NEW ISSUE -- FULL BOOK-ENTRY

Ratings: S&P: "AA"; Moody's: "Aa1"
(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, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$24,720,000
ACALANES UNION HIGH SCHOOL DISTRICT
(Contra Costa County, California)
2012 General Obligation Refunding Bonds, Series B
(Federally Taxable – 2015 Crossover)

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

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.

The Acalanes Union High School District (Contra Costa County, California) 2012 General Obligation Refunding Bonds, Series B (Federally Taxable - 2015 Crossover) (the "Bonds"), in the aggregate principal amount of $24,720,000, are being issued by the Acalanes Union High School District (the "District") (i) to advance refund on a crossover basis, portions of the outstanding 2005 General Obligation Refunding Bonds (2013 Crossover) (the "2005A Refunding Bonds") and to advance refund on a crossover basis, a portion of the outstanding 2005B General Obligation Refunding Bonds (2013 Crossover) (the "2005B Refunding Bonds"); and (ii) to pay the costs associated with the issuance of the Bonds.

Prior to August 1, 2015 (the "Crossover Date"), the Bonds shall be secured by and payable solely from proceeds of the Bonds deposited into an escrow fund established therefor. From and after the Crossover Date, the Bonds shall, without any further action on the part of the District or the Owners or Beneficial Owners of the Bonds, be general obligations thereof payable solely from the proceeds of *ad valorem* taxes levied on property within the District. From and after such Crossover Date, the Board of Supervisors of Contra Costa County shall be empowered and obligated to annually levy such *ad valorem* taxes upon all property within the District subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

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 of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2013. The Bonds are issuable as fully registered bonds in denominations of $5,000 or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional redemption redemption as described herein.

MATURITY SCHEDULE
Base CUSIP† : 004284
$24,720,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†	Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2016	$300,000	1.300%	1.300%	ZS7	2021	$2,620,000	2.750%	2.750%	ZX6
2017	300,000	1.500	1.500	ZT5	2022	3,115,000	2.900	2.900	ZY4
2018	305,000	1.950	1.950	ZU2	2023	3,650,000	3.125	3.125	ZZ1
2019	315,000	2.250	2.250	ZV0	2024	10,005,000	3.300	3.300	A21
2020	2,190,000	2.550	2.550	ZW8	2025	1,920,000	3.500	3.500	A39

The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. The Bonds, in book-entry form, will be available for delivery through the facilities of the Depository Trust Company in New York, New York on or about October 2, 2012.

PiperJaffray.

Dated: September 6, 2012

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the Underwriter nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

> "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or the completeness of such information."

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

The District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

ACALANES UNION HIGH SCHOOL DISTRICT

GOVERNING BOARD

Gwen Reinke, *President*
Richard Whitmore, *Clerk*
Kathy Coppersmith, *Member*
Susie Epstein, *Member*
Tom Mulvaney, *Member*

District Administration

John Nickerson, Ed.D., *Superintendent*
Christopher Learned, *Associate Superintendent, Business Services*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

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

Underwriter

Piper Jaffray & Co.
El Segundo, California

Financial Advisor

Keygent LLC
El Segundo, California

Paying Agent, Bond Registrar, Transfer Agent and Escrow 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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INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of Acalanes Union High School District (Contra Costa County, California) 2012 General Obligation Refunding Bonds, Series B (Federally Taxable – 2015 Crossover) (the "Bonds").

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

Changes Since Date of Preliminary Official Statement

On September 5, 2012, the District's Governing Board adopted its fiscal year 2011-12 Unaudited Actuals. For a summary of the District's Unaudited Actuals for fiscal year 2011-12 and revised budgeted beginning and ending fund balance for fiscal year 2012-13, see "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION – Budget Process" herein.

On September 12, 2012, the Governor of the State of California signed into law the California Public Employee's Pension Reform Act of 2013, which makes certain changes to CalSTRS and CalPERS (each defined herein). For a brief summary of the reforms, see "ACALANES UNION HIGH SCHOOL DISTRICT – Retirement Programs" herein.

The District

The Acalanes Union High School District (the "District") is located in the western portion of Contra Costa County (the "County") approximately 20 miles east of San Francisco. The District operates four comprehensive high schools and one alternative high school and encompasses an area of approximately 80 square miles and has an estimated population of 111,346.

The District was established in 1940 and provides secondary educational services to the residents of the Cities of Lafayette and Orinda, the Town of Moraga, a portion of the City of Walnut Creek, and of certain surrounding unincorporated areas in Contra Costa County. The 2012-13 assessed valuation of the area served by the District is $23,803,272,121. The District's budgeted average daily attendance for fiscal year 2012-13 is 5,160.

The District is governed by a five-member Governing Board (the "Governing Board"), each member of which is elected to a four-year term. Elections for positions to the Governing Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Governing Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. John Nickerson, Ed.D. is the District Superintendent. See "ACALANES UNION HIGH SCHOOL DISTRICT" herein.

Purpose of Issue

The proceeds of the Bonds will be used (i) to refund on a crossover basis portions the outstanding Acalanes Union High School District (Contra Costa County, California) 2005 General Obligation Refunding Bonds (2013 Crossover) (the "2005A Refunding Bonds") and Acalanes Union High School District (Contra Costa County, California) 2005B General Obligation Refunding Bonds (2013 Crossover) (the "2005B Refunding Bonds"); and (ii) to pay certain costs associated with the issuance of the Bonds. The portions of the 2005A Refunding Bonds and 2005B Refunding Bonds to be refunded with proceeds of the Bonds are referred to collectively herein as the "Refunded Bonds."

Concurrently with the issuance of the Bonds, the District will enter into an Escrow Agreement (the "Escrow Agreement") with The Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent"), pursuant to which the District will deposit into the Escrow Fund (defined herein) cash and certain non-callable Federal Securities (as defined herein), the maturing principal of which with interest and earnings thereon, shall be sufficient to pay (i) the debt service due on the Bonds on and prior to August 1, 2015 (the "Crossover Date"), and (ii) the redemption price of the Refunded Bonds on the Crossover Date, such date being first optional redemption date therefor. See "THE BONDS – Application and Investment of Bond Proceeds."

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to a resolution adopted by the Governing Board of the District. See "THE BONDS – Authority for Issuance" herein.

Security and Sources of Payment for the Bonds

Prior to the Crossover Date, the Bonds will be secured by and payable solely from amounts on deposit in the Escrow Fund. From and after the Crossover Date, the Bonds shall, without further action on the part of the District or the Owners or Beneficial Owners of the Bonds, be general obligations of the District payable solely from the proceeds of *ad valorem* taxes levied upon all property within the District. From and after such Crossover Date, the Board of Supervisors of Contra Costa County (the "County Board") will be empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). See "THE BONDS – Security and Sources of Payment" herein.

Description of the Bonds

Form, Registration and Denomination. The Bonds will be issued in fully registered book-entry form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover, under the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "APPENDIX D – Book-Entry Only System" herein. In event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See "THE BONDS – Registration, Transfer and Exchange of Bonds" herein.

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

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount or any integral multiple thereof.

Redemption. The Bonds are subject to redemption prior to their stated maturity dates as described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the initial date of delivery thereof (the "Date of Delivery"), payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing February 1, 2013. Principal on the Bonds is payable on August 1 in the amounts and years as set forth on the cover page hereof. Payments of the principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. See APPENDIX D– Book-Entry Only System" herein).

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, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about October 2, 2012.

Continuing Disclosure

The District will covenant for the benefit of Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of enumerated events required to be provided are summarized in APPENDIX C attached hereto.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Keygent LLC, El Segundo, California, is acting as Financial Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth and Keygent LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. The Bank of New York Mellon Trust Company, N.A., Los Angeles, California is acting as escrow agent, ("Escrow Agent") in connection with the issuance of the Bonds. Causey Demgen & Moore, Inc. is acting as verification agent for the Bonds.

Forward Looking Statements

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 "plan," "expect," "estimate," "intend," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Acalanes Union High School District, 1212 Pleasant Hill Road, Lafayette, California, 94549, telephone: (925) 280-3900. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

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

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution (defined herein).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 53550 *et seq.*, and other applicable law, and pursuant to a resolution adopted by the Governing Board of the District on August 15, 2012 (the "Resolution").

Crossover Refunding

The District intends to apply the net proceeds of the sale of the Bonds to effect a crossover refunding of the Refunded Bonds on the Crossover Date, such date being the first optional redemption date therefor, at a redemption price equal to 100% of the outstanding principal amount thereof, plus interest accrued to the Crossover Date.

Until the Crossover Date, the proceeds of the Bonds will be deposited into the Escrow Fund under the terms of the Escrow Agreement and invested in certain non-callable Federal Securities that will provide for the payment of interest on the Bonds on and through the Crossover Date. On the Crossover Date, funds on deposit in the Escrow Fund will be applied to the redemption of the Refunded Bonds.

The sufficiency of amounts deposited into and of the investments held in the Escrow Fund to effect the payment of interest on the Bonds and the refunding of the Refunded Bonds will be verified by Causey, Demgen & Moore Inc. (the "Verification Agent"). See "THE BONDS – Application and Investment of Bond Proceeds" herein. Following the Crossover Date, the Bonds shall be general obligations of the District payable solely from the proceeds of *ad valorem* taxes levied within the boundaries of the District. See "THE BONDS – Security and Sources of Payment" herein.

Security and Sources of Payment

Prior to the Crossover Date, the Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund. Amounts on deposit in the Escrow Fund will be invested in certain non-callable Federal Securities. See "THE BONDS – Application and Investment of Bond Proceeds" herein.

Following the Crossover Date, the Bonds shall, without further action on the part of the District or the Owners or Beneficial Owners of the Bonds, be general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes levied within the boundaries of the District. From and after the Crossover Date, the County Board shall be empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be deposited by the County into the "Acalanes Union High School District 2012 General Obligation Refunding Bonds, Series B Debt Service Fund" (the "Debt Service Fund"), which is segregated and maintained by the County and which is designated for the payment of principal of and interest on the Bonds when due, and for no other purpose. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County will maintain the Debt Service Fund, the Bonds are not a debt of the County. See "TAX BASE FOR REPAYMENT OF BONDS FOLLOWING THE CROSSOVER DATE" herein.

Moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds, as the same becomes due and payable, will be transferred by the County to the Paying Agent which, in turn, shall pay such moneys to DTC to pay, as the case may be, the principal of and interest on the Bonds. DTC will thereupon make payment of principal and interest of the Bonds to the DTC Participants who will thereupon make payments of principal and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The rate of the 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 within the boundaries of the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the boundaries of the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS FOLLOWING THE CROSSOVER DATE" herein.

General Provisions

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 DTC. Purchasers will not receive certificates representing their interests in the Bonds.

Interest with respect to the Bonds accrues from their Date of Delivery, and is payable semiannually on each Bond Payment Date, commencing February 1, 2013. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2013, in which event it shall bear interest from its date. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof and mature on August 1 in the years and amounts set forth on the inside cover page hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal corporate trust office of the Paying Agent. The interest on the Bonds will be payable in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the close of business on the 15th day of the month next preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed on such Bond Payment Date to such registered Owner at such registered Owner's address as it appears on such registration books or at such address as the registered Owner may have filed with the Paying Agent for that purpose. The interest payments on the Bonds will be made in immediately available funds (e.g., by wire transfer) to any registered Owner of at least $1,000,000 of outstanding Bonds who shall have requested in writing such method of payment of interest on the Bonds prior to the close of business on the Record Date immediately preceding any Bond Payment Date.

Annual Debt Service

The following table summarizes the debt service requirements of the District for the Bonds (assuming no optional redemptions are made):

Year Ending (August 1)	Annual Principal Payment(1)	Annual Interest Payment(2)	Total Annual Debt Service
2013	--	$623,824.05	$623,824.05
2014	--	751,092.50	751,092.50
2015	--	751,092.50	751,092.50
2016	$300,000.00	751,092.50	1,051,092.50
2017	300,000.00	747,192.50	1,047,192.50
2018	305,000.00	742,692.50	1,047,692.50
2019	315,000.00	736,745.00	1,051,745.00
2020	2,190,000.00	729,657.50	2,919,657.50
2021	2,620,000.00	673,812.50	3,293,812.50
2022	3,115,000.00	601,762.50	3,716,762.50
2023	3,650,000.00	511,427.50	4,161,427.50
2024	10,005,000.00	397,365.00	10,402,365.00
2025	1,920,000.00	67,200.00	1,987,200.00
Total	$24,720,000.00	$8,084,956.55	$32,804,956.55

(1) Principal on the Bonds shall be payable solely from *ad valorem* property taxes levied and collected by the County on taxable property within the boundaries of the District.

(2) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2013. Such interest, prior to the Crossover Date, is payable from amounts on deposit in the Escrow Fund. From and after the Crossover Date, such interest shall be payable from *ad valorem* property taxes levied and collected by the County on taxable property within the boundaries of the District.

See "ACALANES UNION HIGH SCHOOL DISTRICT – District Debt Obligations – General Obligation Bonds" for a schedule of the combined debt service requirements for all of the District's outstanding general obligation bonds.

Redemption

Optional Redemption. The Bonds shall be subject to redemption, at the option of the District, prior to their maturity date, in whole or in part, on any date designated by the District, at the Make-Whole Redemption Price (defined below).

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

1. the initial offering price of the Bonds (but not less than 100% of the principal amount of the Bonds to be redeemed); or

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

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

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select the Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent, in a manner determined by the District, shall select Bonds for redemption by lot.; *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 Optional Redemption. Notice of any optional redemption of Bonds will be mailed, postage-prepaid, not less than 30 nor more than 60 days prior to the redemption date (i) to the Registered Owners thereof at the addresses appearing on the bond registration books of the Paying Agent, (ii) to the Securities Depository described below, and (iii) to one or more of the Information Services described below. Notice to the Registered Owners shall be given by registered or certified mail, postage prepaid. Notice to the Security Depository will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service. Notice to the Information Services will be given by registered or certified mail, postage prepaid, or overnight delivery service.

Each notice of redemption will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) 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 (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Mergent Inc., 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and Standard and Poor's J.J. Kenny Information Services' "Called Bond Record," 55 Water Street, 45th Floor, New York, New York 10041.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-1000 or Fax (212) 855-7320.

The actual receipt by an Owner of any Bond or by any Information Service or Securities Depository of notice of such redemption will not be a condition precedent to redemption, and neither failure to receive such notice nor any defect in such notice will affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest thereon on the date fixed for redemption.

The notice or notices required for redemption will be given by the Paying Agent or its designee. A certificate by the Paying Agent that notice of call and redemption has been given to owners of Bonds and to the appropriate Securities Depository and Information Services shall be conclusive as against all parties, and no Bond Owner whose Bond is called for redemption may object thereto or object to the cessation of interest on the fixed redemption date by any claim or showing that said Bond Owner failed to actually receive such notice of call and redemption.

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

Payment of Redeemed Bonds. When notice of redemption has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is set aside irrevocably in trust for that purpose as prescribed in the Resolution, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the notice of redemption with the form of assignment endorsed thereon executed in blank, said Bonds will be redeemed and paid at the redemption price thereof out of such monies. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

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

Effect of Notice of Redemption. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date, and if notice of redemption thereof will have been given substantially as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, 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 shall be held 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, then such Bonds will no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolutions.

In the event that the book-entry only system as described above is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in San Francisco, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal amount, interest payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only upon presentation and surrender of the Bond at the designated office of the Paying Agent, together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

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

(a) Cash: 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 and discharge all Bonds outstanding and designated for defeasance (including all principal, interest and premium, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations 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;

then, notwithstanding that any 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 (a) or (b) above, to the Owners of such Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or "prerefunded" municipal obligations rated in the highest rating category by Moody's Investors Service 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.

Application and Investment of Bond Proceeds

The proceeds of the Bonds will be used (i) to advance refund on a crossover basis the Refunded Bonds, and (ii) to pay certain costs associated with the issuance of the Bonds.

The net proceeds from the sale of the Bonds shall be paid to The Bank of New York Mellon Trust Company, N.A., acting as the Escrow Agent, to the credit of the "Acalanes Union High School District 2012 General Obligation Refunding Bonds, Series B Escrow Fund" (the "Escrow Fund"). Pursuant to the Escrow Agreement, a portion of the amount deposited in the Escrow Fund will be used to purchase certain non-callable general obligations of the United States of America ("Federal Securities"), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay (i) the redemption price of the Refunded Bonds to be redeemed on the Crossover Date, as well as (ii) the debt service due on the Bonds on and before such date.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the redemption price of the Refunded Bonds and the debt service due on the Bonds prior to the Crossover Date, will be verified by Causey Demgen & Moore, Inc, as Verification Agent.

The accrued interest and surplus moneys in the Escrow Fund, when received by the District from the sale of the Bonds or following the redemption of the Refunded Bonds, shall be kept separate and apart in the Debt Service Fund and used only for payment of principal of and interest on the Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Bond Debt Service Fund and applied to the payment of 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.

Moneys in the Debt Service Fund are expected to be invested through the County-administered commingled investment pool. See "CONTRA COSTA COUNTY INVESTMENT POOL" herein.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of the Bonds	$24,720,000.00
Total Sources	$24,720,000.00
Uses of Funds	
Escrow Fund	$24,403,732.06
Costs of Issuance[1]	316,267.94
Total Uses	$24,720,000.00

[1] Includes all costs of issuance, including the Underwriter's discount, financial advisory fees, legal fees, printing costs, rating agency fees, the costs and fees of the Paying Agent, Escrow Agent and Verification Agent, and other costs of issuance of the Bonds.

CONTRA COSTA COUNTY INVESTMENT POOL

The following information has been provided by the County, and neither the District, nor the Financial Advisor or the Underwriter take any responsibility for the accuracy or completeness thereof. Further information may be obtained from the County Treasurer.

Substantially all operating funds of the District are invested in the Contra Costa County Investment Pool. Upon closing of the Bonds, proceeds of the Bonds will be deposited with the Contra Costa County Treasurer. The Treasurer accepts funds only from agencies located within the County for investment in the Contra Costa County Investment Pool. As of June 30, 2012, the cost value of the Contra Costa County Investment Pool was $2,094,911,839 and the fair value was $2,096,774,637, which was 100.09% of cost. As of June 30, 2012 the weighted average maturity of the Contra Costa County Investment Pool was 178 days.

The following table summarizes the composition of the Pool as of June 30, 2012.

