee shall be to ***safeguard the principal*** of the funds under its control. The secondary objective shall be to ***meet the liquidity*** needs of the depositor. The third objective shall be to ***achieve a return*** on the funds under its controls.

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

INSTRUMENTS AUTHORIZED FOR INVESTMENT

§53601. Instruments Authorized for Investment

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

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

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

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

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

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

G. ***Commercial paper*** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria:
  (A) Is organized and operating in the United States as a general corporation.
  (B) Has total assets in excess of five hundred million dollars ($500,000,000).

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

(2) The entity meets the following criteria:
(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
(B) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their money in eligible commercial paper. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635. Following are the concentration limits (Government Code Section 53635, subdivision (a)):

1. Not more than 40 percent of the local agency's money may be invested in eligible commercial paper.
2. Not more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.

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

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

1. **"Repurchase agreement"** means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the

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

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

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

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

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

   The security to be sold on reverse repurchase agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale; the total of all reverse repurchase agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio; the agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.

   Investments in reverse repurchase agreements shall only be made with primary dealers of the Federal Reserve Bank of New York, or with a nationally- or state-chartered bank that has or has had a significant banking relationship with a local agency…"Significant banking relationship" means any of the following activities of a bank:

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

b. Financing of a local agency's activities.

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

J. ***Medium-term notes*** of a maximum of five-years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a nationally-recognized rating service. Purchases of medium-term notes may not exceed 30 percent of the agency's money that may be invested pursuant to this section.

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

2. ***Shares of beneficial interest*** issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (I5 U.S.C. Sec. 80a-1 et seq.).

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

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

b. Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FURTHER RESTRICTIONS/LIMITATIONS BY GOVERNMENT CODE AND COUNTY TREASURER

Further Restrictions Set by Treasurer

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

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

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

D. Repurchase Agreements will generally be limited to Wells Fargo Bank, Bank of America or other institutions with whom the County treasury has executed tri-party agreements. Collateral will be held by a third party to the transaction that may include the trust department of particular banks. Collateral will be only securities that comply with Government Code 53601.

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

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

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

H. All legal securities issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars or snuff or for smoking in pipes or a company that has total revenues of 15 percent or more from the sale of such products. The tobacco-related issuers restricted from any investment are British American Tobacco, Gallaher Group PLC, Imasco Ltd., Lowes Companies, ALTRIA Group, Inc., RJ Reynolds Tobacco Holdings, Inc., Brooke Groupe LTD., UST, Inc. and Universal Corp. However, tobacco-related companies will not be limited to the foregoing list. Additional companies will be prohibited as long as said entities fall within the definition of tobacco-related companies.

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

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

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

§53601.6. Prohibited Investments by Government Code

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

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

§53601. Instruments Authorized for Investments: Maturity

Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, **no investment shall be made in any security**, other than a security underlying a repurchase or reverse repurchase agreement authorized by this section, that at the time of the investment **has a term remaining to maturity in excess of five years**, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

Quality of Investment Instruments, Issuers and Sources

Regular financial review and analysis of issuers and sources of securities such as banks and brokerage firms shall be performed. These will be based on credit-rating services' evaluations, financial documents such as audits, Form 10-Q filings to the Securities and Exchange Commission and other reliable financial information.

SAFEKEEPING AND CUSTODY

§53601. Instruments Authorized for Investment

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

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

AUTHORIZED BROKERS AND DEALERS

Securities for Contra Costa County and its agencies shall be purchased from the following:

- Primary dealers of the Federal Reserve Bank of New York and their subcontracts.
- Banks and financial institutions that sell and buy instruments authorized for investments per Government Code 53600 et. seq. and their subcontracts.
- Issuers of securities authorized by Government Code 53601 et. seq.

Securities shall not be purchased from brokers, brokerages, dealers or securities firms who within any 48-month period following January 1, 1996, made a political contribution to the local treasurer, any member of the governing board of the local agency or any candidate for those offices in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board.

LIMITS ON THE RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Gift Prohibitions

All state and local officials who are listed in Government Code Section 87200, and candidates for those elective offices (except judges), are prohibited from accepting a gift or gifts aggregating more than **as stated in California Government Code §89502(a) and §89503(f)** in a calendar year from a single source.

