#2015-0432

NEW ISSUE — BOOK-ENTRY ONLY

Ratings: Moody's: "Aa1"
Standard & Poor's: "AA"
(See "MISCELLANEOUS — Ratings" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2015 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2015 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2015 Bonds. See "TAX MATTERS" herein.

$125,000,000
SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
General Obligation Bonds,
Election of 2012, Series 2015

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

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

The San Ramon Valley Unified School District (County of Contra Costa, California) General Obligation Bonds, Election of 2012, Series 2015 (the "Series 2015 Bonds") are issued by the San Ramon Valley Unified School District (the "District"), located in the County of Contra Costa, California (the "County"), to finance specific construction, repair and improvement projects approved by the voters of the District. The Series 2015 Bonds were authorized at an election of the voters of the District held on November 6, 2012, at which at least 55% of the voters voting on the proposition voted to authorize the issuance and sale of $260,000,000 principal amount of bonds of the District. The Series 2015 Bonds are being issued under the laws of the State of California (the "State") and pursuant to a resolution of the Board of Education of the District.

The Series 2015 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to 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 Series 2015 Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2015 BONDS" herein.

The Series 2015 Bonds will be issued as current interest bonds, all as set forth on the inside front cover hereof. Interest on the Series 2015 Bonds is payable on each February 1 and August 1 to maturity, commencing August 1, 2015. Principal of the Series 2015 Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof.

The Series 2015 Bonds will be issued in denominations of $5,000 principal amount or any integral multiple thereof as shown on the inside front cover hereof.

The Series 2015 Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2015 Bonds. Individual purchases of the Series 2015 Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Series 2015 Bonds purchased by them. See "THE SERIES 2015 BONDS – Form and Registration" herein. Payments of the principal of and interest on the Series 2015 Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as paying agent, registrar and transfer agent, to DTC for subsequent disbursement through DTC Participants to the beneficial owners of the Series 2015 Bonds. See "THE SERIES 2015 BONDS – Payment of Principal and Interest" herein.

The Series 2015 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2015 BONDS — Redemption" herein.

The Series 2015 Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District; and for the Underwriters by Kutak Rock LLP, Denver, Colorado. It is anticipated that the Series 2015 Bonds, in definitive form, will be available for delivery through the facilities of DTC in New York, New York, on or about April 23, 2015.

STIFEL

George K. Baum & Company

The date of this Official Statement is April 9, 2015.

MATURITY SCHEDULE
BASE CUSIP[1]: 799408

$125,000,000
SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
General Obligation Bonds,
Election of 2012, Series 2015

$63,760,000 Serial Series 2015 Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Number[1]
2022	$125,000	5.00%	1.68%	Y29
2023	640,000	5.00	1.81	W39
2024	875,000	5.00	1.95	W47
2025	935,000	4.00	2.08	W54
2026	1,255,000	5.00	2.23[C]	W62
2027	3,340,000	5.00	2.35[C]	W70
2028	3,885,000	5.00	2.47[C]	W88
2029	4,435,000	4.00	2.87[C]	W96
2030	4,990,000	4.00	3.01[C]	X20
2031	5,565,000	4.00	3.12[C]	X38
2032	6,170,000	4.00	3.21[C]	X46
2033	6,815,000	4.00	3.25[C]	X53
2034	7,495,000	4.00	3.31[C]	X61
2035	8,225,000	4.00	3.36[C]	X79
2036	9,010,000	4.00	3.42[C]	X87

$61,240,000 4.00% Term Series 2015 Bonds due August 1, 2040 − Yield 3.54%[C] – CUSIP Number[1] X95

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[C] Yield priced to call at par on August 1, 2025.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(COUNTY OF CONTRA COSTA, CALIFORNIA)

BOARD OF EDUCATION

Denise Jennison, *President*
Greg Marvel, *Vice President*
Mark Jewett, *Clerk*
Rachel Hurd, *Member*
Ken Mintz, *Member*

DISTRICT ADMINISTRATORS

Mary Shelton, *Superintendent*
Scott Anderson, *Chief Business Officer*
Gary Black, *Assistant Superintendent, Facilities and Operations*
Gael Treible, *Director, Fiscal Services*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Irvine, California