CONTRA COSTA COUNTY INVESTMENT POOL
PORTFOLIO COMPOSITION
(as of June 30, 2012)

Type of Investment	Cost Value	Fair Value	Percent of Total (Cost Value)
U.S. Treasuries (STRIPS, Bills, Notes)	$29,225,897.37	$29,117,019.90	1.40%
U.S. Agencies (Federal, State, Local)	255,303,476.64	256,343,175.67	12.19
Money Market Instruments	1,253,608,367.83	1,254,761,181.00	59.84
Local Agency Investment Fund	327,097,451.57	327,097,451.57	15.61
Other	147,512,079.49	147,291,243.39	7.04
Cash	82,164,566.39	82,164,566.39	3.92
TOTAL	$2,094,911,839.29	$2,096,774,637.92	100.00%

Note: All report information is unaudited.

The Treasurer's investment portfolio is in compliance with Government Code 53600 et. seq. and 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 County reports that it is current practice for the Treasurer to mark the portfolio to market on a monthly basis. Such evaluations are performed by the County. Over 83% of the portfolio or over $1.74 billion will mature in less than a year. The County is able to meet its cash flow needs for six months.

TAX BASE FOR REPAYMENT OF BONDS FOLLOWING THE CROSSOVER DATE

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. Prior to the Crossover Date, the Bonds shall be secured by and payable solely from monies on deposit in the Escrow Fund. After the Crossover Date, the Bonds shall be payable solely from* ad valorem *taxes levied and collected by the County on taxable property in within the boundaries of the District. At no time shall the District's General Fund be a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same rolls as the special district property taxes. Assessed valuations are the same for both District and the County taxing purposes.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes are payable in two installments due November 1 and February 1, respectively, and become delinquent on December 10 and April 10 for each respective installment. Taxes on unsecured property (personal property and leasehold) are due on August 31 of each year based on the preceding fiscal year's secured tax rate and become delinquent on October 31.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law 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, 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" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability of revenue from growth in tax bases to such entities may be affected by the establishment of redevelopment agencies which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values.

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

Assessed Valuations

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. The following represents the six-year history of assessed valuations in the District.

Property within the District has a total assessed valuation for fiscal year 2012-13 of $23,803,272,121. Shown in the following table are the assessed valuations for the District for the period 2005-06 through 2012-13.

ASSESSED VALUATIONS
Fiscal Years 2005-06 through 2012-13
Acalanes Union High School District

	Local Secured	Utility	Unsecured	Total Before Rdv. Increment
2005-06	$19,004,752,623	$1,475,950	$428,699,704	$19,434,928,277
2006-07	20,685,834,324	1,476,589	450,100,666	21,137,411,579
2007-08	22,115,176,261	1,476,589	456,882,163	22,573,535,013
2008-09	23,111,571,673	1,419,775	487,171,580	23,600,163,028
2009-10	23,678,370,404	1,419,775	479,708,986	24,159,499,165
2010-11	23,608,834,196	650,940	472,451,284	24,081,936,420
2011-12	23,202,310,503	853,360	473,466,194	23,676,630,057
2012-13	23,328,461,333	767,419	474,043,369	23,803,272,121

Source: California Municipal Statistics, Inc.

For fiscal year 2012-13, the total assessed valuation of taxable property within the District increased by $126,642,064, representing an increase of approximately 0.5% from the prior year. Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds from and after the Crossover Date. See "THE BONDS – Security and Sources of Payment" herein.

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Assessed Valuations and Parcels by Land Use

The following represents the fiscal year 2012-13 assessed valuations and parcels by land use in the boundaries of the District.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2012-13
Acalanes Union High School District

	2012-13 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	$16,338,051	0.07%	21	0.05%
Commercial/Office	2,800,687,472	12.01	1,272	3.03
Vacant Commercial	35,170,287	0.15	69	0.16
Industrial	65,731,534	0.28	18	0.04
Recreational	127,154,921	0.55	84	0.20
Government/Social/Institutional	16,477,480	0.07	904	2.15
Miscellaneous	28,172,661	0.12	206	0.49
Subtotal Non-Residential	$3,089,732,406	13.24%	2,574	6.13%
Residential:				
Single Family Residence	$15,425,494,178	66.12%	26,732	63.64%
Condominium/Townhouse	2,800,454,158	12.00	9,917	23.61
Cooperatives [2]	390,887,688	1.68	68	0.16
2-4 Residential Units	251,573,832	1.08	532	1.27
5+ Residential Units/Apartments	1,042,958,245	4.47	292	0.70
Vacant Residential	327,360,826	1.40	1,888	4.49
Subtotal Residential	$20,238,728,927	86.76%	39,429	93.87%
Total	$23,328,461,333	100.00%	42,003	100.00%

[1] Local secured assessed valuation; excluding tax-exempt property.
[2] The 68 cooperative parcels contain approximately 3,368 residential units.
Source: California Municipal Statistics, Inc.

Per Parcel Assessed Valuation of Single-Family Homes

The following represents per parcel assessed valuation of single family homes for fiscal year 2012-13 in the District.

ASSESSED VALUATION PER PARCEL OF SINGLE FAMILY HOMES
Fiscal Year 2012-13
Acalanes Union High School District

	No. of Parcels	2012-13 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	26,732	$15,425,494,178	$577,042	$528,011

2012-13 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	2,053	7.680%	7.680%	$164,087,763	1.064%	1.064%
100,000 - 199,999	3,581	13.396	21.076	499,029,685	3.235	4.299
200,000 - 299,999	2,009	7.515	28.591	505,952,859	3.280	7.579
300,000 - 399,999	2,198	8.222	36.814	768,874,836	4.984	12.563
400,000 - 499,999	2,721	10.179	46.992	1,226,978,619	7.954	20.517
500,000 - 599,999	2,876	10.759	57.751	1,581,369,472	10.252	30.769
600,000 - 699,999	2,813	10.523	68.274	1,821,210,961	11.806	42.576
700,000 - 799,999	2,266	8.477	76.751	1,695,466,495	10.991	53.567
800,000 - 899,999	1,700	6.359	83.110	1,437,466,824	9.319	62.886
900,000 - 999,999	1,197	4.478	87.588	1,132,465,938	7.342	70.227
1,000,000 - 1,099,999	829	3.101	90.689	867,428,126	5.623	75.851
1,100,000 - 1,199,999	609	2.278	92.967	698,693,201	4.529	80.380
1,200,000 - 1,299,999	473	1.769	94.737	588,892,579	3.818	84.198
1,300,000 - 1,399,999	315	1.178	95.915	423,006,807	2.742	86.940
1,400,000 - 1,499,999	236	0.883	96.798	341,761,854	2.216	89.156
1,500,000 - 1,599,999	197	0.737	97.535	304,194,987	1.972	91.128
1,600,000 - 1,699,999	145	0.542	98.077	237,866,629	1.542	92.670
1,700,000 - 1,799,999	106	0.397	98.474	184,966,356	1.199	93.869
1,800,000 - 1,899,999	87	0.325	98.799	160,988,215	1.044	94.912
1,900,000 - 1,999,999	64	0.239	99.039	124,920,269	0.810	95.722
2,000,000 and greater	257	0.961	100.000	659,871,703	4.278	100.000
Total	26,732	100.000%		$15,425,494,178	100.000%	

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

Assessed Valuation by Jurisdiction

The following table is an analysis of the District's assessed valuation by jurisdiction for fiscal year 2011-12.

ASSESSED VALUATION BY JURISDICTION(1)
Fiscal Year 2011-12
Acalanes Union High School District

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Lafayette	$5,612,671,501	23.71%	$5,612,671,501	100.00%
Town of Moraga	2,954,044,435	12.48	2,954,044,435	100.00
City of Orinda	4,650,247,262	19.64	4,650,247,262	100.00
City of Walnut Creek	6,989,414,124	29.52	12,331,891,031	56.68
Unincorporated Contra Costa County	3,470,252,735	14.66	29,470,710,768	11.78
Total Contra Costa County	$23,676,630,057	100.00%	$140,545,941,115	16.85

(1) Before deduction of redevelopment incremental valuation.
Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. A supplemental tax is levied when property changes hands or new construction is completed.

A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to 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 (i.e., interest) 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 County Tax Collector.

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 December 1 of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific 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 specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The County levies (except for levies to support prior voter-approved indebtedness) and collects all property taxes for property falling within that county's taxing boundaries. The annual secured tax levies and delinquencies are included for the boundaries of the District for the fiscal years shown below.

SECURED TAX CHARGES AND DELINQUENCY RATES
Fiscal Years 2005-06 through 2011-12
Acalanes Union High School District

Tax Year	Secured Tax Charge[1]	Amount Delinquent June 30	Percent Delinquent June 30
2005-06	$5,241,860.47	$49,681.38	0.95%
2006-07	5,977,182.26	70,094.70	1.17
2007-08	5,663,548.43	105,924.29	1.87
2008-09	6,606,584.08	148,467.60	2.25
2009-10	6,985,404.06	129,965.83	1.86
2010-11	7,246,549.50	93,399.65	1.29
2011-12	7,642,649.78	78,511.14	1.03

(1) Bond debt service levy only.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment – "Teeter Plan"

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq*. of the California Revenue and Taxation Code. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within the County, with the County administering any penalties and interest ultimately collected as prescribed in the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on a cash basis to local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, the County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities.

The Teeter Plan is applicable to all secured tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan includes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

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

Principal Taxpayers

The following table lists the 20 largest local secured taxpayers in the boundaries of the District in terms of their fiscal year 2012-13 secured assessed valuations:

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2012-13
Acalanes Union High School District

	Property Owner	Primary Land Use	2012-13 Assessed Valuation	% of Total [1]
1.	First Walnut Creek Mutual	Cooperatives – Rossmoor	$213,676,605	0.92%
2.	Second Walnut Creek Mutual	Cooperatives – Rossmoor	163,880,640	0.70
3.	OG Property Owner LLC	Residential Development	138,720,891	0.59
4.	Macerich Northwest Associates	Shopping Center	115,850,262	0.50
5.	Escuela Shopping Center LLC	Shopping Center	90,216,960	0.39
6.	CA Plaza at Walnut Creek Inc.	Office Building	87,492,037	0.38
7.	Rreef America REIT II Corp. UUU	Office Building	82,650,000	0.35
8.	Legacy III Walnut Creek I LLC	Office Building	76,605,000	0.33
9.	Property Calif. SCJLW One Corp.	Office Building	76,457,342	0.33
10.	ASN Bay Landing LLC	Apartments	63,554,828	0.27
11.	Tishman Speyer Archstone-Smith	Apartments	60,093,831	0.26
12.	Northwestern Mutual Life Insurance Co.	Office Building	56,441,169	0.24
13.	Calif. State Teachers Retirement System	Office Building	51,124,999	0.22
14.	PK II Walnut Creek	Movie Theater/Commercial	50,000,000	0.21
15.	BRE Properties Inc.	Apartments	49,265,911	0.21
16.	Retreat Apartments 316 LLC	Apartments	48,007,188	0.21
17.	Tarigo Properties LLC	Apartments	47,947,567	0.21
18.	Shirley N. Wilson, Trustee	Hotel	47,749,372	0.20
19.	CA-Treat Towers LP	Office Building	46,135,000	0.20
20.	Broadway Pointe Investors LLC	Shopping Center	45,110,774	0.19
			$1,610,980,376	6.91%

[1] 2012-13 Local Secured Assessed Valuation: $23,328,461,333.
Source: California Municipal Statistics, Inc.

Tax Rates

The following table summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical tax rate areas (a "TRA") within the boundaries of the District during fiscal years 2006-07 to 2011-12.

SUMMARY OF *AD VALOREM* TAX RATES
Fiscal Years 2006-07 through 2011-12
(Tax Rate Area 9-000)
(Tax Rates Per $100 of Assessed Value)
Acalanes Union High School District

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
General [1]	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Service Area R-8 Bond	.0050	.0076	.0090	--	--	--
Bay Area Rapid Transit District	--	--	--	.0057	.0031	.0041
East Bay Regional Park District	.0085	.0080	.0100	.0108	.0084	.0071
Contra Costa Community College District	.0043	.0108	.0066	.0126	.0133	.0144
Acalanes Union High School District	.0292	.0259	.0289	.0298	.0311	.0333
Walnut Creek Elementary School District	.0218	.0222	.0265	.0166	.0231	.0240
Total Tax Rate	1.0688%	1.0745%	1.0810%	1.0755%	1.0790%	1.0829%

(1) 1% General Fund Levy; maximum rate for purposes other than paying debt service in accordance with Article XIIIA of the State Constitution. 2011-12 assessed valuation of TRA 9-000 is $5,307,580,827.
Source: California Municipal Statistics, Inc.

Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective as of August 1, 2012 for debt outstanding as August 1, 2012. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the boundaries of the District in whole or in part. Column 2 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 column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

DIRECT AND OVERLAPPING DEBT STATEMENT
Acalanes Union High School District

2012-13 Assessed Valuation: $23,803,272,121
2011-12 Adjusted Assessed Valuation: $22,555,260,839

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable (1)	Debt 8/1/12
Bay Area Rapid Transit District	5.172%	$ 21,240,887
Contra Costa Community College District	18.120	38,931,726
Acalanes Union High School District	**100.**	**155,583,506** (2)
Lafayette School District	100.	15,720,000
Moraga School District	100.	7,875,000
Orinda Union School District	100.	10,868,533
Walnut Creek School District	100.	32,294,628
City of Lafayette	100.	7,355,000
East Bay Municipal Utility District Special District No. 1	0.005	1,083
East Bay Regional Park District	8.035	10,407,334
Pleasant Hill Recreation and Park District	7.598	2,083,752
Contra Costa County Community Facilities District No. 1991-1	7.230	132,332
California Statewide Community Development Authority Community Facilities District No. 2000-1	100.	2,618,810
California Statewide Community Development Authority Orinda Wilder Project Community Facilities District	100.	36,275,000
1915 Act Bonds	100.	2,085,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$343,472,591
OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	18.039%	$ 54,378,200
Contra Costa County Pension Obligations	18.039	64,668,913
Contra Costa Community College District Certificates of Participation	18.120	154,926
Town of Moraga Certificates of Participation	100.	1,440,000
City of Orinda Certificates of Participation	100.	8,755,000
City of Walnut Creek General Fund Obligations	55.401	451,518
San Ramon Valley Fire Protection District Certificates of Participation	0.005	644
Contra Costa Fire Protection District Pension Obligations	26.895	28,558,456
Pleasant Hill Recreation and Park District Certificates of Participation	7.598	175,134
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$158,582,791
Less: Contra Costa County obligations supported by revenue funds		20,432,378
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$138,150,413
GROSS COMBINED TOTAL DEBT		$502,055,382 (3)
NET COMBINED TOTAL DEBT		$481,623,004

(1) Based on 2011-12 ratios.
(2) Excludes general obligation bonds to be sold.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2012-13 Assessed Valuation:
Direct Debt ($155,583,506) 0.65%
Total Direct and Overlapping Tax and Assessment Debt........................1.44%

Ratios to 2011-12 Adjusted Assessed Valuation:
Gross Combined Total Debt..2.23%
Net Combined Total Debt 2.14%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: $0

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

From and after the Crossover Date, the principal of and interest on the Bonds will be payable solely from are payable from the proceeds of an ad valorem *tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District 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 District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the voters of the District in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS FOLLOWING THE CROSSOVER DATE – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. In addition, Article XIIIA requires the approval of two-thirds of all members of the state legislature to change any state taxes for the purpose of increasing tax revenues.

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 relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property 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.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIIIA.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by 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.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION – Revenue Sources" herein.

Article XIIIB of the California Constitution

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

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

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

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

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

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "—Propositions 98 and 111" below.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), 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.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by 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 government 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 local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for 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 local government property, or the purchase, rental, or lease of local government 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 XIIID. 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.

Propositions 98 and 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget.

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

The most significant provisions of Proposition 111 are summarized as follows:

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts 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 is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year

1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, schools will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test, which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capital personal income. Under Test 3, schools will receive the amount appropriated in the prior year adjusted for change 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 will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Property taxes could exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary or high school district), or \$25 (for a community college district), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources.

Under Proposition 1A, the State can 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 how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. 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.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. 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 an analysis of Proposition 22 submitted by the Legislative Analyst's Office (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.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all 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. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide. The District can make no representations regarding what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

State Cash Management Legislation

Since 2002, the State has engaged in the practice of deferring certain apportionments to school districts in order to manage the State's cash flow. This practice has included deferring certain apportionments from one fiscal year to the next. These "cross-year" deferrals have been codified and are expected to be on-going. Legislation enacted with respect to fiscal year 2012-13 provides for additional inter-fiscal year deferrals

On May 23, 2012, the Governor signed into law Assembly Bill ("AB 103"), which extends certain provisions of existing law designed to manage the State's cash resources. AB 103 authorizes the deferral of State apportionments during fiscal year 2012-13, as follows: (i) $700 million from July 2012 to September 2012, (ii) $500 million from July 2012 to January 2013, (iii) $600 million from August 2012 to January 2013, (iv) $800 million from October 2012 to January 2013, and (v) $900 million from

March 2013 to April 2013. Collectively, these deferrals are referred to as the "Cash Management Deferrals."

As in the prior fiscal years, AB 103 provides for an exemption to the Cash Management Deferrals for a school district that would be unable to meet its expenditure obligations if its State apportionments are delayed. The District, however, has not applied for nor received an exemption from any of the Cash Management Deferrals. In the event any of the Cash Management Deferrals are implemented, the State Controller, State Treasurer and State Director of Finance are required to review, as necessary but no less than monthly, the actual State general fund cash receipts and disbursements in comparison to the Governor's most recent revenue and expenditure projections. If the Controller, Treasurer and Director of Finance determine that sufficient cash is available to pay the State apportionments being deferred while maintaining a prudent cash reserve, such State apportionments are required to be paid as soon as feasible. AB 103 authorizes the Cash Management Deferrals to be accelerated or delayed by up by one month, except that the March 2013 deferral must be paid no later than April 29, 2013.

State Budget

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information.

2012-13 Budget. On June 27, 2012, the Governor signed into law the State budget for fiscal year 2012-13 (the "2012-13 Budget"). The Department of Finance has released its summary of the 2012-13 Budget (the "Department of Finance Report"). The following information is drawn from the Department of Finance Report.