Beginning on January 1, 1993, the State Fair Political Practices Commission shall adjust the gift limitations in this section on January 1st of each odd-numbered year to reflect changes in the Consumer Price Index rounded to the nearest ten dollars ($10). §89503(f)

Honorarium Prohibition

All state and local officials who are listed in Government Code Section 87200, and candidates for those elective offices (except judges), are prohibited from accepting any honorarium for any speech given, article published or attendance at any public or private conference, convention, meeting, social event, meal or like gathering.

Exceptions

- The gift limit and honorarium prohibitions do not apply to a part-time member of the governing board of a public institution of higher education unless the member is also an elected official.
- For state board and commission members, the gift limit and honorarium prohibition are applicable only if the member would be required to report the receipt of income or gifts from the source on his or her statement of economic interests. The $10 gift limit is applicable only to lobbyists and lobbying firms registered to lobby the board or commission member's agency.

Disqualification

Public officials are, under certain circumstances, required to disqualify themselves from making, participating in, or attempting to influence governmental decisions that will affect any of their financial interests, not just those that they are required to disclose on a statement of economic interests.

Enforcement

The Fair Political Practices Commission may impose penalties for statements of economic interests that are filed late. The fine is $10 per day, beginning the day after the filing deadline, up to a maximum of $100. Late-filing penalties can be reduced or waived under certain circumstances.

In addition, the Fair Political practices Commission may initiate investigations with respect to any suspected violation of the Political Reform Act. Other law enforcement agencies (the Attorney General or District Attorney) may initiate investigations under certain circumstances. If violations are found, the Commission may initiate administrative enforcement proceedings that could result in the imposition of monetary penalties of up to **$5,000** per violation. In lieu of administrative prosecution, a civil action may be brought for negligent or intentional violations by the appropriate civil prosecutor (the Commission, Attorney General or District Attorney) where the measure of damages for most violations is the amount of value not properly reported. Persons who violate the conflict-of-interest disclosure provisions of the Political Reform Act can also be subject to discipline by their agency, including dismissal.

Finally, a knowing or willful violation of any provision of the Political Reform Act is a misdemeanor. Persons convicted of a misdemeanor may be disqualified for four years from the date of the conviction from serving as a lobbyist or running for elective office in addition to other penalties that may be imposed. The Act also provides for numerous civil penalties, including monetary penalties and damages, and injunctive relief from the courts.

FURTHER AMENDMENTS TO THE CONFLICT OF INTEREST CODES
(Per a Contra Costa County Board of Supervisors' Order dated February 6, 1996)

Amend all local Conflict of Interest Codes as follows:

Pursuant to Government Code Sections 87302 and 87306 et. seq., this Board hereby amends every local Conflict of Interest Code previously approved by the Board of Supervisors to add the following:

"All other provisions of this Code notwithstanding, the following provisions hereafter apply:

1. No designated employee shall accept **any** honorarium.

   Subdivisions (b), (c) and (e) of Government Code Section 89502 shall apply to the prohibitions in this Section. This Section shall not limit or prohibit payments, advances or reimbursements for travel and related lodging and subsistence authorized by Government Code Section 89506.

2. No designated employee shall accept any gifts with a total value of more than four hundred twenty dollars ($420) in a calendar year from any single source.

   Subdivision (d) of Government Code Section 89504 shall apply to this Section."

This amendment is necessary to assure that all local codes comply with recent amendments to Government Code Section 89502.

INVESTMENT REPORT

The Treasurer may render a quarterly report "…to the Chief Executive Officer, the Internal Auditor and the legislative body of the local agency…" (Government Code 53646).

The County shall submit copies of its second and fourth quarter reports to the California Debt and Investment Advisory Commission within 60 days after the close of the second and fourth quarters of each calendar year (Government Code 53646(g)).

In addition the County Treasurer will provide "…the County Treasury Oversight Committee with an investment report as required by the Board of Supervisors…" (Government Code 27133 (e)).

The County shall submit copies of its investment policy each calendar year to the California Debt and Investment Advisory Commission. All subsequent policy amendment(s) have to be submitted within 60 days.

PLEDGE REPORT

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

REVERSE REPURCHASE AGREEMENTS

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

LOCAL AGENCY INVESTMENTS

To be eligible to receive local agency money, a bank, savings association, federal association, or federally-insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisorial agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. (Government Code 53635)

METHODOLOGY OF CALCULATING AND APPORTIONING TREASURY COSTS

Regular and Routine Investments

- $20 per investment transaction; i.e., $20 at placement and $20 at maturity.
- .00333 of interest income; i.e., $3.33 per $1,000 of interest income.