Financial Advisor

Public Financial Management, Inc.
Los Angeles, California

Paying Agent

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

TABLE OF CONTENTS

Page

INTRODUCTION 1

General 1

The District 1

THE SERIES 2015 BONDS 2

Authority for Issuance; Purpose 2

Form and Registration 2

Payment of Principal and Interest 3

Redemption 3

Defeasance of Series 2015 Bonds 5

Unclaimed Moneys 5

Application and Investment of Series 2015 Bond Proceeds 5

Estimated Sources and Uses of Funds 6

Debt Service 7

Outstanding Bonds 8

Aggregate Debt Service 9

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2015 BONDS 10

General 10

Property Taxation System 10

Assessed Valuation of Property Within the District 10

Tax Rates 17

Tax Charges and Delinquencies 18

Teeter Plan 19

Direct and Overlapping Debt 20

TAX MATTERS 22

OTHER LEGAL MATTERS 23

Legal Opinion 23

Legality for Investment in California 24

Continuing Disclosure 24

Litigation 24

MISCELLANEOUS 25

Ratings 25

Professionals Involved in the Offering 25

Underwriting 25

ADDITIONAL INFORMATION 26

TABLE OF CONTENTS
(continued)

Page

APPENDIX A	INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET	A-1
APPENDIX B	FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014	B-1
APPENDIX C	ECONOMY OF THE DISTRICT	C-1
APPENDIX D	PROPOSED FORM OF OPINION OF BOND COUNSEL	D-1
APPENDIX E	FORM OF CONTINUING DISCLOSURE CERTIFICATE	E-1
APPENDIX F	COUNTY OF CONTRA COSTA INVESTMENT POLICY SUMMARY OF POOLED INVESTMENT FUND	F-1
APPENDIX G	BOOK-ENTRY ONLY SYSTEM	G-1

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2015 Bonds by 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 Series 2015 Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Series 2015 Bonds 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.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, 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 Series 2015 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

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 Series 2015 Bonds.

In connection with this offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market prices of the Series 2015 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2015 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 front cover page hereof and said public offering prices may be changed from time to time by the Underwriters.

$125,000,000
SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
General Obligation Bonds,
Election of 2012, Series 2015

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2015 Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of $125,000,000 aggregate principal amount of San Ramon Valley Unified School District General Obligation Bonds, Election of 2012, Series 2015 (the "Series 2015 Bonds"), all as indicated on the inside front cover hereof, to be offered by the San Ramon Valley Unified School District (the "District").

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See "OTHER LEGAL MATTERS – Continuing Disclosure."

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2015 Bonds. Quotations from and summaries and explanations of the Series 2015 Bonds, the resolution of the Board of Education of the District providing for the issuance of the Series 2015 Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Series 2015 Bonds.

Copies of documents referred to herein and information concerning the Series 2015 Bonds are available from the District by contacting: San Ramon Valley Unified School District, 699 Old Orchard Drive, Danville, California 94526, Attention: Chief Business Officer. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The District, located in central Contra Costa County, California (the "County"), encompasses an area of approximately 104 square miles, and serves students from the City of San Ramon, the Town of Danville, and the unincorporated communities of Alamo, Diablo and Blackhawk, as well as a small portion of the City of Walnut Creek. The District is located about 30 miles east of San Francisco in the

San Ramon Valley, a largely residential area at the western and southern fringes of Mt. Diablo, which, with an elevation of 3,849 feet, is one of the highest peaks in the San Francisco Bay area.

The District operates 21 elementary schools, eight middle schools, four high schools, an independent study program and a continuation high school program. Approximately 32,000 students are currently served in grades kindergarten through 12 ("K-12"). The District projects fiscal year 2014-15 general fund budget expenditures of approximately $268.4 million. Total assessed valuation of taxable property in the District in fiscal year 2014-15 is $39,035,225,277. The District operates under the jurisdiction of the Superintendent of Schools of Contra Costa County.

The governing board of the District is the Board of Education of the District (the "Board"). The Board consists of five voting members and one nonvoting student member. The voting members are elected to four-year terms in alternate slates of two and three and elections are held every two years. The day-to-day operations of the District are managed by a board-appointed Superintendent of Schools. Mary Shelton was selected for this position by the Board in 2012.

For additional information about the District, see APPENDIX A − "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014." See also APPENDIX C – "ECONOMY OF THE DISTRICT" for economic and demographic information regarding the region encompassing the District.

THE SERIES 2015 BONDS

Authority for Issuance; Purpose

The Series 2015 Bonds are issued under the provisions of California Government Code Section 53506 *et seq.*, including Section 53508.7 thereof, and California Education Code Section 15140 and Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board on March 10, 2015.