The 2012-13 Budget seeks to close a budget gap of $15.7 billion through a combination of measures totaling $16.6 billion. Specifically, the 2012-13 Budget authorizes $8.1 billion of expenditure reductions (including $1.9 billion in reductions to Proposition 98 spending), $6 billion of revenue increases, and $2.5 billion of other measures. The 2012-13 Budget assumes voter approval of a modified tax initiative proposed by the Governor in his May revision to the proposed State budget (the "May Revision"). The tax initiative would temporarily increase personal income taxes on the State's wealthiest taxpayers for seven years and would increase the State sales tax by one-quarter percent for four years. The 2012-13 Budget estimates that the tax initiative will generate approximately $8.5 billion through fiscal year 2012-13. The 2012-13 Budget assumes an attendant increase of $2.9 billion to State funding for school districts and community colleges, resulting in a net benefit to the State's general fund of $5.6 billion.

With the implementation of all measures, the 2012-13 Budget assumes, for fiscal year 2011-12, total revenues of $86.8 billion and expenditures of $87.0 billion. The State is projected to end fiscal year 2011-12 with a total budget deficit of $3.6 billion. For fiscal year 2012-13, the 2012-13 Budget projects total revenues of $95.9 billion and authorizes total expenditures of $91.3 billion. The State is projected to end the 2012-13 fiscal year with a total budget surplus of $948 million.

In the event the Governor's tax initiative is rejected by voters, the 2012-13 Budget authorizes an additional $6 billion of trigger reductions to become effective on January 1, 2013. The trigger reductions include approximately $5.4 billion of reductions to Proposition 98 funding for schools and community colleges. The 2012-13 Budget indicates that such a reduction be equivalent to the cost of three weeks worth of instruction. This trigger reduction would also eliminate the ability of the State to begin repaying existing apportionment deferrals to schools and community colleges. Additional triggers are as follows: (i) $250 million reduction to each of the University of California and California State University systems,

(ii) $50 million reduction to the Department of Developmental Services, (iii) $20 million reflecting the elimination of certain city police grants, (iv) $5 million reduction to local water safety patrols, (v) $10 million reduction to the Department of Forestry and Fire Protection, (vi) $6.6 million reduction to Department of Water Resources flood control programs, which would reduce channel and levee maintenance and floodplain mapping; (vii) $1.1 million reduction to the departments of Parks and Recreation and Fish and Game reflecting a reduced number of state public safety officers, (viii) $1.4 million reduction reflecting the elimination of State beach lifeguards, and (ix) $1 million reduction to Department of Justice law enforcement programs.

For fiscal year 2012-13, the Proposition 98 minimum funding guarantee is set at $53.6 billion, including $36.8 billion from the State general fund. This funding level reflects the following significant adjustments and changes:

- *Proposition 98 Adjustments.* A funding decrease of approximately $630 million due to (1) eliminating the hold-harmless adjustment provided to schools from the elimination of the sales tax on gasoline in fiscal year 2010-11, and (2) a rebenching of the minimum funding guarantee to account for the exclusion of child care programs and the inclusion of special education mental health services from within the guarantee, as well as new and existing property tax shifts. Additionally, the 2012-13 Budget reduces fiscal year 2012-13 appropriations for a number of different programs by $220.1 million, backfilling them with available one-time funds.

- *Quality Education Investment Act ("QEIA").* The 2012-13 Budget authorizes the use of a fiscal year 2011-12 overappropriation of the Proposition 98 minimum funding guarantee to prepay legal settlement obligations required by QEIA. As a result, the 2012-13 Budget estimates a one-time savings during fiscal year 2012-13 of $450 million. The 2012-13 Budget also authorizes the use of this overappropriation to prepay QEIA obligations in fiscal years 2013-14 and 2014-15 to achieve projected savings in such fiscal years of $181 million and $40.8 million, respectively.

- *K-12 Deferral Reduction.* An increase of $2.1 billion in Proposition 98 funding to reduce K-12 inter-fiscal year apportionment deferrals from $9.5 billion to $7.4 billion. This deferral reduction is contingent on voter approval of the Governor's tax initiative.

- *Charter Schools*. A funding increase of $53.7 million to the Proposition 98 funding for charter school categorical programs to fund growth in charter school enrollment. In addition, the 2012-13 Budget implementing legislation expands the ability of schools district to convey surplus property to charter schools, while also increasing financing assistance to charter schools by allowing county treasurers to provide them with short-term loans, and by authorizing charter schools to participate in short-term tax and revenue anticipation note borrowing mechanisms already available to schools and county offices of education.

- *Educational Mandates*. As increase of $86.2 million funding support for K-12 educational mandates through a new voluntary block grant. Participating school districts and county offices of education would receive a $28 per-student allocation, while participating charter schools would receive $14 per student. Districts and county offices of education that choose not to participate in this block grant program would retain their right to submit claims for reimbursement, subject to audits by the State Controller.

- *State Preschool Programs*. The 2012-13 Budget includes a number of adjustments to State preschool programs, including (i) an increase of $163.9 million in Proposition 98 funding to cover the cost of part-day preschool services, (ii) an increase of $3.4 million to reflect increased fee assessments for preschool programs on families that are currently exempt from such fees (this is expected to offset Proposition 98 expenditures by a like amount); (iii) a decrease of $30 million in Proposition 98 funding to reflect an 8.7% across-the-board reduction to general child care programs, and (iv) a decrease of $11.9 million reflect the suspension of the statutory cost of living adjustment for preschool programs.

In addition, the 2012-13 Budget assumes an increase of $1.3 billion in local property taxes for fiscal year 2012-13 resulting from the distribution of cash assets previously held by redevelopment agencies. These increased local property taxes would offset Proposition 98 spending by an identical amount. The 2012-13 Budget notes that the May Revision assumed that K-14 school districts would receive $818 million in property tax revenues during fiscal year 2011-12 to offset State expenditures on Proposition 98 funding. The full amount of these payments were not made due to the timing of the Supreme Court's ruling in the *California Redevelopment Association v. Matosantos* case, as well as inconsistent interpretations of ABx1 26 at the local level. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein The 2012-13 Budget seeks to create a one-time process to recapture these property tax revenues by requiring county auditor-controllers to bill successor agencies for the amounts that should have been distributed to the affected taxing agencies.

Additional information regarding the 2012-13 Budget may be obtained from the Department of Finance at www.dof.ca.gov. However, such information is not incorporated herein by any reference.

District Response to 2012-13 Budget. If the Governor's tax initiative fails in November and the trigger reductions are implemented in full, the District's revenue limit will be reduced by approximately $2.1 million for fiscal year 2012-13. The District did not assume passage of the Governor's November tax initiative in creating the revenue assumptions for its 2012-13 Adopted Budget. If such tax initiative fails and the trigger reductions are implemented in full the District will utilize its un-appropriated fund balance. Additional expenditure reductions will need to be made in subsequent fiscal years.

Recent Litigation Regarding State Funding of Education. On September 28, 2011, the California School Boards Association, the Association of California School Administrators, the Los Angeles Unified School District, the San Francisco Unified School District and the Turlock Unified School District filed a petition for a writ of mandate in the Superior Court of the State of California in and for the County of San Francisco (the "CSBA Petition"). The petitioners allege that the fiscal year 2011-12 State budget improperly diverted sales tax revenues away from the State general fund, resulting in a reduction to the minimum funding guarantee of approximately $2.1 billion. The CSBA Petition seeks an order from the Court compelling the State Director of Finance, Superintendent of Public Instruction and the State Controller to recalculate the minimum funding guarantee in accordance with the provisions of the California Constitution. On May 31, 2012, the court denied the CSBA Petition, finding that Proposition 98 does not prohibit the State from assigning sales tax revenues to a special fund that previously were deposited into the State general fund. The court also found that, upon doing so, the State was not required to rebench the minimum funding guarantee. On July 27, 2012, the petitioners filed a notice of appeal of the court's decision.

The District makes no representations regarding the viability of the claims in the CSBA Petition, nor can the District predict whether any of the respective petitioners will be successful. Moreover, the District makes no representations as to how any final decision by the court would affect the State's ability to fund education in fiscal year 2011-12, or in future fiscal years.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict 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 or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. Continued State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District.

GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

The information in this section concerning the State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. Prior to the Crossover Date, the Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund. From and after the Crossover Date, the Bonds will be payable solely from the proceeds of an ad valorem *tax which is required to be levied by the County in an amount sufficient for the payment thereof.*

State Funding of Education

As a whole, California school districts receive a significant portion of their funding from State appropriations. As a result, decreases in state revenues significantly affect appropriations made by the legislature to school districts.

Annual state apportionments of basic and equalization aid to school districts for general purposes are computed up to a revenue limit per unit of average daily attendance ("A.D.A."). Generally, these apportionments amount to the difference between the district's revenue limit and its property tax allocation. The revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. The following table reflects the District's A.D.A. and the A.D.A. base revenue limit per student for the last six years, and a budgeted figure for fiscal year 2012-13.

The following table shows the average daily attendance and base revenue limit per A.D.A. for the District for the last seven years, as well budgeted amounts for fiscal year 2012-13.

AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT
Fiscal Years 2005-06 through 2012-13
Acalanes Union High School District

Year	Average Daily Attendance[1]	Base Revenue Limit per A.D.A.[2]	Funded Base Revenue Limit per A.D.A.[2]
2005-06	5,671	5,920	5,867
2006-07	5,603	6,379	6,379
2007-08	5,673	6,669	6,669
2008-09	5,475	7,049	6,496
2009-10	5,413	7,349	6,000
2010-11	5,353	7,320	6,005
2011-12	5,181	7,484	5,942
2012-13[3]	5,160	7,726	6,006

(1) Based on Second Period Report.
(2) The State's practice of deficit revenue limit funding, which reduced the amount of revenue limit funds received by school districts, was eliminated effective in fiscal year 2000-01, reinstated beginning in fiscal year 2003-04, eliminated again effective in fiscal year 2006-07, and reinstated again in fiscal year 2008-09.
(3) Budgeted.

Source: The District.

Revenue Sources

Major revenue sources of the District are described below.

Revenue Limit Sources

Since fiscal year 1973-74, California school districts have operated under general purpose revenue limits established by the State Legislature. In general, revenue limits are calculated for each school district by multiplying the A.D.A. for such district by a base revenue limit per unit of A.D.A. The revenue limit calculations are adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type.

Funding of the District's revenue limit is provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments will amount to the difference between the District's revenue limit and its local property tax revenues.

Certain schools districts, known as "basic aid" districts, have local property tax collections of such a large magnitude that, when compared to the district's total revenue limit, result in the receipt of the minimum State aid of $120 per pupil. This amount is defined in the State's constitution as basic aid. The implication for basic aid districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District is not a basic aid district.

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

The revenue limit sources constituted approximately 66.0% of general fund revenues in fiscal year 2008-09, 61.1% of such revenues in fiscal year 2009-10 , approximately 57.6% of such revenues in fiscal year 2010-11, approximately 57.5% of such revenues in fiscal year 2011-12, and is budgeted to equal approximately 59.2% of such revenues in 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, and specialized programs such as Drug Free Schools, Education for Economic Security, and the free and reduced lunch program. The federal revenues, most of which are restricted, constituted approximately 4.8% of general fund revenues in fiscal year 2008-09, approximately 4.0% of such revenues in fiscal year 2009-10, approximately 3.5% of such revenues in fiscal year 2010-11, approximately 3.5% of such revenues in fiscal year 2011-12, and is budgeted to equal approximately 1.6% of such revenues in fiscal year 2012-13.

Other State Revenues

As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues. These other State revenues are primarily restricted revenues funding items such as the Class Size Reduction Program, Educational Technology Assistance Grants, mandated cost reimbursements and instructional materials, among others. Other State revenues constituted approximately 4.8% of general fund revenues in fiscal year 2008-09, 8.6% of such revenues in fiscal year 2009-10, approximately 8.1% of such revenues in fiscal year 2010-11, approximately 8.4% of such revenues in fiscal year 2011-12, and is budgeted to equal 8.4% of such revenues in fiscal year 2012-13.

State Lottery.

In the November 1984 general election, the voters of the State approved a constitutional amendment establishing a State lottery (the "State Lottery"), the net revenues of which are used to supplement money allocated to public education. This amendment stipulated that the funds derived from the State Lottery be used for the education of students and prohibited their use for noninstructional purposes, such as the acquisition of real property, the construction of facilities or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50 percent of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instructional material. State Lottery net revenues - gross revenues less prizes and administration expenses - are allocated by computing an amount per A.D.A., which is derived by dividing the total net revenues figures by the total A.D.A. for grades K-12, community colleges, the University of California system and other participating educational institutions. Each district receives an amount equal to its total A.D.A. multiplied by the per A.D.A. figure. Allocations to the District in were approximately 1.2%, in 2010-11, approximately 1.5% of estimated General Fund revenues in 2011-12, and are budgeted to be approximately 1.6% in fiscal year 2012-13.

Other Local Revenues

In addition to property taxes, the District receives additional local revenues from items such as leases and rentals, interest earnings, interagency services, and other local sources. Other local revenues constituted approximately 24.3% of general fund revenues in fiscal year 2008-09, 26.2% of such revenues in fiscal year 2009-10, approximately 30.8% of such revenues in fiscal year 2010-11, approximately 30.7% of such revenues in fiscal year 2011-12, and are budgeted to equal 30.8% of such revenues in fiscal year 2012-13.

Parcel Taxes

The District received revenue from a parcel tax approved by the voters of the District on March 5, 2005 that expired in June 2011. The $189 per parcel tax, provided revenues that equaled approximately 12% of the total General Fund revenues in fiscal year 2007-08 or approximately $6.7 million, approximately 12% of General Fund revenues in fiscal year 2008-09 or approximately $6.7 million, approximately 13% of the total General Fund revenues in fiscal year 2009-10 or approximately $6.6 million.

On November 3, 2009 the voters of the District approved a $189 per parcel tax with no expiration date (the "2009 Tax"). This parcel tax replaced the March 2005 parcel tax effective July 1, 2010. The 2009 Tax provided revenues that equaled approximately 12.0% of General Fund revenues in fiscal year 2010-11 or approximately $6,819,681, are estimated to be approximately 12.0% of General Fund revenues in fiscal year 2011-12 or approximately $6,797,824, and is budgeted to be approximately 12.5% of such revenues in fiscal year 2012-13 or approximately $6,797,824.

On May 4, 2010 the District's voters approved a second parcel tax, known as Measure A (the "2010 Tax"). The 2010 Tax is a five-year $112 per parcel tax that was approved as of July 1, 2010 and expires on June 30, 2015. The 2010 Tax accounted for 6.5% of the District's General Fund revenue in fiscal year 2010-11 or approximately $3,738,195, are estimated to account for 6.6% of such revenues in fiscal year 2011-12 or approximately $3,726,704, and is budgeted to account for 6.9% of such revenues in fiscal year 2012-13 or approximately $3,726,704.

Combined, the 2009 Tax and 2010 Tax are budgeted to account for 19.4% of General Fund revenues in fiscal year 2012-13.

Redevelopment Revenue

The District received pass-through tax increment revenue ("Redevelopment Revenue") from the city of Layfayette. The District received $127,624 of such revenues for fiscal year 2007-08, $136,322 of such revenues for 2008-09, $175,387 of such revenues in 2009-10, $157,866 of such revenues for 2010-11, and is estimated to have received $101,000 of such revenues in fiscal year 2011-12. These amounts are deposited directly into the capital facilities fund. The District currently applies such amounts to facilities expenditures.

The District, however, can make no representations that Redevelopment Revenues will continue to be received by the District in amounts consistent with prior years, particularly in light of the elimination of redevelopment agencies by the State. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and 22" herein. The Bonds, however, are not payable from such Redevelopment Revenue. Prior to the Crossover Date, shall be secured by and payable solely from proceeds of the Bonds deposited into the Escrow Fund. From and after the Crossover Date, the Bonds shall, without further action on the part of the District or the Owners or Beneficial Owners of the Bonds, are payable solely from the proceeds of an *ad valorem* tax required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.

Foundations

The District is supported by four educational foundations; the Education Foundation of Orinda, the Moraga Education Foundation, the Lafayette Arts & Sciences Foundation and the Walnut Creek Education Foundation (collectively the "Foundations"). The Education Foundation of Orinda was founded in 1979 and provides support for Miramonte High School. The Moraga Education Foundation was formed in 1981 and provides support for Compolindo High School. The Lafayette Arts & Sciences Foundation was founded in 1980 and provides support for Acalanes High School. The Walnut Creek Education Foundation was founded in 2005 after the merger of the Walnut Greek Education Foundation and the Las Lomas Foundation and provides support for Las Lomas High School. In addition, at each high school, parent clubs provide direct financial support. The following table lists the annual contributions of the Foundations and direct support from parent clubs at each respective high school transferred to the District.

FOUNDATION CONTRIBUTIONS
Years 2005 through 2012
Acalanes Union High School District

Year	Donations
2005	$1,000,000
2006	1,186,328
2007	1,371,587
2008	1,441,348
2009	1,012,356
2010	1,762,778
2011	1,857,938
2012	2,229,869

Source: The District.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by A.B. 1200, which became law on October 14, 1991. Portions of A.B. 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 15 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

For both dual and single budgets submitted on July 1, the county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve, conditionally approve, or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than August 20, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget has been disapproved.

For all dual budget options and for single budget option districts whose budgets have been disapproved, the district must revise and readopt its budget by September 15, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8 will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code § 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reporting. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent two fiscal years. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or subsequent two fiscal years.

The District has never had an adopted budget disapproved by the County Superintendent of Schools. The District elected to report a "qualified" certification in its first interim financial report for fiscal year 2003-04. In its next interim financial report, and for all reporting periods thereafter, the District has reported a "positive" certification.