Charged quarterly by journal entry.

Special Reports and Research

Actual staff time and materials.

Special Bank Transactions

Actual bank fee schedule, staff time and materials.

§53684. Alternative Procedure for Investment of Excess Funds

B. The County Treasurer shall, at *least* quarterly, apportion any interest or other increment derived from the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency *and to the total average daily balance of deposits in the investment pool. In apportioning and distributing that interest or increment, the county treasurer may use the cash method, the accrual method, or any other method in accordance with generally accepted accounting principles.* *

   Prior to distributing that interest or increment, the County Treasurer may deduct the actual costs incurred by the county in administering this section in proportion to the average daily balance of the amounts deposited by the local agency and *to the total average daily balance of deposits in the investment pool.*

C. The County Treasurer shall disclose to each local agency that invests funds pursuant to this section the method of accounting used, whether cash, accrual, or other, and shall notify each local agency of any proposed changes in the accounting method at least 30 days prior to the date on which the proposed changes take effect. *

* In Contra Costa County, the Auditor-Controller performs these functions for fiscal control purposes.

NON-MANDATED DEPOSITS AND WITHDRAWALS IN THE TREASURY

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

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

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

- Treasury investments will be directed transactions.

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

WITHDRAWAL OF FUNDS BY MANDATED TREASURY PARTICIPANTS

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

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

Pursuant to Section 27136(a):

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

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

APPROVED BROKERS AND ISSUERS

ABN AMRO, Incorporated
American Express Credit Corporation
Associates Corporation of North America
Associates First Capital
Bank of America
Bank of New York Mellon
Bank of the West
Bankers Trust Company
Barclays Capital, Incorporated
California Arbitrage Management Program
Chevron Corporation
Chevron Funding
Citibank
Citigroup Funding Inc.
Credit Suisse First Boston
Deere & Company
Exxon Mobil Corporation
General Electric Capital Corporation
General Electric Capital Services
General Electric Company
Goldman, Sachs & Company
Government Perspectives
John Deere Capital Corporation
J.P. Morgan Securities LLC
Mechanics Bank
Prudential Securities, Incorporated
Public Financial Management, Incorporated
Toyota Motors Credit Corporation
UBS Financial Services
Union Bank
US Bancorp
Wells Fargo Bank
Westamerica Bank

Note: The County Treasury will not be limited to the above list. Others will be included as long as all conditions for authorized brokers and dealers set forth in this policy are met. Additionally, deletions and additions are based on the maintenance of required credit quality as rated by Standard and Poor's, Moody's and other recognized rating services and reliable financial sources.

APPROVED PRIMARY GOVERNMENT SECURITIES DEALERS REPORTING TO THE MARKET REPORTS DIVISION OF THE FEDERAL RESERVE BANK OF NEW YORK AS OF FEBRUARY 2, 2011

BNP Paribas Securities Corp.
Barclays Capital Inc.
Cantor Fitzgerald & Co.
Citigroup Global Markets, Inc.
Credit Suisse Securities (USA) LLC
Daiwa Capital Markets America Inc.
Deutsche Bank Securities Inc.
Goldman, Sachs & Co.
HSBC Securities (USA) Inc.
Jefferies & Company, Inc.
J.P. Morgan Securities, Inc.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MF Global Inc.
Mizuho Securities USA Inc.
Morgan Stanley & Co. Incorporated
Nomura Securities Inc.
RBC Capital Markets, LLC
RBS Securities Inc.
SG Americas Securities, LLC
UBS Securities LLC.

GLOSSARY

Agencies A colloquial term for securities issued by the federal agencies.

Bankers Acceptances A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank "accepts" such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. Little risk is involved for the investor because the commercial bank assumes primary liability once the draft is accepted.

Basis Point One basis point is equal to 1/100 of one percent. For example, if interest rates increase from 8.25% to 8.50%, the difference is referred to as a 25-basis-point increase.

Blue Sky Laws Common term for state securities law, which vary from state to state. Generally refers to provision related to prohibitions against fraud, dealer and broker regulations and securities registration.

Book Value Refers to value of a held security as carried in the records of an investor. May differ from current market value of the security.

Certificates of Deposit (C/Ds) Certificates issued against funds deposited in a commercial bank for a definite period of time and earning a specified rate of return. They are issued in two forms, negotiable and non-negotiable.