General Fund Budget. The District's general fund adopted budget for fiscal years 2008-09 through 2012-13, audited actual results for the fiscal years 2009-10 through 2010-11, and estimates for fiscal year 2011-12 are set forth in the following table:

GENERAL FUND BUDGET AND ACTUAL RESULTS FOR
FISCAL YEARS 2009-10 through 2012-13
Acalanes Union High School District

	2009-10 Adopted Budget[1]	2009-10 Audited Actuals[1]	2010-11 Adopted Budget[1]	2010-11 Audited Actuals[1]	2011-12 Adopted Budget[2]	2011-12 Unaudited Actuals[4]	2012-13 Adopted Budget[4]
REVENUES							
Revenue Limit Sources							
State Apportionment	$1,262,151	$(193,982)	$153,727	$1,481,431	$1,345,910	$621,167	$--
Local Sources	31,474,256	31,700,944	31,710,555	31,316,373	31,410,379	32,245,006	32,020,717
Total Revenue Limit Sources	$32,736,407	$31,506,962	31,864,282	32,797,804	32,756,289	32,866,173	32,020,717
Federal Revenue	1,464,649	1,948,171	905,461	1,978,257	1,887,936	2,006,711	881,616
Other State Revenue	3,105,344	4,798,501	4,193,450	4,591,756	4,040,733	4,791,207	4,541,252
Other Local Revenue	12,765,475	14,272,128	16,936,148	17,533,098	16,422,529	17,543,398	16,676,556
TOTAL REVENUES	50,071,875	52,525,762	53,899,341	56,900,915	55,107,487	57,207,490	54,120,141
EXPENDITURES							
Certificated Salaries	26,401,205	26,379,323	25,872,585	25,723,476	25,592,569	25,815,609	26,619,726
Classified Salaries	7,446,035	7,768,834	7,620,988	7,704,190	7,726,589	7,953,434	7,850,564
Employee Benefits	10,739,057	10,734,803	11,233,164	10,983,971	11,636,891	11,474,433	12,412,667
Books & Supplies	1,860,948	1,356,243	1,868,042	1,699,191	1,775,003	1,896,584	1,750,145
Services & Other Operating Expenses	6,169,281	6,254,807	5,945,292	6,145,885	6,063,560	6,239,316	6,050,275
Capital Outlay	--	59,207	23,022	25,933	11,588	40,126	--
Other Outgo	250,000	197,669	175,000	183,798	175,000	301,233	275,000
Transfers of Indirect Costs	--	--	--	--	(250,000)	(250,000)	(250,000)
TOTAL EXPENDITURES	52,866,526	52,750,886	52,738,093	52,466,444	52,731,200	53,470,736	54,708,377
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,794,651)	(225,124)	1,161,248	4,434,471	2,376,287	3,736,754	(588,236)
OTHER FINANCING SOURCES/(USES)							
Operating Transfers In	400,000	400,000	400,000	446,569	150,000	150,000	300,000
Operating Transfers Out	(180,000)	(1,304,908)	(1,251,864)	(1,218,250)	(1,171,864)	(1,258,769)	(1,188,614)
TOTAL OTHER FINANCING SOURCES/(USES)	220,000	(904,908)	(851,864)	(771,681)	(1,021,864)	(1,108,767)	(888,614)
Net change in Fund Balance	(2,574,651)	(1,130,032)	309,384	3,662,790	1,354,423	2,627,232	(1,476,850)
FUND BALANCE AT BEGINNING OF YEAR	6,794,474	6,794,474	5,664,442	5,664,442	9,327,232[3]	9,327,232	11,955,218
FUND BALANCE AT END OF YEAR	$4,219,823	$5,664,442	$5,973,826	$9,327,232	$10,681,655[3]	$11,955,218	$10,478,368

[1] From the District's Comprehensive Audited Financial Statements.
[2] From the District's 2010-11 Unaudited Actual report adopted by the Governing Board on September 7, 2011.
[3] Beginning and ending fund balances as reported in 2010-11 Unaudited Actual report.
[4] From the District's 2012-13 Adopted Budget and 2011-12 Unaudited Actuals approved by the Governing Board on September 5, 2012.
Source: The District.

Accounting Practices

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

ACALANES UNION HIGH SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District's operating budget are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. Prior to the Crossover Date, the Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund. From and after the Crossover Date, the Bonds will be payable solely from the proceeds of an ad valorem *tax which is required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources for Payment" herein.*

Introduction

The District is located in the western portion of Contra Costa County (the "County") approximately 20 miles east of San Francisco. The District operates four comprehensive high schools and one alternative high school and encompasses an area of approximately 80 square miles and has an estimated population of 111,346.

The District was established in 1940 and provides secondary educational services to the residents of the Cities of Lafayette and Orinda, the Town of Moraga, a portion of the City of Walnut Creek, and of certain surrounding unincorporated areas in Contra Costa County. The 2012-13 assessed valuation of the area served by the District is $23,803,272,121. The District's budgeted average daily attendance for fiscal year 2012-13 is 5,160.

Administration

The District is governed by a five-member Governing Board (the "Board"), each of which is elected to a four-year term. Elections for positions to the Governing Board are held every two years, alternating between two and three available positions. The members of the Governing Board, together with their office and the date their term expires, are listed in the following table:

Board Member	Office	Term Expires
Gwen Reinke	President	December 2012
Richard Whitmore	Clerk	December 2014
Kathy Coppersmith	Member	December 2012
Susie Epstein	Member	December 2014
Tom Mulvaney	Member	December 2014

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Governing Board. John Nickerson, Ed.D. is the District's Superintendent and Christopher Learned is the Associate Superintendent, Business Services.

Brief biographies of the Superintendent and the Associate Superintendent, Business Services follow:

John Nickerson, Ed.D., Superintendent. Dr. Nickerson was promoted to Acalanes Union High School District Superintendent on February 2, 2011. Dr. Nickerson began his tenure with the District in August of 1996 as a classroom teacher. Subsequently, he worked as an associate principal, principal and the Associate Superintendent, Educational Services. Dr. Nickerson has twenty-two years of experience working in schools, seventeen of which are in the California public education system. The last 13 years of Dr. Nickerson's career have been in management positions. Dr. Nickerson earned a B.A. in economics from Harvard University. He received a M.A. from University of California, Berkeley and his doctorate from the University of La Verne.

Christopher Learned, Associate Superintendent, Business Services. Mr. Learned is in his 16th year with the District, the last twelve as Associate Superintendent, Business Services. He has over thirty-four years of experience in education. Mr. Learned holds a M.B.A. from the University of Phoenix, and a B.A. in Business Administration from California State University, Hayward.

Average Daily Attendance and Enrollment

The total A.D.A. for the 2011-12 academic year was 5,181 students and is budgeted to be 5,160 students for the 2012-13 academic year. The current student-teacher ratio in the District is 25:1 in grades 9-12.

The following table shows the District's average daily attendance ("A.D.A.") and enrollment over the last 14 years and a projection for the current fiscal year.

AVERAGE DAILY ATTENDANCE
FISCAL YEARS 1998-99 THROUGH 2012-13*
Acalanes Union High School District

Year	Average Daily Attendance(1)	Enrollment(2)
1998-99	4,845	5,065
1999-00	5,049	5,280
2000-01	5,150	5,375
2001-02	5,320	5,514
2002-03	5,507	5,744
2003-04	5,553	5,785
2004-05	5,663	5,906
2005-06	5,671	5,903
2006-07	5,603	5,832
2007-08	5,673	5,905
2008-09	5,475	5,714
2009-10	5,413	5,654
2010-11	5,353	5,589
2011-12	5,181	5,403
2012-13*	5,160	5,383

(1) Based on Second Period Report.
(2) Enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") in each school year.
* Projected.
Source: The District.

Labor Relations

As of July 1, 2012, the District employed approximately 248 full-time equivalent certificated employees and 95 classified employees. In addition, the District employs 120 part-time faculty and staff. These employees, except management and some part-time employees, are represented by the two bargaining units as noted below:

BARGAINING UNITS
Acalanes Union High School District

Labor Organization	Number of Employees In Bargaining Unit	Contract Expiration Date
Acalanes Education Association	299	06/30/2014
Service Employees International Union	173	06/30/2015

Source: The District.

Retirement Programs

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. The District is currently required by such statutes to contribute 8.25% of eligible salary expenditures, while current participants contribute 8% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 2.541% of teacher payroll. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate of 0.774% that will vary from year-to-year based on statutory criteria.

The District's contribution to STRS for the fiscal year ending June 30, 2012, 2011, 2010, 2009 and 2008, were $2,057,321 (estimated), $2,067,984, $2,137,717, and $2,256,263, respectively, and is budgeted to be $2,161,077 for fiscal year 2012-13.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provision are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.417% of eligible salary expenditures for fiscal year 2012-13, while participants contribute 7% of their respective salaries.

School district contributions to PERS are capped at 13.02% of gross expenditures for any given fiscal year. To the extent a district's contribution rate to PERS is less than 13.02%, the State will reduce the such district's revenue limit for that year by the difference between the maximum contribution rate and a district's actual contribution rate. Alternatively, if such district's contribution rate is greater than 13.02%, the State is required to provide additional revenue limit allocations to such district to make up the difference.

The District's contribution to CalPERS for the fiscal year ended June 30, 2012, 2011, 2010, 2009 and 2008, were $77 4,393 (estimated), $725,193 , $670,166, and $649,060, respectively, and is budgeted to be $806,006 for fiscal year 2012-13.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
As of the June 30, 2011 Valuation Date
(Dollar Amounts in Millions) [(1)]

Plan	Accrued Liability	Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	$58,358	$45,901[(2)]	$(12,457)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	208,405	143,930[(3)]	(64,475)

[(1)] Amounts may not add due to rounding.
[(2)] Reflects market value of assets as of June 30, 2011.
[(3)] Reflects actuarial value of assets as of June 30, 2011.
Source: CalPERS State & Schools Actuarial Valuation; CalSTRS Defined Benefit Program Actuarial Valuation.

Unlike PERS, STRS contribution rates for participant employers and current employees, as well as the State's base contribution rate, are set by statute and do not currently vary from year-to-year based on actuarial valuations. As a result of the Reform Act (defined below), the contribution rate for CalSTRS participants hired after the Implementation Date (defined below) will vary from year-to-year based on actuarial valuations. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. This unfunded liability is expected to continue to increase in the absence of legislation requiring additional or increased contributions. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employee's Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both CalSTRS and CalPERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to CalPERS and CalSTRS, the Reform Act also: (i) requires all new participants enrolled in CalPERS and CalSTRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires CalSTRS and CalPERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (ii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for members not participating in social security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

Other Post-Employment Benefits

Plan Description. The District administers a single-employer defined benefit healthcare plan (the "Plan"). The plan provides five years of postemployment healthcare, dental, and vision benefits (to eligible employees up to the age of 65 (the "Post-Employment Benefits"). To be eligible to receive these Post-Employment Benefits, retirees must be age 55 and have completed a minimum of 10 years of continuous service to the District immediately prior to retirement. As of June 30, 2011, 42 employees were receiving Post-Employment Benefits.

The Plan provides for the District to contribute 100 percent of the cost of health insurance premiums for retirees. The District makes a monthly contribution toward medical coverage not to exceed $568.99 for single party coverage or $1,137.98 for two-party coverage. Benefit provisions are established by the District's Governing Board. The Plan does not issue a publicly available report.

Funding Policy. The District's Board has no specific funding policy for the plan. Expenditures are made on a pay-as-you-go basis. The District recognized expenditures of $725,000 for the Post-Employment Benefits during fiscal year 2010-11, and estimated $858,459 for Post-Employment Benefits during fiscal year 2011-12, and has budgeted a contribution of $817,172 for fiscal year 2012-13.

In addition, whenever savings are realized based on budgeted healthcare expenditures, the Governing Board may direct the transfer of the savings to a trust held by California Employers' Retiree Benefit Trust (The "Trust") for the benefit of the covered employees.

The District has set aside approximately $415,050 in the Trust, and does not expect to transfer any funds during fiscal year 2012-13.

Actuarial Study. The District has received a study by Total Compensation, Inc. on January 31, 2011 (the "Actuarial Study") with respect to its liability in connection with such post-employment health care benefits. The Actuarial Study, dated as of November 1, 2010, determined that the actuarial accrued liability with respect to the District's Post-Employment Benefits is $9,663,392, and that the actuarial present value of total projected benefits is $13,627,429. The Actuarial Study also concluded that the annual required contribution ("ARC") for the year beginning November 1, 2010 is $1,179,972. The ARC is the annual amount that would be necessary to fund the OPEB in accordance with the Governmental Accounting Standards Board's Statements No. 43 and 45.

As of June 30, 2011, the District recognized a long-term obligation (the "Net OPEB Obligation") of $891,444 with respect to its accrued liability for the Post-Employment Benefits. The Net OPEB Obligation is based on the District's contributions towards the ARC during fiscal year 2010-11. The Net OPEB Obligation was calculated based on a prior actuarial study of the Post-Employment Benefits:

For more information regarding the District's Post-Employment Benefits, see "APPENDIX B – Excerpts from the 2010-11 Audited Financial Statements of the District– Note 6 – Other Postemployment Benefits (OPEB)."

Insurance

The District is a member of four Joint Powers Authorities ("JPAs") for insurance purposes; the Contra Costa County Schools Insurance Group (CCCSIG) for workers' compensation insurance; the East Bay Schools Insurance Group (EBSIG) for property and liability insurance, the Schools Association for Excess Risk (SAFER) for excess liability insurance, and the Schools Self-insurance of Contra Costa County (SSICCC) for health benefits. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and/or provide coverage for their members. The JPAs are governed by a board consisting of a representative from each member district. The boards control the operations of the JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Based upon prior claims experience, the District believes that it has adequate insurance coverage.

Comparative Financial Statements

Audited financial statements for the District for the fiscal year ended June 30, 2011, and prior fiscal years are on file with the District and available for public inspection at the Office of Business Services of the District, Acalanes Union High School District, 1212 Pleasant Hill Road, Lafayette, California, 94549, telephone: (925) 280-3900. Excerpts from the District's audited financial statements for the year ended June 30, 2011 are attached hereto as Appendix B. For fiscal years ended June 30, 2003 and later, the District implemented Government Accounting Standard Board Statement Nos. 34 and 35. Among the changes implemented under these revised accounting rules is a change in the financial reporting format. While historical total revenue and expenditures figures are comparably consistent to prior years, the breakdown of revenues and expenditures follows functional categories rather than object-oriented categories. The following tables reflect the District's revenues, expenditures and fund balances for fiscal years 2004-05 through 2010-11:

The District's audited statement of general fund revenues, expenditures and changes in fund balances for fiscal years ending June 30, 2005 through June 30, 2011 are set forth in the following tables.

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2004-05 Through 2007-08
Acalanes Union High School District
(Revised Reporting Format)

	2004-05 Audited Actual	2005-06 Audited Actual	2006-07 Audited Actual	2007-08 Audited Actual
REVENUES				
Revenue Limit Sources				
State Apportionments	$6,718,009	$6,244,083	$7,323,146	$7,583,043
Local Taxes	25,516,163	27,322,758	29,160,059	30,377,958
Total Revenue Limit Sources	32,234,172	33,566,841	36,483,205	37,961,001
Federal Revenues	925,432	857,715	810,845	782,518
Other State Revenues	2,677,417	3,074,028	4,876,009	3,876,559
Other Local Revenues	7,686,937	12,298,643	12,934,172	13,288,296
TOTAL REVENUES	43,523,958	49,797,227	55,104,231	55,908,374
EXPENDITURES				
Instruction	25,887,439	29,432,981	31,160,810	32,035,453
Supervision of Instruction	2,044,888	2,308,081	2,655,949	3,064,293
Instructional Library and Technology	1,661,124	1,101,191	1,594,675	1,507,925
School Site Administration	1,462,338	1,642,238	1,727,892	1,876,760
Home-to-School Transportation	790,346	559,424	603,853	611,739
Other Pupil Services	3,633,196	4,053,892	4,712,414	4,799,346
Data Processing Services	--	907,191	664,132	674,096
Other General Administration	3,030,391	2,510,682	2,677,409	2,851,621
Plant services	5,567,956	6,316,870	6,677,011	6,684,384
Facility Acquisition and Construction	--	9,792	--	--
Ancillary Services	924,378	1,053,669	1,084,023	931,758
Community Services	223,741	212,140	170,333	152,697
Enterprise Activities	--	--	11,457	10,131
Other Outgo	203,995	233,488	245,744	225,922
TOTAL EXPENDITURES	45,429,792	50,341,639	53,985,702	55,426,125
Excess (Deficiency) of Revenues Over Expenditures	(1,905,834)	(544,412)	1,118,529	482,249
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	1,804,473	--	72,395	--
Operating Transfers out	(11,897)	(16,143)	(52,224)	(320,982)
TOTAL OTHER FINANCING SOURCES (USES)	1,792,576	(16,143)	20,171	(320,982)
Net Change in Fund Balances	(113,258)	(560,555)	1,138,700	161,267
FUND BALANCE – BEGINNING OF FISCAL YEAR	4,394,054	4,280,796	3,720,241	4,858,941
FUND BALANCE – END OF FISCAL YEAR	$4,280,796	$3,720,241	$4,858,941	$5,020,208

Source: The District

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2008-09 and 2010-11
Acalanes Union High School District[1]

	2008-09 Audited Actual	2009-10 Audited Actual	2010-11 Audited Actual
REVENUES			
Revenue Limit Sources			
State Apportionment	$5,526,844	$(193,982)	$1,481,431
Local Sources	31,535,895	31,700,944	31,316,373
Total Revenue Limit Sources	37,062,739	31,506,962	32,797,804
Federal Revenue	2,727,245	1,948,171	1,978,257
Other State Revenue	2,718,097	4,798,501	4,591,756
Other Local Revenue	13,680,308	14,272,128	17,533,098
TOTAL REVENUES	56,188,389	52,525,762	56,900,915
EXPENDITURES			
Certificated Salaries	27,216,874	26,379,323	25,723,476
Classified Salaries	8,267,086	7,768,834	7,704,190
Employee Benefits	10,992,772	10,734,803	10,983,971
Books & Supplies	1,459,389	1,356,243	1,699,191
Services & Other Operating Expenses	6,077,357	6,254,807	6,145,885
Capital Outlay	123,763	59,207	25,933
Other Outgo	242,383	197,669	183,798
TOTAL EXPENDITURES	54,379,624	52,750,886	52,466,444
Excess (Deficiency) of Revenues Over Expenditures	1,808,765	(225,124)	4,434,471
OTHER FINANCING SOURCES/(USES)			
Operating Transfers In	250,000	400,000	446,569
Operating Transfers Out	(284,499)	(1,304,908)	(1,218,250)
TOTAL OTHER FINANCING SOURCES/(USES)	(34,499)	(904,908)	(771,681)
Net change in Fund Balance	1,774,266	(1,130,032)	3,662,790
FUND BALANCE AT BEGINNING OF YEAR	5,020,208	6,794,474	5,664,442
FUND BALANCE AT END OF YEAR	$6,794,474	$5,664,442	$9,327,232

[1] 2008-09, 2009-10 and 2010-11 data reflect the change in auditing firms.
Source: The District

District Debt Structure

Schedule of Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2011, is shown below:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
General Obligation Bonds[1]:				
Current Interest	$128,660,288	--	$3,277,805	$125,382,483
Capital Appreciation	47,775,557	2,922,972	2,308,927	48,389,602
OPEB Liability	736,699	1,190,417	1,035,672	891,444
Compensated Absences	331,710	16,592	--	348,302
Totals	$177,504,254	$4,129,981	$6,622,404	$175,011,831

[1] Does not include the Series B Bonds that were issued on July 20, 2011 and the 2012 General Obligation Refunding Bonds, which were issued on .May 3, 2012. Includes the bonds refunded from proceeds of the 2012 General Obligation Refunding Bonds.
Source: The District.

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General Obligation Bonds. The following table shows the total debt service with respect to the District's outstanding general obligation bonded debt.

COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE
Acalanes Union High School District

(August 1)	2000 G.O. Refunding Debt Service	2002 G.O. Refunding Debt Service	Election of 2002, Series A Debt Service(1)	2004 G.O. Refunding, Series A Debt Service	2004 G.O. Refunding, Series B Debt Service	2005A Refunding Bonds (2013 Crossover) Debt Service(2)(3)	2005B Refunding Bonds (2013 Crossover) Debt Service(2)(3)	2008 G.O. Series A Debt Service	2008 G.O. Series B Debt Service	2012 G.O. Refunding, Debt Service	The Bonds Debt Service(4)	Total Debt Service
2013	$2,264,250.00	$605,000.00	$2,840,000.00	$1,585,378.76	$730,250.00	--	--	--	--	$765,200.00	--	$8,790,078.76
2014	1,339,850.00	640,000.00	--	2,462,466.26	738,750.00	$2,979,356.26	$196,250.00	--	--	765,200.00	--	9,121,872.52
2015	--	2,270,000.00	--	2,182,093.76	740,250.00	3,441,606.26	246,250.00	--	--	765,200.00	--	9,645,400.02
2016	--	2,255,000.00	--	2,943,093.76	--	3,739,181.26	654,250.00	--	--	765,200.00	$1,051,092.50	11,407,817.52
2017	--	2,260,000.00	--	2,937,593.76	--	4,251,806.26	905,100.00	--	--	765,200.00	1,047,192.50	12,166,892.52
2018	--	2,270,000.00	--	2,924,993.76	--	4,772,143.76	1,196,512.50	--	--	765,200.00	1,047,692.50	12,976,542.52
2019	--	--	--	2,914,193.76	--	5,318,093.76	1,515,600.00	--	--	2,765,200.00	1,051,745.00	13,564,832.52
2020	--	--	--	2,939,993.76	--	5,891,100.00	--	--	--	2,735,200.00	2,919,657.50	14,485,951.26
2021	--	--	--	2,965,793.76	--	6,490,050.00	--	--	--	2,713,200.00	3,293,812.50	15,462,856.26
2022	--	--	--	2,977,975.00	--	7,117,550.00	--	--	--	2,698,800.00	3,716,762.50	16,511,087.50
2023	--	--	--	--	--	7,770,675.00	--	--	--	5,691,600.00	4,161,427.50	17,623,702.50
2024	--	--	--	--	--	2,656,500.00	--	--	--	5,751,200.00	10,402,365.00	18,810,065.00
2025	--	--	--	--	--	--	--	$5,892,195.00	$4,369,987.50	--	1,987,200.00	12,249,382.50
2026	--	--	--	--	--	--	--	6,277,195.00	4,650,267.50	--	--	10,927,462.50
2027	--	--	--	--	--	--	--	6,552,195.00	4,851,902.50	--	--	11,404,097.50
2028	--	--	--	--	--	--	--	6,842,195.00	5,068,282.50	--	--	11,910,477.50
2029	--	--	--	--	--	--	--	7,142,195.00	5,287,712.50	--	--	12,429,907.50
2030	--	--	--	--	--	--	--	7,457,195.00	5,521,712.50	--	--	12,978,907.50
2031	--	--	--	--	--	--	--	7,782,195.00	5,769,112.50	--	--	13,551,307.50
2032	--	--	--	--	--	--	--	8,127,507.50	6,017,812.50	--	--	14,145,320.00
2033	--	--	--	--	--	--	--	8,485,945.00	6,281,312.50	--	--	14,767,257.50
2034	--	--	--	--	--	--	--	8,854,382.50	6,561,670.00	--	--	15,416,052.50
2035	--	--	--	--	--	--	--	9,244,695.00	6,852,640.00	--	--	16,097,335.00
2036	--	--	--	--	--	--	--	9,652,820.00	7,151,275.00	--	--	16,804,095.00
2037	--	--	--	--	--	--	--	10,077,285.00	7,469,627.50	--	--	17,546,912.50
2038	--	--	--	--	--	--	--	10,519,917.50	7,798,767.50	--	--	18,318,685.00
2039	--	--	--	--	--	--	--	10,985,955.00	8,135,092.50	--	--	19,121,047.50
2040	--	--	--	--	--	--	--	--	17,039,956.00	--	--	17,039,956.00
2041	--	--	--	--	--	--	--	--	17,789,411.20	--	--	17,789,411.20
2042	--	--	--	--	--	--	--	--	18,575,081.70	--	--	18,575,081.70
2043	--	--	--	--	--	--	--	--	19,391,330.70	--	--	19,391,330.70
2044	--	--	--	--	--	--	--	--	20,243,436.00	--	--	20,243,436.00
2045	--	--	--	--	--	--	--	--	21,134,041.05	--	--	21,134,041.05
2046	--	--	--	--	--	--	--	--	22,065,000.00	--	--	22,065,000.00
	$3,604,100.00	$10,300,000.00	$2,840,000.00	$26,833,576.34	$2,209,250.00	$54,428,062.56	$4,713,962.50	$123,893,872.50	$228,025,431.65	$26,946,400.00	$30,678,947.50	$514,473,603.05

(1) Excludes debt service on the bonds refunded by the 2005A Refunding Bonds and 2005B Refunding Bonds.
(2) Excludes debt service on the 2005A Refunding Bonds and 2005B Refunding Bonds on and prior to August 1, 2013 (the "2005 Bond Crossover Date").
(3) Excludes bonds to be refunded from proceeds of the Bonds.
(4) Excludes debt service on the Bonds on and prior to August 1, 2015 (the "Crossover Date").

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulation, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Beneficial Owner of a Bond will increase the Beneficial Owner's basis in the Bond. Beneficial Owners of Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Bonds.

The amount by which a Bond Beneficial 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 the Beneficial Owner of a Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond Beneficial Owner's basis in the applicable Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the Beneficial Owner of a Bond realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. The Beneficial Owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State of California personal income tax discussion set forth above with respect to the Bonds is included for general information only and may not be applicable depending upon a Beneficial Owner's particular situation. The ownership and disposal of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. **ANY FEDERAL TAX ADVICE CONTAINED HEREIN WITH RESPECT TO THE BONDS IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE CODE. THE FEDERAL TAX ADVICE CONTAINED HEREIN WITH RESPECT TO THE BONDS WAS WRITTEN TO SUPPORT THE PROMOTING AND MARKETING OF THE BONDS. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.**

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

LEGAL MATTERS

Legality for Investment in California

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

Continuing Disclosure

The District has covenanted for the benefit of Owners and Beneficial Owners to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than eight months following the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2011-12 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of material events will be filed by the District in accordance with the requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of certain enumerated events is included under the caption "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The District has, in the past five fiscal years, failed to file certain of its required annual reports and notices of listed events in a timely manner as required by its prior continuing disclosure obligations. The District has since filed all such reports and notices of listed events and is current with respect to all filings required under its prior continuing disclosure obligations.

Absence of Material Litigation

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

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

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 the adequacy of the amounts in the Escrow Fund to pay the redemption price of and accrued interest on the Refunded Bonds on the Crossover Date and the debt service on the Bonds on and prior to such date.

MISCELLANEOUS

Ratings

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), have assigned ratings of "Aa1" and "AA", respectively, to the Bonds.

Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007 and Standard & Poor's, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

Financial Statements

Portions of the financial statements with supplemental information for the year ended June 30, 2011, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 14, 2011 of James Marta & Company, Certified Public Accountants (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of portions of the financial statements and the report of the Auditor thereon in APPENDIX B 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.

Underwriting

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $24,571,680.00, which is equal to the initial principal amount of the Bonds of $24,720,000.00 and less the Underwriter's discount of $148,320.00. The Purchase Contract for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover. The offering prices may be changed from time to time by the Underwriter.

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

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 Resolutions providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced 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.

Some of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only 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, beneficial or otherwise, of any of the Bonds.

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

ACALANES UNION HIGH SCHOOL DISTRICT

By: /s/ Christopher Learned
Associate Superintendent, Business Service

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

October 2, 2012

Governing Board
Acalanes Union High School District

Members of the Governing Board:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $24,720,000 Acalanes Union High School District (Contra Costa County, California) 2012 General Obligation Refunding Bonds, Series B (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to 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 Acalanes Union High School District (the "District").

2. The Bonds, prior to August 1, 2015 (the "Crossover Date"), will be secured by and payable solely from proceeds of the Bonds on deposit in an escrow fund established therefor. Following the Crossover Date, the Bonds shall 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 within the boundaries of the District subject to taxation by the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

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

5. Except for certain exceptions, 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 payment price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.

Except as expressly set forth in paragraphs (3), (4) and (5), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. 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. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

Any federal tax advice contained herein with respect to the Bonds is not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Code. The federal tax advice contained herein with respect to the Bonds was written to support the promoting and marketing of the Bonds. Before purchasing any of the Bonds, all potential purchasers should consult their independent tax advisors with respect to the tax consequences relating to the Bonds and the taxpayer's particular circumstances.

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

Respectfully submitted,

APPENDIX B

EXCERPTS FROM THE 2010-11 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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ACALANES UNION HIGH SCHOOL DISTRICT

COUNTY OF CONTRA COSTA
LAFAYETTE, CALIFORNIA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

ACALANES UNION HIGH SCHOOL DISTRICT

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James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Education
Acalanes Union High School District
Lafayette, CA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Acalanes Union High School District (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Acalanes Union High School District as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2011 on our consideration of the Acalanes Union High School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

The Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund, and the Schedule of Funding Progress – Other Postemployment Benefits are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. 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.

701 Howe Avenue Suite E3, Sacramento, California 95825 Phone: 916-993-9494 Fax: 916-993-9489
e-mail: jmarta@jpmcpa.com www.jpmcpa.com

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Acalanes Union High School District's basic financial statements. The accompanying supplementary information as 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,* are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

James Marta & Company

James Marta & Company
Certified Public Accountants

December 14, 2011

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Acalanes Union High School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 and 2, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities, presented on pages 13 and 14, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 15 through 18, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

- The District's current year revenues were above total current year expenses by $899,552. This is primarily due to the anticipated steep cuts in revenue from the State as presented by Governor Schwarzenegger's May Revision for the 2010-2011 fiscal year. Ultimately the legislature rejected the Governors' proposed $1.5 billion cut to revenue limit for K-14 education allowing the District to increase its reserves for economic uncertainties.

- Capital assets, net of depreciation, increased by $8.2 million mainly due to the acquisition of $12.7 million of capital assets in connection with the construction and renovation of various school sites offset by the recognition of depreciation expense of $4.4 million.

- On the Statement of Revenues, Expenditures, and Changes in Fund Balances, total current year expenditures exceeded total current year revenues by $8.3 million due primarily to the steep cuts in revenue from the State and capital outlay expenditures during the year

- During FY 10-11, the District's Building Fund produced an operating deficit of $12.3 million. This is primarily due to current year expenditures that were funded by proceeds from bond issuances received in the prior years.

- The District's P-2 ADA, exclusive of adult education ADA, decreased from 5,414 ADA, in fiscal year 2009-10, down to 5,353 ADA in fiscal year 2010-11, a decrease of 61 ADA.

The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of general fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2010-11, General Fund expenditures and other financing uses totaled $53.7 million. At June 30, 2011, the District has available reserves of $4.3 million in the General Fund, which represents a reserve of 8.1%.

THE FINANCIAL REPORT

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

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

Notes to the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's General Fund budget for the year is included.

Reporting the District as a Whole

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

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

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

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

Governmental Activities:

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

Business-type Activities:

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

Reporting the District's Most Significant Funds

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

Governmental Funds:

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

Fiduciary Funds:

The District is the trustee, or fiduciary, for its scholarship and student activity, and the Administrative Unit for the Contra Costa Special Education Local Plan Area (CCSELPA). All of the District's fiduciary activities are reported in separate Fiduciary Statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's net assets increased from $26.2 million at June 30, 2010 to $27.1 million at June 30, 2011, an increase of 3.4%.

Comparative Statement of Net Assets

	GovernmentalActivities	
	2010	2011
Assets		
Deposits and Investments	$ 62,652,222	$ 43,827,632
Receivables	2,428,130	3,200,301
Prepaid Expenses	24,388,364	22,691,986
Capital Assets, net	129,202,327	137,437,222
Total Assets	218,671,043	207,157,141
Liabilities		
Current	20,194,158	10,564,773
Long-Term	172,321,576	169,537,507
Total Liabilities	192,515,734	180,102,280
Net Assets		
Invested in Capital Assets		
- Net of Related Debt	1,557,993	(16,026,303)
Restricted	20,927,223	20,934,241
Unrestricted	3,670,093	22,146,923
Total Net Assets	$ 26,155,309	$ 27,054,861

The District's total current year revenues exceeded total current year expenses by $899,552.

Comparative Statement of Changes in Net Assets

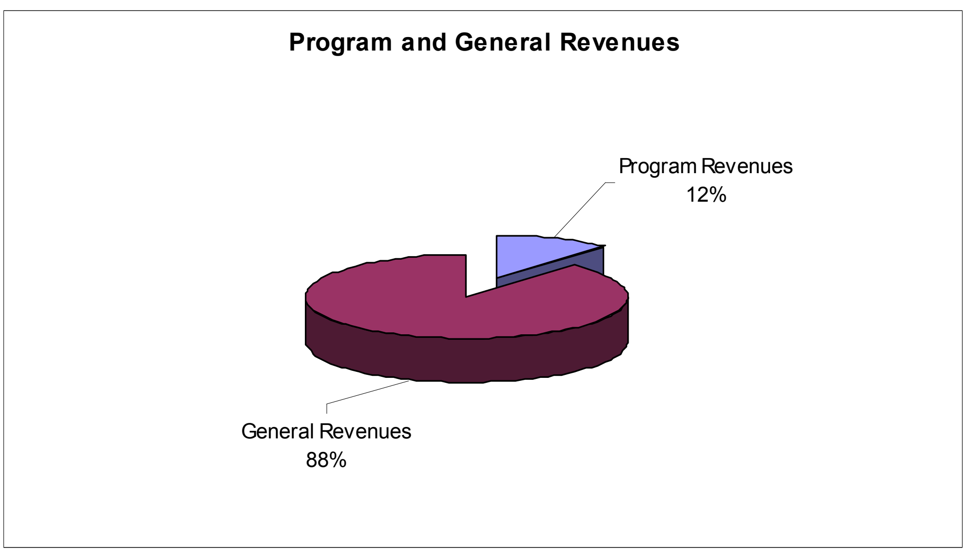
	Governmental Activities	
	2010	2011
Program Revenues		
Charges for Services	$ 743,297	$ 812,405
Operating Grants & Contributions	8,104,744	7,012,796
General Revenues		
Taxes Levied	46,406,493	50,088,401
Federal & State Aid	3,530,143	5,930,590
Interest & Investment Earnings	811,978	675,721
Interagency Revenues	55,676	49,696
Miscellaneous	3,462,263	3,305,399
Total Revenues	63,114,594	67,875,008
Expenses		
Instruction	33,034,960	33,067,110
Instruction-Related Services	7,302,134	7,179,772
Pupil Services	6,601,985	6,708,957
General Administration	4,681,860	4,341,195
Plant Services	7,077,647	7,784,316
Ancillary Services	951,869	959,632
Community Services	125,160	114,963
Enterprise Activities	9,576	9,576
Interest on Long-Term Debt	5,824,959	6,626,137
Other Outgo	197,669	183,798
Total Expenses	65,807,819	66,975,456
Change in Net Assets	$ (2,693,225)	$ 899,552

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost of Services	
	2010	2011	2010	2011
Instruction	$ 33,034,960	$ 33,067,110	$ 27,704,558	$ 28,348,289
Instruction-Related Services	7,302,134	7,179,772	6,468,275	6,386,353
Pupil Services	6,601,985	6,708,957	4,724,100	4,751,267
General Administration	4,681,860	4,341,195	4,602,047	4,332,222
Plant Services	7,077,647	7,784,316	6,932,724	7,755,680
Ancillary Services	951,869	959,632	864,149	728,856
Community Services	125,160	114,963	125,160	114,963
Enterprise Activities	9,576	9,576	9,576	9,576
Interest on Long-Term Debt	5,824,959	6,626,137	5,824,959	6,626,137
Other Outgo	197,669	183,798	(295,770)	96,912
Totals	$ 65,807,819	$ 66,975,456	$ 56,959,778	$ 59,150,255

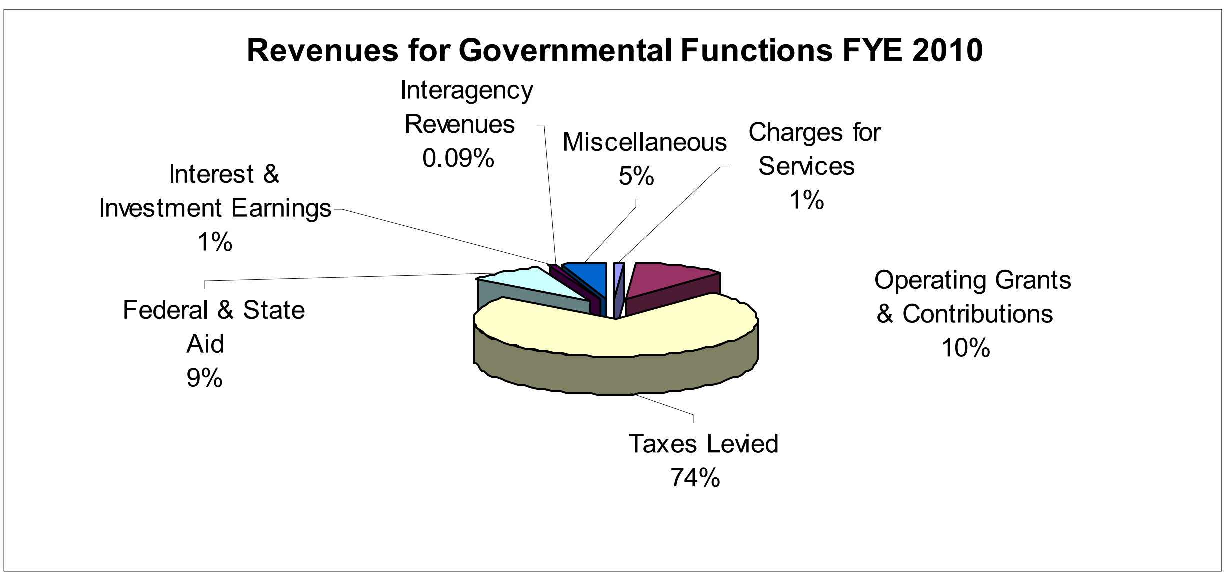
Table includes financial data of the combined governmental funds

The table above presents the cost of all District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The $59,150,255 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



Program revenues financed 12% of the total cost of providing the services listed above, while the remaining 88% was financed by the general revenues of the District.