- **Negotiable Certificates of Deposit** May be sold by one holder to another prior to maturity. This is possible because the issuing bank agrees to pay the amount of the deposit plus interest earned to the bearer of the certificate at maturity.

- **Non-Negotiable Certificates of Deposit** These certificates are collateralized and are not money market instruments since they cannot be traded in the secondary market. They are issued on a fixed-maturity basis and often pay higher interest rates than are permissible on other savings or time-deposit accounts.

Commercial Paper Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

Coupon Rate The annual rate of interest payable on a security expressed as a percentage of the principal amount.

CUSIP Numbers CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

Inverse Floaters An adjustable interest rate note keyed to various indices such as LIBOR, commercial paper, federal funds, treasuries and derivative structures. The defined interest rate formula is the opposite or inverse of these indices. Interest rates and pay dates may reset daily, weekly, monthly, quarterly, semi-annually or annually.

Liquidity Usually refers to the ability to convert assets (such as investments) into cash.

Mark to Market Valuing the inventory of held securities at its current market value.

Market Value Price at which a security can be traded in the current market.

Maturity The date upon which the principal of a security becomes due and payable to the holder.

Medium-Term Notes (MTNs) Corporate debt obligations continuously offered in a broad range of maturities. MTNs were created to bridge the gap between commercial paper and corporate bonds. The key characteristic of MTNs is that they are issued on a continuous basis.

Money Market Instruments Private and government obligations of one year or less.

Offer The price of a security at which a person is willing to sell.

Par Value The stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

Premium The amount by which the price paid for a security exceeds par value, generally representing the difference between the nominal interest rate and the actual or effective return to the investor.

Range Notes A security whose rate of return is pegged to an index. The note defines the interest rate minimum or floor and the interest rate maximum or cap. An example of an index may be federal funds. The adjustable rate of interest is determined within the defined range of the funds.

Repurchase Agreement or RP or REPO An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

Settlement Date The date used in price and interest computations, usually the date of delivery.

SLUGS An acronym for State and Local Government Series. SLUGS are special United States Government securities sold by the Secretary of the Treasury to states, municipalities and other local government bodies through individual subscription agreements. The interest rates and maturities of SLUGS are arranged to comply with arbitrage restrictions imposed under Section 103 of the Internal Revenue Code. SLUGS are most commonly used for deposit in escrow in connection with the issuance of refunding bonds.

STRIPS US Treasury acronym for “separate trading of registered interest and principal of securities." Certain registered Treasury securities can be divided into separate interest and principal components, which may then be traded as separate entities.

SWAP Generally refers to an exchange of securities, with essentially the same par value, but may vary in coupon rate, type of instrument, name of issuer and number of days to maturity. The purpose of the SWAP may be to enhance yield, to shorten the maturity or any benefit deemed by the contracting parties.

Treasury Securities Debt obligations of the United States Government sold by the Treasury Department in the form of bills, notes and bonds:

- **Bills** Short-term obligations that mature in one year or less and are sold at a discount in lieu of paying periodic interest.

- **Notes** Interest-bearing obligations that mature between one year and 10 years.

- **Bonds** Interest-bearing long-term obligations that generally mature in 10 years or more.

Zero-Coupon Security A security that makes no periodic interest payments but instead is sold at a deep discount from its face value.

CONTRA COSTA COUNTY
INVESTMENT POLICY
JUNE 2011

APPENDIX

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA

Adopted this Resolution on January 20, 2009 by the following vote:

AYES: GIOIA, UILKEMA, PIEPHO, & BONILLA

NOES: NONE

ABSENT: GLOVER

ABSTAIN:

RESOLUTION OF CONTRA COSTA COUNTY
(Account #99-07-000)

Resolution No. 2009/25

AGENCY ADDRESS: 625 Court Street, Room 102, Martinez, CA 94553

AGENCY PHONE NUMBER: 925-957-2850

AUTHORIZING INVESTMENT OF MONIES
IN THE LOCAL AGENCY INVESTMENT FUND

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

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

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

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

William J. Pollacek	Russell V. Watts	Brice E. Bins
(NAME)	(NAME)	(NAME)
Treasurer-Tax Collector	Chief Deputy Treasurer-Tax Collector	Assistant Treasurer
(TITLE)	(TITLE)	(TITLE)
(SIGNATURE)	(SIGNATURE)	(SIGNATURE)

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown

ATTESTED: January 20, 2009
DAVID TWA, Clerk of the Board of Supervisors
And County Administrator

By ______ Deputy

RESOLUTION NO. 2008/25

CONTRA COSTA COUNTY

TREASURER'S QUARTERLY INVESTMENT REPORT

AS OF MARCH 31, 2012

TABLE OF CONTENTS

EXECUTIVE SUMMARY

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

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

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

- The total cost of the investment portfolio was equal to **$2,067,641,918** on March 31, 2012. The fair value was **$2,070,076,922** which was 100.12% of cost.

- The weighted average maturity of the total investment pool was 184 days. More than 82 percent of the portfolio or over $1.70 billion will mature in less than a year. Historical activities combined with future cash flow projections indicate that the County is able to meet its cash flow needs for the next six months. However, the State's deferral policies and budget deficit could have a significant impact on the County's cash flow during the next six months.

CONTRA COSTA COUNTY INVESTMENT POOL
As of March 31, 2012

TYPE	PAR VALUE	COST	FAIR VALUE	PERCENT OF TOTAL COST
A. **Investments Managed by Treasurer's Office**				
1. U.S. Treasuries (STRIPS, Bills, Notes)	$29,277,000.00	$30,463,360.71	$30,384,646.80	1.47%
2. U.S. Agencies				
Federal Agriculture Mortgage Corporation	0.00	0.00	0.00	0.00%
Federal Home Loan Banks	73,570,000.00	74,197,768.43	74,791,868.55	3.59%
Federal National Mortgage Association	70,908,000.00	72,700,712.67	72,644,663.15	3.52%
Federal Farm Credit Banks	155,000.00	168,181.20	166,140.63	0.01%
Federal Home Loan Mortgage Corporation	126,388,000.00	127,941,266.51	128,532,328.46	6.19%
Municipal Bonds	4,595,000.00	5,170,389.45	5,168,853.90	0.25%
Subtotal	275,616,000.00	280,178,318.26	281,303,854.69	13.55%
3 Money Market Instruments				
Bankers Acceptances	0.00	0.00	0.00	0.00%
Repurchase Agreement	80,000,000.00	80,000,000.00	80,000,000.00	3.87%
Commercial Paper	561,595,000.00	560,489,683.58	561,325,303.28	27.11%
Negotiable Certificates of Deposit	476,720,000.00	476,728,201.99	477,003,327.68	23.06%
Medium Term Certificates of Deposit	2,347,000.00	2,348,430.58	2,346,986.42	0.11%
Corporate Notes	102,990,000.00	103,878,955.37	104,409,460.16	5.02%
Money Market Accounts	565,318.32	565,318.32	565,318.32	0.03%
Time Deposit	3,200.00	3,200.00	3,200.00	0.00%
Subtotal	1,224,220,518.32	1,224,013,789.84	**1,225,653,595.86**	59.20%
TOTAL (Section A.)	1.529,113,518.32	1,534,655,468.81	1,537,342,097.35	74.22%
B. Investments Managed by Outside Contractors				
1. Local Agency Investment Fund	336,994,607.22	336,994,607.22	336,994,607.22	16.30%
2. Other				
a. EBRCS Bond	2,455,113.76	2,455,113.76	2,455,113.76	0.12%
b. Miscellaneous (BNY, Mechanics, CCFCU)	249,883.08	249,883.08	249,883.08	0.01%
c. Wells Capital Management	44,322,439.38	44,856,963.99	44,780,280.41	2.17%
d. BofA Global Capital Management	37,246,249.94	37,861,033.76	37,686,092.59	1.83%
e. CalTRUST (Short-Term Fund)	62,330,448.62	62,330,448.62	62,330,448.62	3.01%
Subtotal	146,604,134.78	147,753,443.21	147,501,818.46	7.15%
TOTAL (Section B.)	483,598,742.00	484,748,050.43	484,496,425.68	23.44%
C. Cash	48,238,398.53	48,238,398.53	48,238,398.53	2.33%
***GRAND TOTAL (FOR A , B, & C)**	$2,060,950,658.85	$2,067,641,917.77	$2,070,076,921.56	100.00%

Does not include the Futuris Public Entity Trust of the Contra Costa Community College District Retirement Board of Authority

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

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

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

Form 500NY (5/90)

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