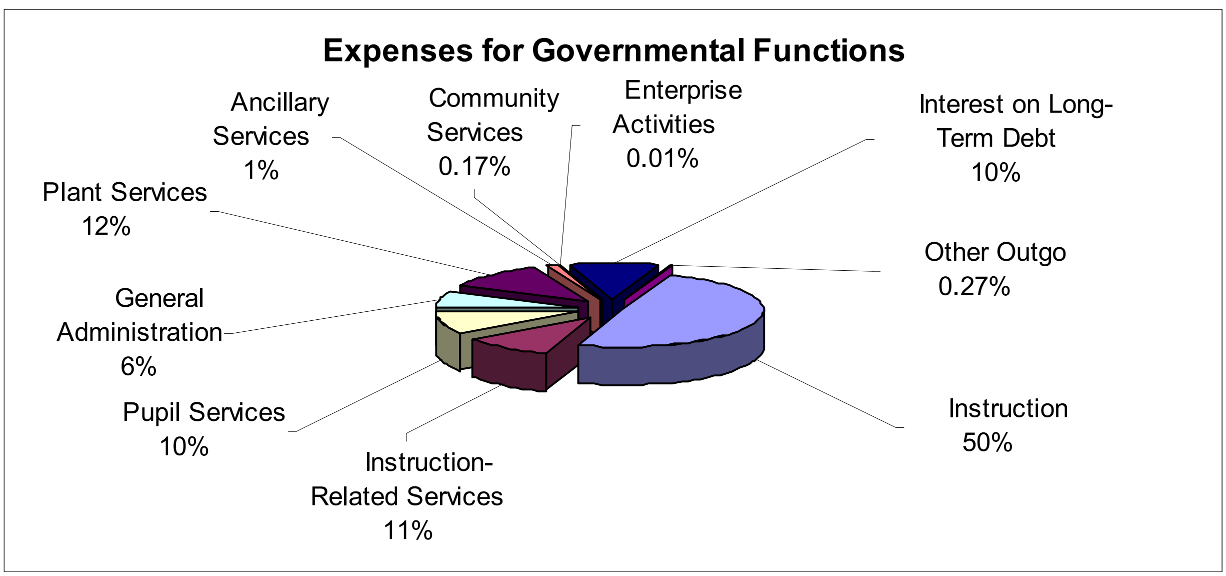
	FYE 2010 Amount	Percent of Total	FYE 2011 Amount	Percent of Total
Program Revenues				
Charges for Services	$ 743,297	1.18%	$ 812,405	1.20%
Operating Grants & Contributions	8,104,744	12.84%	7,012,796	10.33%
General Revenues				
Taxes Levied	46,406,493	73.53%	50,088,401	73.80%
Federal & State Aid	3,530,143	5.59%	5,930,590	8.74%
Interest & Investment Earnings	811,978	1.29%	675,721	1.00%
Transfers	55,676	0.09%	49,696	0.07%
Miscellaneous	3,462,263	5.49%	3,305,399	4.87%
Total Revenues	$ 63,114,594	100.00%	$ 67,875,008	100.00%



Schedule of Expenses For Governmental Functions

Expenses	FYE 2010 Amount	Percent of Total	FYE 2011 Amount	Percent of Total
Instruction	$ 33,034,960	50.20%	$ 33,067,110	49.37%
Instruction-Related Services	7,302,134	11.10%	7,179,772	10.72%
Pupil Services	6,601,985	10.03%	6,708,957	10.02%
General Administration	4,681,860	7.11%	4,341,195	6.48%
Plant Services	7,077,647	10.76%	7,784,316	11.62%
Ancillary Services	951,869	1.45%	959,632	1.43%
Community Services	125,160	0.19%	114,963	0.17%
Enterprise Activities	9,576	0.01%	9,576	0.01%
Interest on Long-Term Debt	5,824,959	8.85%	6,626,137	9.89%
Other Outgo	197,669	0.30%	183,798	0.27%
Total Expenses	$ 65,807,819	100.00%	$ 66,975,456	100.00%

Table includes financial data of the combined governmental funds



Comparative Schedule of Capital Assets

	Governmental Activities 2010	Governmental Activities 2011
Land	$ 1,908,437	$ 1,905,037
Sites and Improvements	29,464,160	33,020,538
Buildings and Improvements	140,294,770	140,909,070
Furniture and Equipment	4,407,352	4,640,243
Work-in-Progress	6,123,174	14,390,302
Subtotals	182,197,893	194,865,190
Less: Accumulated Depreciation	(52,995,556)	(57,427,968)
Capital Assets, net	$ 129,202,337	$ 137,437,222

Capital assets, net of depreciation, increased by $8.2 million due to the current year acquisition of $12.7 million of new capital assets, and the current year recognition of $4.4 million of depreciation expense.

Comparative Schedule of Long Term Liabilities

	Governmental Activities 2010	Governmental Activities 2011
Compensated Absences	$ 331,710	$ 348,302
General Obligation Bonds	176,435,845	173,772,085
OPEB Liability	736,699	891,444
Totals	$ 177,504,254	$ 175,011,831

Total long-term liabilities decreased by $2.5 million due mainly to the required payments of existing general obligation bonds. In addition, $346,555 is added as part of the required reporting of the OPEB liability.

The general obligation bonds are financed by the local taxpayers and represent 99.4% of the District's total outstanding debt. The District has satisfied all of its debt service requirements for its bonded debt and continues to maintain an excellent credit rating on all of its debt issues. The remaining 0.6% of the District's outstanding debt consists of accrued compensated absences owed to District employees at June 30, 2011 and the required reporting of OPEB liability.

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

Comparative Schedule of Fund Balances

	Fund Balances June 30, 2010	Fund Balances June 30, 2011	Increase (Decrease)
General	$ 5,664,442	$ 9,327,232	$ 3,662,790
Bond Interest & Redemption	7,092,034	7,498,864	406,830
Building	24,840,283	12,491,737	(12,348,546)
Special Reserve	11,320,782	11,338,070	17,288
Deferred Maintenance	1,375,892	1,252,471	(123,421)
Cafeteria	29,457	16,926	(12,531)
Adult Education	446,893	463,715	16,822
Capital Facilities	401,670	530,877	129,207
Totals	$ 51,171,453	$ 42,919,892	$ (8,251,561)

The combined fund balances of all District funds decreased $8.3 million. The Building fund decreased by $12.3 million due to incurring capital expenditures funded by sale of General Obligation Bonds in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim to reflect the most current financial information available at that point in time.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The State's economic condition is the most significant factor affecting the District's future. Since the financial wellbeing of the District is tied in large measure to the state funding formula, management will need to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District has an excellent track record in meeting this challenge in what has proven to be an extended cycle of lean years and it is not expected to improve for several more years.

- In an effort to establish a dependable and stable revenue stream the Governing Board held two parcel tax elections during the FY 09-10. On November 3, 2009, the electorate approved Measure G, to provide stable local funding at our high schools and protect core academic programs from deep State budget cuts; preserve science, mathematics, arts, music and foreign language courses; and maintain library hours. This replaced an existing six year $189 per parcel tax that was scheduled to expire on June 30, 2011. As a result of the passage of Measure G the District can rely on approximately $6.7 million dollars of stable local revenue source indefinitely as it has no sunset date.

  On May 4, 2010 the electorate approved Measure A, the Emergency Education Act to avoid the loss of science, math, foreign language, English, Social Studies, and art classes due to the continuing deep cuts in the state's budget and to provide students with high quality programs and services. This is a five-year $112 per parcel tax that starts on July 1, 2010 and expires on June 30, 2015.

  The combined parcel taxes represent 19.3% of the District's general fund revenues for future year budgets. Both parcel taxes are reliable income sources that cannot be taken by the state creating some stability in the District's revenue stream.

- Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. The District enrollment dropped by 65 students from the 2009-2010 fiscal year. However, the Average Daily Attendance (ADA) for the fiscal year 2010-11 was based on 2009-2010 ADA. Staff projects that District's ADA will continue to decrease slightly in the next fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the District Office, Acalanes Union High School District, 1212 Pleasant Hill Road, Lafayette, California 94549.

BASIC FINANCIAL STATEMENTS

ACALANES UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental Activities
ASSETS	
Cash	$ 30,315,817
Investments	13,511,815
Receivables	3,200,301
Prepaid expenses	22,691,986
Capital Assets - net of accumulated depreciation	137,437,222
Total Assets	207,157,141
LIABILITIES	
Accounts payable and other current liabilities	3,919,065
Deferred revenue	1,171,384
Long-term liabilities -	
Due within one year	5,474,324
Due after one year	169,537,507
Total Liabilities	180,102,280
NET ASSETS	
Invested in capital assets, net of related debt	(16,026,303)
Restricted	20,934,241
Unrestricted	22,146,923
Total Net Assets	$ 27,054,861

ACALANES UNION HIGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets: Governmental Activities
Governmental Activities				
Instruction	$ 33,067,110	577,828	$ 4,140,993	$ (28,348,289)
Instruction - related services:				
Supervision of instruction	3,203,029	47,611	529,659	(2,625,759)
Instructional library and technology	1,807,268	15,702	48,369	(1,743,197)
School site administration	2,169,475	37,069	115,009	(2,017,397)
Pupil Services:				
Home-to-school transportation	766,956	-	134,967	(631,989)
Food services	1,143,918	-	99,982	(1,043,936)
All other pupil services	4,798,083	70,621	1,652,120	(3,075,342)
General administration:				
Data processing	611,017		-	(611,017)
All other general administration	3,730,178	-	8,973	(3,721,205)
Plant services	7,784,316	7,018	21,618	(7,755,680)
Ancillary services	959,632	56,556	174,220	(728,856)
Community services	114,963	-	-	(114,963)
Enterprise activities	9,576	-	-	(9,576)
Interest on long-term debt	6,626,137	-	-	(6,626,137)
Other outgo	183,798	-	86,886	(96,912)
Total governmental activities	$ 66,975,456	$ 812,405	$ 7,012,796	(59,150,255)

General Revenues	
Taxes and subventions:	
Taxes levied for general purposes	31,316,375
Taxes levied for debt service	8,105,761
Taxes levied for other specific purposes	10,666,265
Federal and state aid not restricted to specific purposes	5,930,590
Interest and investment earnings	675,721
Interagency revenues	49,696
Miscellaneous	3,305,399
Total general revenues	60,049,807
Change in net assets	899,552
Net assets - beginning	26,155,309
Net assets - ending	$ 27,054,861

ACALANES UNION HIGH SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2011

	General Fund	Building Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Totals
ASSETS						
Cash and cash equivalents	$ 10,065,413	$ 8,825,913	$ 1,672,452	$ 7,498,864	$ 2,253,175	$ 30,315,817
Investments	-	3,846,034	9,665,781	-	-	13,511,815
Accounts receivable	2,931,268	178,280	1,419	-	89,334	3,200,301
Prepaid expenses	798	-	-	-	-	798
Total assets	$ 12,997,479	$ 12,850,227	$ 11,339,652	$ 7,498,864	$ 2,342,509	$ 47,028,731
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 2,521,128	$ 358,490	$ 1,582	$ -	$ 56,255	$ 2,937,455
Deferred revenue	1,149,119	-	-	-	22,265	1,171,384
Total liabilities	3,670,247	358,490	1,582	-	78,520	4,108,839
Fund balances						
Nonspendable	17,798	-	-	-	6,000	23,798
Restricted	412,763	12,491,737	-	7,498,864	530,877	20,934,241
Assigned	4,575,053		11,338,070		1,727,112	17,640,235
Unassigned	4,321,618	-	-	-	-	4,321,618
Total fund balances	9,327,232	12,491,737	11,338,070	7,498,864	2,263,989	42,919,892
Total liabilities and fund balances	$ 12,997,479	$ 12,850,227	$ 11,339,652	$ 7,498,864	$ 2,342,509	$ 47,028,731

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

ACALANES UNION HIGH SCHOOL DISTRICT

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

JUNE 30, 2011

Total fund balances - governmental funds		$ 42,919,892
Amounts reported for assets and liabilities for governmental activities in the statement of net assets are different from amounts reported in governmental funds		
Capital assets: In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost:	$ 194,865,190	
Accumulated depreciation:	(57,427,968)	
		137,437,222
Unamortized costs: In governmental funds, bond refunding and bond issuance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, bond refunding and bond issuance costs are amortized over the life of the debt. Unamortized bond refunding and bond issuance costs at year end consist of:		22,691,188
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(981,610)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
General obligation bonds payable	$ 173,772,085	
Other post-employment benefits	891,444	
Compensated absences payable	348,302	
		(175,011,831)
Total net assets, governmental activities		$ 27,054,861

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

ACALANES UNION HIGH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Building Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Totals
REVENUES						
Revenue limit sources:						
State apportionment	$ 1,481,431	$ -	$ -	$ -	$ -	$ 1,481,431
Local sources	31,316,373	-	-	-	-	31,316,373
Total revenue limit	32,797,804	-	-	-	-	32,797,804
Federal revenue	1,978,257	-	-	-	136,451	2,114,708
Other state revenues	4,591,756	-	-	67,310	229,306	4,888,372
Other local revenues	17,533,098	804,219	176,988	8,053,210	1,506,609	28,074,124
Total revenues	56,900,915	804,219	176,988	8,120,520	1,872,366	67,875,008
EXPENDITURES						
Certificated salaries	25,723,476	-	-	-	568,815	26,292,291
Classified salaries	7,704,190	508,207	-	-	720,738	8,933,135
Employee benefits	10,983,971	159,513	-	-	336,820	11,480,304
Books and supplies	1,699,191	781,828	50,905	-	493,378	3,025,302
Services and other operating expenditures	6,145,885	197,067	19,714	-	92,263	6,454,929
Capital outlay	25,933	11,575,877	89,081	-	352,229	12,043,120
Other outgo	183,798	-	-	-	-	183,798
Debt service expenditures	-	-	-	7,713,690	-	7,713,690
Total expenditures	52,466,444	13,222,492	159,700	7,713,690	2,564,243	76,126,569
Excess of revenues over expenditures	4,434,471	(12,418,273)	17,288	406,830	(691,877)	(8,251,561)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	446,569	69,727	-	-	1,148,523	1,664,819
Operating transfers out	(1,218,250)	-	-	-	(446,569)	(1,664,819)
Total other financing sources (uses)	(771,681)	69,727	-	-	701,954	-
Net change in fund balances	3,662,790	(12,348,546)	17,288	406,830	10,077	(8,251,561)
Fund balances, July 1, 2010	5,664,442	24,840,283	11,320,782	7,092,034	2,253,912	51,171,453
Fund balances, June 30, 2011	$ 9,327,232	$ 12,491,737	$ 11,338,070	$ 7,498,864	$ 2,263,989	$ 42,919,892

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

ACALANES UNION HIGH SCHOOL DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total net change in fund balances - governmental funds		$ (8,251,561)
Amounts reported for revenues and expenses for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$ 12,667,297	
Depreciation expense:	(4,432,402)	8,234,895
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		5,200,000
Amortization: In governmental funds, bond premiums, bond discounts, and bond refunding losses are recognized as expenditures in the period they are incurred in governmental funds. In the government-wide statements, these costs are amortized over the life of the debt. Amortization of premiums, dicounts, and refunding losses for the period is:		(1,310,444)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt 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. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:		120,971
Accreted interest on capital appreciation bonds is not recognized as an expenditure in the govemmental fund financial statements until paid. In the statement of activities, however, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The amount of accreted interest recognized in the current year was:		(2,922,972)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measure by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(16,592)
Postemployment benefits other then pensions (OPEB): In the government-wide statements, expenses related to post-retirement healthcare benefits are measured by the amounts incurred during the year. In the governmental funds, expenditures are measured by the amount of financial resources used. This year, the difference between OPEB costs and actual employer contribution was:		(154,745)
Total change in net assets - governmental activities		$ 899,552

ACALANES UNION HIGH SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

TRUST AND AGENCY FUNDS

JUNE 30, 2011

	Private-Purpose Trust	Agency Funds		
	Scholarship Funds	Student Body Funds	Contra Costa SELPA	Total Fiduciary Funds
ASSETS				
Cash and cash equivalents	$ 7,472	$ 1,173,110	$ 1,030,902	$ 2,211,483
Accounts receivable	-	-	17,538,424	17,538,424
Investments	1,224,419	-	-	1,224,419
Total assets	1,231,891	1,173,110	18,569,326	20,974,326
LIABILITIES				
Accounts payable	87,216	-	17,533,212	17,620,428
Due to Contra Costa SELPA	-	-	1,036,114	1,036,114
Due to student groups	-	1,173,109	-	1,173,109
Total liabilities	87,216	1,173,109	18,569,326	19,829,651
NET ASSETS				
Reserved for scholarships	1,144,675	-	-	1,144,675
Total net assets	$ 1,144,675	$ -	$ -	$ 1,144,675

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

ACALANES UNION HIGH SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

TRUST FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Private-Purpose Trust
	Scholarship Funds
Additions	
Gifts and Contributions	$ 3,700
Total Additions	3,700
Deductions	
Scholarships Awarded	51,974
Investment Income (Loss)	22,492
Total Deductions	74,466
Changes in Net Assets	(70,766)
Net Assets	
Net Assets - July 1, 2010	1,215,441
Net Assets - June 30, 2011	$ 1,144,675

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. HISTORY OF DISTRICT

The Acalanes Union High School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Governing Board elected by registered voters of the District, which comprises an area in Contra Costa County. The District was established in 1939 and serves students in grades nine through twelve.

B. REPORTING ENTITY

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has determined that no outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

C. ACCOUNTING POLICIES

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

The District is also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. In addition, the District has the option to apply FASB pronouncements issued after that date to business-type activities and enterprise funds, if applicable. The District does not currently have any business activities or enterprise funds that require the District to follow the pronouncement of the FASB.

D. BASIS OF PRESENTATION

<u>Government-wide Financial Statements</u>

The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the District and its component units. The effect of interfund activity, within the governmental and business type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Government-wide Financial Statements (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities.

Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end.

Governmental Fund Financial Statements (Continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

F. 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 or retained earnings, 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 major, non-major, and fiduciary funds as follows:

Governmental Funds

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.

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes

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

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

3. The **Cafeteria Fund** is used to account separately for federal, state, and local resources to operate the food service program.

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

1. The **Building Fund** is used to account for acquisition of major governmental facilities financed from the sale of bonds.

2. The **Special Reserve Fund or Capital Outlay Projects** is used to account for special building projects as determined by the governing board of the District.

3. The **Capital Facilities Fund** is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code sections 17620–17626).

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

1. The **Bond Interest and Redemption Fund** is maintained by the County Treasurer and is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

<u>Fiduciary Funds</u>

Fiduciary funds are used to account for resources held for the benefit of other parties in a trustee or agent capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

1. The **Private - Purpose Trust Fund** is used to account for assets held by the District as trustee. The District maintains a private-purpose trust fund, the Scholarship fund, to provide scholarships to students of the District.

2. The **Agency Funds** are used to account for assets of others for which the District acts as an agent. The District maintains four agency funds to account for student body activities at each school site. In addition, the District maintains an agency fund for the Contra Costa Special Education Local Plan Area (SELPA).

G. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

H. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account (See Note 8).

I. 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.

J. DEPOSITS AND INVESTMENTS

The District is authorized to maintain cash in banks and revolving funds that are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC).

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001).The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

K. PREPAID EXPENSES/EXPENDITURES

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to recognize expenditures when incurred. Prepaid expenses include the costs of issuance associated with bond issues, which are amortized over the life of the bond obligation. Reported expenses are equally offset by a net assets reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

L. INVENTORY

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

The cafeteria fund records supplies expense which includes a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus commodities.

M. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of $5,000 or more are reported 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 outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Life in Years
Sites and improvements	20
Buildings and improvements	50
Furniture and equipment	5-20

N. DEFERRED REVENUE

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

O. COMPENSATED ABSENCES

All vacation pay is accrued when incurred in the government-wide financial statements. Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating 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 when the employee retires.

P. LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations are reported as liabilities in the government-wide statements. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight line method which is not materially different from the effective interest method. Bonds payable are reported gross of premiums and net of discounts. Issuance costs are reported as part of prepaid expenses.

In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Q. FUND BALANCES

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions"*, the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

- *Nonspendable Fund Balance* reflects assets not in spendable form, either because they will never be converted to cash (e.g. prepaid expense) or must remain intact pursuant to legal or contractual requirements. The District has classified it revolving cash account as being Nonspendable as it is required to be maintained intact.

- *Restricted Fund Balance* reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation. The District has classified federal and state categorical programs as being restricted because their use is restricted by Statute. Debt service resources are to be used for future servicing of the general obligation bonds and are restricted through debt covenants.

- *Committed Fund Balance* reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Education. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees. The District did not have any committed resources as of June 30, 2011.

- *Assigned Fund Balance* reflects amounts which the Board or its designee intends to use for a specific purpose but are neither restricted nor committed. The Board delegates authority to assign funds to the assigned fund balance to the Superintendent or designee and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

- *Unassigned Fund Balance* represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Q. FUND BALANCES (Continued)

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

R. REVENUE LIMIT/PROPERTY TAX

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources.

The County of Contra Costa is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the state apportionment.

The District's Base Revenue Limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the applicable attendance period ADA to derive the District's total entitlement.

S. ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide statements, some amounts reported as interfund activity and balances in the fund financial statements 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.

T. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2011 consist of the following:

	Governmental Activities	Fiduciary Activities
Cash on hand and in banks	$ -	$ 283,786
Cash in revolving fund	23,000	-
Cash with fiscal agent	4,091,566	7,472
Cash in county treasury	16,950,100	1,920,225
Local agency investment fund	9,251,151	-
Total Cash and Cash Equivalents	30,315,817	2,211,483
Investments	13,511,815	1,224,419
Total Cash and Investments	$ 43,827,632	$ 3,435,902

A. Cash on Hand and in Banks

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation.

B. Cash in Revolving Funds

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds.

C. Cash with Fiscal Agent

Cash with fiscal agent consists of earned retention funds, held in an escrow account at Union Bank of California.

D. County Pool Investments

County pool investments consist of District cash held by the Contra Costa County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The weighted average maturity of the pool is 151 days. The pool is rated AAA by Standard and Poor’s.

E. Local Agency Investment Fund (LAIF)

The District may also invest in the State of California's Local Agency Investment Fund (LAIF) administered by the State Treasurer. California law restricts the Treasurer to investments in the following categories: U.S. Government securities, securities of federally sponsored agencies, domestic corporate bonds, interest bearing time deposits in California banks and savings and loan associations, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, banker's acceptances, negotiable certificates of deposit and loans to various bond funds. . Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF. LAIF has a weighted average maturity of 237 days. LAIF is currently unrated as to credit risk.

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, CA 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 and that prudent management prevails. LAIF has a continuing audit process throughout the year. The State Controller's Office, as well as an in-house audit process involving three separate divisions, audits all investments on a daily basis.

F. Investment Risks

Investment limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

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

Interest Rate Risk

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

Information about the sensitivity of the fair value of the District's investment to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investment by maturity:

Governmental Activities:

Investment Type	Fair Value	Investment Maturities <1 Year	1-5 Years	>5 Years
Certificates of Deposit	$ 788,484	$ 788,484	$ -	$ -
US Treasury	3,092,727	693,340	2,399,387	-
Governmental Agencies	3,782,430	503,765	3,278,665	-
Municipal Obligations	3,846,032	-	2,110,712	1,735,320
Corporate Bonds	2,002,142	611,903	1,390,239	-
Total Investments	$ 13,511,815	$ 2,597,492	$ 9,179,003	$ 1,735,320

Fiduciary Activities:

Investment Type	Fair Value	Investment Maturities <1 Year	1-5 Years	>5 Years
US Treasury	$ 251,019	$ -	$ 251,019	$ -
Governmental Agencies	885,157	-	885,157	-
Municipal Obligations	6,959	-	-	6,959
Mutual Funds	81,284	81,284	-	-
Total	$ 1,224,419	$ 81,284	$ 1,136,176	$ 6,959

Credit Risk

Credit Risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the next page is the actual rating as of the year-end for each investment type.

Credit Risk (Continued)

Governmental Activities:

Investment Type	Fair Value	Rating as of June 30, 2011 AAA/A	BBB	Unrated
Certificates of Deposit	$ 788,484	$ -	$ -	$ 788,484
US Treasury	3,092,727	3,092,727	-	-
Governmental Agencies	3,782,430	3,181,572	-	600,858
Municipal Obligations	3,846,032	3,846,032	-	-
Corporate Bonds	2,002,142	2,002,142	-	-
Total	$ 13,511,815	$ 12,122,473	$ -	$ 1,389,342

Fiduciary Activities:

Investment Type	Fair Value	Rating as of June 30, 2011 AAA	BBB / B	Unrated
US Treasury	$ 251,019	$ 251,019	$ -	$ -
Governmental Agencies	885,157	483,992	-	401,165
Municipal Obligations	6,959	6,959	-	-
Mutual Funds	81,284	-	-	81,284
Total	$ 1,224,419	$ 741,970	$ -	$ 482,449

Concentration Risk

The District places no limit on the amount the District may invest in any one issuer. The following investments represent more than 5 percent of the District's total investments:

Governmental Activities:

	Fair Value	% of Portfolio
Federal Home Loan Mortgage Corporation	2,581,822	5.9%

3. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as are imbursement. All other interfund transactions are treated as transfers. Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

4. INTERFUND TRANSACTIONS (Continued)

Interfund transfers for the 20102010-2011 fiscal year were as follows:

Transfer from General Fund to Adult Education Fund for Direct Support	$1,148,523
Transfer from General Fund to the Building Fund for Direct Support/Indirect Costs	69,727
Transfer from General Fund to the Cafeteria Fund for Indirect Costs	46,569
Transfer from Adult Education Fund to General Fund for Indirect Costs	250,000
Transfer from Adult Education Fund to the General Fund for Tier III Flexibility Transfer	150,000
Total Transfers	$ 1,664,819

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Non-depreciable assets:				
Land	$ 1,905,037	$ -	$ -	$ 1,905,037
Depreciable assets:				
Sites and improvements	29,467,560	3,552,978	-	33,020,538
Building and improvements	140,294,770	614,300	-	140,909,070
Furniture and equipment	4,407,352	232,891	-	4,640,243
Work-in-Progress	6,123,174	8,267,128	-	14,390,302
	180,292,856	12,667,297	-	192,960,153
Totals, at cost	182,197,893	12,667,297	-	194,865,190
Accumulated depreciation:				
Sites and improvements	13,076,267	1,524,823	-	14,601,090
Building and improvements	36,839,127	2,607,960	-	39,447,087
Furniture and equipment	3,080,172	299,619	-	3,379,791
	52,995,566	4,432,402	-	57,427,968
Depreciable assets, net	127,297,290	8,234,895	-	135,532,185
Capital assets, net	$ 129,202,327	$ 8,234,895	$ -	$ 137,437,222

4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 2,485,691
Supervision of instruction	239,520
Instructional library and technology	184,080
School site administration	162,232
Home-to-school transportation	57,352
Food services	85,541
All other pupil services	358,797
Data processing	45,691
All other general administration	280,326
Plant services	533,172
Total	$ 4,432,402

5. LONG-TERM LIABILITIES

General Obligation Bonds

The District's General Obligation Bonds represent general obligations payable solely from *ad valorem* property taxes. The outstanding general obligation debt of the District as of June 30, 2011 was as follows:

A. Current Interest Bonds

Date of Issue	Interest Rate %	Date of Maturity	Original Issue	Outstanding June 30, 2011
12/29/00	4.375-5.5	08/01/14	$ 21,925,000	$ 7,180,000
10/28/02	4.25-4.50	08/01/24	21,160,000	21,160,000
04/06/04	2.00-5.00	08/01/22	26,835,000	22,605,000
05/03/04	5.00	08/01/15	6,555,000	3,180,000
01/18/05	4.5-5.25	08/01/24	46,425,000	46,425,000
11/29/05	4.0-5.25	08/01/25	20,530,000	20,530,000
Total Bond Principal				$ 121,080,000
Add Premiums				4,981,873
Less Discounts				(679,390)
Bonds Payable, net				$ 125,382,483

A liability for unmatured interest of $981,610 was recorded as Accounts Payable in the Other Current Liabilities section of the Statement of Net Assets.

A. Current Interest Bonds (Continued)

The annual requirements to amortize the current interest bonds outstanding as of June 30, 2011, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total Debt Service
2012	$ 3,070,000	$ 2,355,866	$ 5,425,866
2013	3,250,000	2,188,291	5,438,291
2014	3,415,000	4,766,666	8,181,666
2015	4,600,000	5,115,124	9,715,124
2016	3,705,000	4,965,050	8,670,050
2017-2021	38,570,000	25,935,591	64,505,591
2022-2026	64,470,000	21,737,653	86,207,653
Total	$ 121,080,000	$ 67,064,241	$ 188,144,241

B. Capital Appreciation Bonds

Date of Issue	Interest Rate %	Date of Maturity	Original Issue	Outstanding June 30, 2011
05/15/03	2.1-5.74	05/15/28	$ 43,999,951	$ 6,911,971
10/28/02	1.5-4.65	08/01/18	6,839,940	8,199,675
03/30/10	6.08-12.00	08/01/39	29,999,818	32,465,594
Total Bond Principal				$ 47,577,240
Add Premiums				812,362
Bonds Payable				$ 48,389,602

The outstanding obligation for the 2002 Series A bonds at June 30, 2011, was as follows:

Maturity Year	Principal	Acccreted Interest	Outstanding
2012	1,294,667	731,204	2,025,871
2013	1,463,127	826,335	2,289,462
2014	1,830,096	766,542	2,596,638
Totals	$ 4,587,890	$ 2,324,081	$ 6,911,971

B. Capital Appreciation Bonds (Continued)

The outstanding obligation for the 2002 refunding bonds at June 30, 2011, was as follows:

Maturity Year	Principal	Acccreted Interest	Outstanding
2012	321,448	289,665	611,113
2013	291,216	262,424	553,640
2014	272,680	245,715	518,395
2015	267,859	241,371	509,230
2016	882,236	794,988	1,677,224
2017-2019	2,277,647	2,052,426	4,330,073
Totals	$ 4,313,086	$ 3,886,589	$ 8,199,675

In March 30, 2010, the District issued General Obligation Bonds 2008 Series A in the aggregate principal amount of $29,999,818 to refund its 2009 General Obligation Bond Anticipation Notes and to renovate, repair, and construct and equip certain District schools, sites, and facilities. These bonds were issued as capital appreciation bonds and convertible capital appreciation bonds. The outstanding obligation for the 2008 Series bonds at June 30, 2011, was as follows:

Maturity Year	Principal	Acccreted Interest	Outstanding Balance
2012	$ -	$ -	$ -
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017-2021	-	-	-
2022-2026	339,026	53,404	392,430
2027-2031	4,490,552	376,007	4,866,559
2032-2036	10,755,442	862,051	11,617,493
2037-2039	14,414,798	1,174,314	15,589,112
Totals	$ 29,999,818	$ 2,465,776	$ 32,465,594

B. Capital Appreciation Bonds (Continued)

The annual requirements to amortize the capital appreciation bonds as of June 30, 2011, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total Debt Service
2012	1,616,115	1,020,869	2,636,984
2013	1,754,343	1,088,759	2,843,102
2014	2,102,776	1,012,257	3,115,033
2015	267,859	241,371	509,230
2016	882,236	794,988	1,677,224
2017-2021	2,277,647	2,052,426	4,330,073
2022-2026	339,026	7,486,767	7,825,793
2027-2031	4,490,552	29,780,423	34,270,975
2032-2036	10,755,442	30,927,095	41,682,537
2037-2041	14,414,798	25,702,770	40,117,568
Totals	$ 38,900,794	$ 100,107,725	$ 139,008,519

C. Other Postemployment Benefits (OPEB)

Plan Description

The District administers a single-employer defined benefit healthcare plan. The plan provides five years of postemployment healthcare, dental, and vision benefits to eligible employees up to the age of 65. To be eligible to receive these postemployment benefits, retirees must be age 55 and have completed a minimum of 10 years of continuous service to the District immediately prior to retirement. The Plan provides for the District to contribute 100 percent of the cost of health insurance premiums for retirees. The District makes a monthly contribution toward medical coverage not to exceed $568.99 for single party coverage or $1,137.98 for two-party coverage. Benefit provisions are established by the District's Governing Board. The Plan does not issue a publicly available report.

Funding Policy

The District's Board has no specific funding policy for the plan. Expenditures are made on a pay-as-you-go basis. In addition, whenever savings are realized based on budgeted healthcare expenditures, the Board may direct the transfer of the savings to a trust held by California Employers' Retiree Benefit Trust (CERBT) for the benefit of the covered employees.

C. Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASBS No. 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 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 net OPEB obligation:

Annual required contribution	$ 1,179,972
Interest on net OPEB obligation	57,094
Adjustment to annual required contribution	(46,649)
Annual OPEB Expense	1,190,417
Payments made to retirees	(1,035,672)
Increase in net OPEB obligation	154,745
Net OPEB obligation - beginning of year	736,699
Net OPEB obligation - end of year	$ 891,444

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 1,070,907	56.0%	$ 470,840
June 30, 2010	1,107,397	76.0%	736,699
June 30, 2011	1,190,417	87.0%	891,444

Funding Status and Funding Progress

As of November 1, 2011, the actuarial accrued liability (AAL) for benefits was $9,663,392, of which $9,530,912 was unfunded.

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.

C. Other Postemployment Benefits (OPEB) (Continued)

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.

The following table provides a summary of the methods and assumptions used:

Actuarial cost method:	Entry age normal
Interest rate assumption:	7.75%
Projected salary increase assumption:	3%
Health inflation assumption:	4%

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 June 30, 2010	Additions	Deductions	Balance June 30, 2011	Amounts Due Within One Year
General Obligation Bonds:					
Current Interest	$128,660,288	$ -	$ 3,277,805	$125,382,483	$ 3,070,000
Capital Appreciation	47,775,557	2,922,972	2,308,927	48,389,602	1,616,115
OPEB Liability	736,699	1,190,417	1,035,672	891,444	788,209
Compensated Absences	331,710	16,592	-	348,302	-
	$177,504,254	$ 4,129,981	$ 6,622,404	$175,011,831	$ 5,474,324

Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund. Payments on the other postemployment benefits liability are made from the General Fund. Payments on the compensated absences are made from the fund for which the related employee worked.

6. FUND BALANCES

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified as follows:

	General Fund	Building Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	Non-Major Funds	Total
Nonspendable:						
Revolving cash	$ 17,000	$ -	$ -	$ -	$ 6,000	$ 23,000
Prepaid expenses	798	-	-	-	-	798
Total Nonspendable	17,798	-	-	-	6,000	23,798
Restricted for:						
English learners	53,433	-	-	-	-	53,433
Instructional materials	98,079	-	-	-	-	98,079
Maintenance	45,848	-	-	-	-	45,848
Debt service		-	-	7,498,864	-	7,498,864
Capital outlay		12,491,737	-	-	530,877	13,022,614
Other purposes	215,403	-	-	-	-	215,403
Total Restricted	412,763	12,491,737	-	7,498,864	530,877	20,934,241
Assigned to:						
Adult education	-	-	-	-	462,215	462,215
Food services operations	-	-	-	-	12,426	12,426
Deferred maintenance	-	-	-	-	1,252,471	1,252,471
Capital outlay	-	-	11,338,070	-	-	11,338,070
Other purposes	4,575,053	-	-	-	-	4,575,053
Total Assigned	4,575,053	-	11,338,070	-	11,338,070	17,640,235
Unassigned:						
Economic uncertainties	3,130,192	-	-	-	-	3,130,192
Other unassigned	1,191,426	-	-	-	-	1,191,426
Total Unassigned	4,321,618	-	-	-	-	4,321,618
Total Fund Balances	$ 9,327,232	$12,491,737	$ 11,338,070	$ 7,498,864	$31,328,671	$42,919,892

7. EMPLOYEE RETIREMENT SYSTEMS

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

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. 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 and disability benefits, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 100 Waterfront Place, West Sacramento, CA 95605.

Funding Policy

Active plan members are required to contribute 8.0% 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 STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010-11 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 ended June 30, 2011, 2010, and 2009 were $2,067,984, and $2,137,717, and $2,256,263 respectively, and equal 100% of the required contributions for each year.

B. California Public Employees' Retirement System (CaIPERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-2011 was 10.7% of annual payroll.

Funding Policy (Continued)

The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2011, 2010, and 2009 were $725,193, $670,166, and $649,060 respectively, and equal 100% of the required contributions for each year.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alterative plan. The District has elected to use Social Security as its alterative plan. Contributions made by the District and participating employees vest immediately. The District is required to contribute 6.2% of each employee's gross earnings. In addition, each employee is required to contribute 6.2% of his or her gross earnings.

8. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations were as follows:

	Excess Expenditures
General Fund:	
Classified Salaries	$ 6,304
Adult Education	
Employee Benefits	$ 148
Cafeteria Fund	
Classified salaries	$ 19,790
Employee Benefits	$ 11,112
Special Reserve for Capital Outlay	
Books, supplies, etc.	$ 6,205

The District incurred unanticipated expenditures in excess of appropriations in each of the above expenditure classifications for which the budget was not revised.

9. JOINT VENTURES

The District participates in four joint ventures under joint powers agreements (JPAs); the Contra Costa County Schools Insurance Group (CCCSIG) for Workers' Compensation Insurance; the East Bay Schools Insurance Group (EBSIG) for Property and Liability Insurance, the Schools Excess Liability Fund (SELF) for Excess Liability Insurance, and the Schools Self-insurance of Contra Costa County (SSICCC) for health benefits. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

9. JOINT VENTURES (Continued)

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

The JPAs are audited on an annual basis. Financial information can be obtained by contacting each JPAs management.

Condensed financial information for the JPAs for the most recent fiscal year available are as follows:

	CCCSIG June 30, 2011	SSICCC June 30, 2011	EBSIG June 30, 2011	SELF June 30, 2011
Total Assets	$ 97,712,198	$ 6,600,595	$ 2,745,138	$ 174,774,000
Total Liabilities	$ 74,926,034	$ 1,061,682	$ 1,846,986	$ 141,524,000
Net Assets	22,786,164	5,538,913	898,152	33,250,000
Total Liabilities and Net Assets	$ 97,712,198	$ 6,600,595	$ 2,745,138	$ 174,774,000
Revenues	$ 41,257,160	$ 14,371,390	$ 4,327,851	$ 10,248,000
Expenditures	48,048,482	14,539,893	4,150,545	13,508,000
Change in Net Assets	$ (6,791,322)	$ (168,503)	$ 177,306	$ (3,260,000)

10. COMMITMENTS AND CONTINGENCIES

The District has received state and federal funds for specific purposes that are Subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

11. SUBSEQUENT EVENTS

On July 19, 2011, the District issued Election of 2008 General Obligation Bonds, Series B in the aggregate principal amount of $37,999,106 for the purpose of refunding renovating, repairing, contracting, and equipping certain District schools, sites, and facilities. The Bonds are payable from the proceeds of *ad valorem* property taxes which the Board of Supervisors of the Contra Costa County are obligated to levy and collect on all taxable property in the District for the payment of the accreted value or conversion value of and interest on the Bonds. The bonds carry interest rates ranging from 5.65% to 7.3% and mature on August 1, 2028, 2032, and 2039.

REQUIRED SUPPLEMENTARY INFORMATION

ACALANES UNION HIGH SCHOOL DISTRICT

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budget			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Revenue limit sources:				
State apportionment	$ 153,727	$ 2,197,096	$ 1,481,431	$ (715,665)
Local sources	31,710,555	30,637,347	31,316,373	679,026
Total revenue limit	31,864,282	32,834,443	32,797,804	(36,639)
Federal revenue	905,461	2,034,263	1,978,257	(56,006)
Other state revenues	4,193,450	4,440,250	4,591,756	151,506
Other local revenues	16,936,148	17,366,166	17,533,098	166,932
Total revenues	53,899,341	56,675,122	56,900,915	225,793
EXPENDITURES				
Certificated salaries	25,872,585	25,821,145	25,723,476	97,669
Classified salaries	7,620,988	7,697,886	7,704,190	(6,304)
Employee benefits	11,233,164	11,059,975	10,983,971	76,004
Books and supplies	1,868,042	1,760,529	1,699,191	61,338
Services and other operating expenditures	5,945,292	6,182,057	6,145,885	36,172
Capital outlay	23,022	29,000	25,933	3,067
Other outgo	175,000	175,000	183,798	(8,798)
Total expenditures	52,738,093	52,725,592	52,466,444	259,148
Excess (deficiency) of revenues over expenditures	1,161,248	3,949,530	4,434,471	484,941
OTHER FINANCING SOURCES (USES)				
Operating transfers in	400,000	424,957	446,569	(21,612)
Operating transfers out	(1,251,864)	(1,171,864)	(1,218,250)	46,386
Total other financing sources (uses)	(851,864)	(746,907)	(771,681)	(24,774)
Net change in fund balances	309,384	3,202,623	3,662,790	460,167
Fund balances, July 1, 2010	5,664,442	5,664,442	5,664,442	-
Fund balances, June 30, 2011	$ 5,973,826	$ 8,867,065	$ 9,327,232	$ 460,167

ACALANES UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS

JUNE 30, 2011

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age (a)	Actuarial Value of Assets (b)	Unfunded Liability (UAAL) (a-b)	Funded Status (b/a)	Annual Covered Payroll (c)	UAAL as a % of payroll ([a-b]/c)
August 1, 2008	$ 9,999,476	$ -	$9,999,476	0%	$ 33,037,282	30.3%
November 1, 2011	9,666,392	132,480	9,533,912	1%	33,427,670	28.5%

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Acalanes Union High School District (the "District") in connection with the issuance of $24,720,000 of the District's 2012 General Obligation Refunding Bonds, Series B (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District dated August 15, 2012 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, 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.

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

"Dissemination Agent" shall mean initially Keygent LLC, 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 Sections 5(a) or 5(b) of this Disclosure Certificate.

"Participating Underwriter" shall mean Piper Jaffray & Co. or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of 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 purposes 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 to, not later than eight months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the

2011-12 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports.

(a) The District's Annual Report shall contain or include by reference the following:

1. 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.

2. 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):

(A) State funding received by the District for the last completed fiscal year;

(B) Average daily attendance of the District for the last completed fiscal year;

(C) Outstanding District indebtedness;

(D) 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 Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

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 in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. the issuance by the Internal Revenue Service of proposed or final determinations of taxability, adverse tax opinions or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under 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 District, 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 District.

(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. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled bond calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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.

7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, 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) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 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(a) or Section 5(b), as applicable.

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 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, 5(a) or 5(b), 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, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 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 Underwriter, 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 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 Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: October 2, 2012

ACALANES UNION HIGH SCHOOL DISTRICT

By ____

Associate Superintendent, Business Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: ACALANES UNION HIGH SCHOOL DISTRICT

Name of Bond Issue: 2012 General Obligation Refunding Bonds, Series B

Date of Issuance: October 2, 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 _____________.

Dated:_______________________

ACALANES UNION HIGH SCHOOL DISTRICT

By ______[form only; no signature required]_________

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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 or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, 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, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. 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 Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants," and together with the Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of "AA+." 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.

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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

Redemption proceeds and distributions 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. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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.

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.

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

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in Santa Barbara, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal amount, interest shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the designated office of the Paying Agent, initially located in San Francisco, California, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the Owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

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APPENDIX E

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE DISTRICT AND THE COUNTY OF CONTRA COSTA

The following information regarding economic activity within the various cities served by the District and the County in which 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 District serves the Cities of Lafayette and Orinda, the Town of Moraga, approximately one-third of the City of Walnut Creek and certain surrounding unincorporated areas in Contra Costa County.

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

Population

The following table summarizes population figures for the cities of Lafayette, Orinda and Walnut Creek, the Town of Moraga and the County.

POPULATION ESTIMATES
Cities of Lafayette, Orinda and Walnut Creek, the Town of Moraga, and Contra Costa County
2001-2012

Year(1)	City of Lafayette	Town of Moraga	City of Orinda	City of Walnut Creek	Contra Costa County
2001	24,048	16,399	17,719	65,231	962,076
2002	24,233	16,387	17,723	65,199	974,657
2003	24,150	16,345	17,679	65,002	984,256
2004	24,072	16,287	17,637	65,092	993,958
2005	23,857	16,133	17,514	64,705	1,001,216
2006	23,539	15,911	17,283	63,681	1,007,169
2007	23,472	15,842	17,240	63,302	1,015,672
2008	23,567	15,863	17,341	63,339	1,027,264
2009	23,696	15,929	17,484	63,786	1,038,390
2010	23,895	16,019	17,647	64,240	1,047,948
2011	24,024	16,076	17,714	64,710	1,056,306
2012	24,159	16,152	17,819	65,233	1,065,117

(1) January 1 data.
Source: State of California, Department of Finance, E-4 Population Estimates for Cites, Counties and the State, 2001-2012. March 2010 Benchmark.

Personal Income

The following tables show the personal income and per capita personal income for the County, State of California and United States from 2005 through 2011.

PERSONAL INCOME
Contra Costa County, State of California, and United States
2005-2011

Year	Contra Costa County	California	United States
2005	$51,534,263	$1,387,661,013	$10,476,669,000
2006	55,318,933	1,495,533,388	11,256,516,000
2007	58,043,926	1,566,400,134	11,900,562,000
2008	59,914,142	1,610,697,843	12,380,225,000
2009	56,221,077	1,526,531,367	12,168,161,000
2010	58,382,965	1,587,403,857	12,353,577,000
2011	--[1]	1,676,564,972	12,981,740,848

(1) Data is not yet available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PER CAPITA PERSONAL INCOME[1]
Contra Costa County, State of California, and United States
2005-2011

Year	Contra Costa County	California	United States
2005	$51,585	$38,767	$35,424
2006	55,273	41,567	37,698
2007	57,518	43,240	39,461
2008	58,547	43,853	40,674
2009	54,169	42,395	39,635
2010	55,465	42,514	39,937
2011	--[2]	44,481	41,663

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Estimates for 2005-2011 reflect county population estimates available as of May 2012. All dollar estimates are in current dollars (not adjusted for inflation).
(2) Data is not yet available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Largest Employers

The District is located in the County of Contra Costa. The following table provides a listing of the major employers headquartered or located in the county, listed alphabetically.

LARGEST EMPLOYERS
Contra Costa County
2011

Employer Name	Estimated Employees	Industry
Chevron Corp.	4,115	Petroleum Products – Manufacturer
John Muir Physician Network	3,891	Medical Care
Kaiser Foundation Hospital	3,852	Hospital
Bio-Rad Laboratories	1,705	Manufacturer
Contra Costa Newspapers, Inc.	1,222	Newspaper
Walmart Stores, Inc.	1,150	Retail
Doctors Medical Center	937	Medical Center
PMI Group Inc.	757	Insurance
USS Posco Industries	750	Steel Manufacturer
Ladbrokes Casino San Pablo	670	Casino
All Others	443,851	
Total	462,900	

Source: Contra Costa County 'Comprehensive Annual Financial Report' for the year ending June 30, 2011.

Employment

The following table summarizes historical employment and unemployment for the County.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Cities of Lafayette, Orinda and Walnut Creek, the Town of Moraga, and Contra Costa County
2007-2011[(1)]

Year and Area	Labor Force	Employment[(2)]	Unemployment[(3)]	Unemployment Rate (%)
2007				
City of Lafayette	12,800	12,600	200	1.6%
City of Orinda	8,800	8,700	200	1.7
City of Walnut Creek	34,200	33,100	1,100	3.1
Town of Moraga	7,700	7,500	200	2.7
Contra Costa County	515,100	491,000	24,100	4.7
State of California	17,970,800	17,011,000	959,800	5.3
2008				
City of Lafayette	12,900	12,600	300	2.2
City of Orinda	8,900	8,700	200	2.3
City of Walnut Creek	34,600	33,200	1,400	4.1
Town of Moraga	7,800	7,500	300	3.6
Contra Costa County	524,500	492,200	32,400	6.2
State of California	18,251,600	16,938,300	1,313,200	7.2
2009				
City of Lafayette	12,600	12,100	500	3.7
City of Orinda	8,700	8,300	300	3.9
City of Walnut Creek	34,200	31,800	2,400	6.9
Town of Moraga	7,700	7,200	500	6.1
Contra Costa County	524,800	471,500	53,400	10.2
State of California	18,204,200	16,141,500	2,062,700	11.3
2010				
City of Lafayette	12,500	11,900	500	4.1
City of Orinda	8,600	8,200	400	4.3
City of Walnut Creek	33,900	31,400	2,600	7.6
Town of Moraga	7,600	7,100	500	6.7
Contra Costa County	523,300	465,100	58,200	11.1
State of California	18,176,200	15,916,300	2,259,900	12.4
2011				
City of Lafayette	12,500	12,100	500	3.8
City of Orinda	8,600	8,300	300	4.0
City of Walnut Creek	34,100	31,700	2,400	7.0
Town of Moraga	7,600	7,200	500	6.2
Contra Costa County	524,100	469,600	54,500	10.4
State of California	18,384,900	16,226,600	2,158,300	11.7

(1) Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.
(2) Includes persons involved in labor-management trade disputes.
(3) Includes all persons without jobs who are actively seeking work.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2010 Benchmark.

Industry

The following table summarizes the historical number of workers by industry in Contra Costa County.

INDUSTRY EMPLOYMENT & LABOR FORCE
Contra Costa County
2007-2011[(1)]

Category	2007	2008	2009	2010	2011
Total Farm	700	700	800	700	900
Total Nonfarm	346,000	338,800	321,000	311,900	311,700
Goods Producing	49,700	46,500	39,900	36,600	34,800
Manufacturing	20,600	20,700	18,700	18,300	17,400
Durable Goods	8,400	8,300	6,700	6,700	6,500
Nondurable Goods	12,200	12,400	12,000	11,600	10,900
Service Providing	296,300	292,300	281,100	275,300	276,900
Trade, Transportation and Utilities	62,300	61,200	57,300	55,900	56,300
Wholesale Trade	9,100	8,700	7,700	7,600	7,900
Retail Trade	44,400	43,600	41,200	40,400	40,300
Transportation, Warehousing and Utilities	8,800	8,900	8,300	8,000	8,000
Information	13,000	11,800	10,400	9,600	9,000
Financial Activities	29,100	26,600	25,700	25,300	24,500
Professional and Business Services	49,400	49,300	45,900	43,800	45,500
Educational and Health Services	44,600	45,600	47,700	48,400	49,200
Leisure and Hospitality	33,200	32,800	31,200	31,300	32,200
Other Services	12,500	12,400	11,700	11,800	12,500
Government	52,200	52,600	51,300	49,200	47,800
Total, All Industries	346,800	339,500	321,800	312,600	312,700

(1) Annual averages, unless otherwise specified
Note: Items may not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2010 Benchmark.

Commercial Activity

The following table summarizes historical taxable transactions in the Cities of Lafayette and Walnut Creek and the County.

TAXABLE SALES
Cities of Lafayette and Walnut Creek, and Contra Costa County
(Dollars in Thousands)
2000-2010

	City of Lafayette		City of Walnut Creek		Contra Costa County	
Year	Outlets	Taxable Transactions	Outlets	Taxable Transactions	Outlets	Taxable Transactions
2000	1,015	209,801	2,481	1,671,753	22,674	12,330,560
2001	1,003	205,840	2,488	1,649,962	22,609	12,256,721
2002	1,014	201,933	2,534	1,639,917	22,541	12,159,424
2003	1,064	208,432	2,625	1,670,891	23,253	12,223,295
2004	1,068	214,819	2,643	1,730,075	23,571	12,990,538
2005	1,019	225,474	2,516	1,803,610	23,692	13,480,075
2006	983	237,533	2,433	1,835,630	23,249	13,867,661
2007	975	233,150	2,383	1,797,050	23,181	14,086,295
2008	975	229,353	2,407	1,619,604	23,149	13,307,681
2009	898	199,613	2,250	1,467,152	21,395	11,883,049
2010	906	203,198	2,308	1,508,815	21,784	11,953,846

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

The following table summarizes historical taxable transactions in the City of Orinda and the Town of Moraga.

TAXABLE SALES
City of Orinda and Town of Moraga
(Dollars in Thousands)
2000-2010

	City of Orinda		Town of Moraga	
Year	Outlets	Taxable Transactions	Outlets	Taxable Transactions
2000	655	76,637	427	69,512
2001	632	77,705	434	70,624
2002	619	73,798	424	66,951
2003	611	72,879	427	68,212
2004	615	77,032	418	69,525
2005	622	83,549	422	74,990
2006	602	85,245	413	76,645
2007	580	88,568	400	81,538
2008	548	96,626	381	78,865
2009	531	85,221	341	76,004
2010	514	76,778	346	78,752

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2007 through 2011 in the Cities and County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
Contra Costa County
2007-2010

	2007	2008	2009	2010
Valuation ($000's)				
Residential	$1,216,666	$659,797	$493,973	$553,058
Non-Residential	491,315	459,404	314,526	285,417
Total	$1,707,980	$1,119,201	$808,499	$838,475
Units				
Single Family	2,698	985	998	809
Multiple Family	909	909	155	890
Total	3,607	1,894	1,153	1,699

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
City of Lafeyette
2008-2010

	2008	2009	2010
Valuation ($000's)			
Residential	$27,109	$21,673	$26,879
Non-Residential	9,868	6,073	6,994
Total	$36,977	$27,749	$33,873
Units			
Single Family	14	17	11
Multiple Family	0	0	0
Total	14	17	11

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
City of Orinda
2008-2010

	2008	2009	2010
Valuation ($000's)			
Residential	$27,798	$14,833	$21,471
Non-Residential	8,536	2,649	3,585
Total	$36,334	$17,482	$25,036
Units			
Single Family	16	7	12
Multiple Family	0	0	0
Total	16	7	12

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
Town of Moraga
2008-2010

	2008	2009	2010
Valuation ($000's)			
Residential	$10,386	$9,138	$8,000
Non-Residential	6,614	7,510	3,839
Total	$17,001	$16,648	$11,839
Units			
Single Family	3	2	3
Multiple Family	0	0	0
Total	3	2	3

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
City of Walnut Creek
2007-2010

	2007	2008	2009	2010
Valuation ($000's)				
Residential	$42,726	$31,661	$19,957	$17,316
Non-Residential	62,989	44,467	54,911	35,906
Total	$105,715	$76,128	$74,868	$53,222
Units				
Single Family	17	4	3	3
Multiple Family	52	91	6	0
Total	69	95	9	3

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.