At an election held on November 6, 2012, the District received authorization under Measure D to issue bonds of the District in an aggregate principal amount not to exceed $260,000,000 to improve local elementary, middle and high school classrooms, labs and learning facilities by adding classrooms to prevent school overcrowding; upgrading fire, security and earthquake safety; updating science labs, and instructional technology infrastructure for 21st-century learning; improving energy efficiency; and renovating, constructing and equipping schools, facilities and classrooms (the "2012 Authorization"). Measure D required approval by at least 55% of the votes cast by eligible voters within the District and received an approval vote of approximately 56.83%. The Series 2015 Bonds represent the second series of the authorized bonds to be issued under the 2012 Authorization and are being issued to finance authorized projects. See "– Application and Investment of Series 2015 Bond Proceeds." Following the issuance of the Series 2015 Bonds, there would be authorization remaining under the 2012 Authorization to issue additional bonds in the principal amount of $60,005,000.

Form and Registration

The Series 2015 Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 principal amount, or integral multiples thereof. The Series 2015 Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Series 2015 Bonds. Purchases of Series 2015 Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Series 2015 Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Series 2015 Bonds, beneficial owners ("Beneficial Owners") will not receive physical certificates representing their ownership interests. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

Interest. The Series 2015 Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing on August 1, 2015, computed on the basis of a 360-day year of twelve 30-day months. Each Series 2015 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and on or prior to the succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any Series 2015 Bond, interest is in default on any outstanding Series 2015 Bonds, such Series 2015 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Series 2015 Bonds.

Payment of Series 2015 Bonds. The principal of the Series 2015 Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent") at the maturity thereof or upon redemption prior to maturity.

Interest on the Series 2015 Bonds is payable in lawful money of the United States of America by check mailed on each Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the registered owner thereof (the "Owner") at such Owner's address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least $1,000,000 of outstanding Series 2015 Bonds who shall have requested in writing such method of payment of interest prior to the close of business on a Record Date. So long as the Series 2015 Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption of Series 2015 Bonds. The Series 2015 Bonds maturing on or before August 1, 2025, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2015 Bonds maturing on or after August 1, 2026, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2025 at a redemption price equal to the principal amount of the Series 2015 Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption of Series 2015 Bonds. The $61,240,000 term Series 2015 Bonds maturing on August 1, 2040, are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2037	$9,845,000
2038	15,760,000
2039	17,105,000
2040†	18,530,000

† Maturity.

The principal amount of the $61,240,000 term Series 2015 Bonds maturing on August 1, 2040, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000, by any portion of the term Series 2015 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Series 2015 Bonds for Redemption. If less than all of the Series 2015 Bonds are called for redemption, the Series 2015 Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District. Whenever less than all of the outstanding Series 2015 Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Series 2015 Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Series 2015 Bond shall be deemed to consist of individual Series 2015 Bonds of denominations of $5,000 principal amount, each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of any Series 2015 Bond will be given by the Paying Agent not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption will contain the following information: (i) the date of such notice; (ii) the name of the Series 2015 Bonds and the date of issue of the Series 2015 Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Series 2015 Bonds to be redeemed; (vi) if less than all of the Series 2015 Bonds of any maturity are to be redeemed, the distinctive numbers of the Series 2015 Bonds of each maturity to be redeemed; (vii) in the case of Series 2015 Bonds redeemed in part only, the respective portions of the principal amount of the Series 2015 Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Series 2015 Bonds to be redeemed; (ix) a statement that such Series 2015 Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Series 2015 Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. The actual receipt by the Owner of any Series 2015 Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Series 2015 Bonds or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as described above and when the redemption price of the Series 2015 Bonds called for redemption is set aside, the Series 2015 Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2015 Bonds at the place specified in the notice of redemption, such Series 2015 Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2015 Bonds so called for redemption after such redemption date shall look for the payment of such Series 2015 Bonds and the redemption premium thereon, if any, only to moneys on deposit for the purpose in the interest and sinking fund of the District within the County treasury (the "Interest and Sinking Fund") or the trust fund established for such purpose. All Series 2015 Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Series 2015 Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund of the District or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series 2015 Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Series 2015 Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Defeasance of Series 2015 Bonds

The District may pay and discharge any or all of the Series 2015 Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Series 2015 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Moneys

Any money held in any fund or by the Paying Agent in trust for the payment of the principal of, redemption premium, if any, or interest on any of the Series 2015 Bonds and remaining unclaimed for two years after the principal of all of such Series 2015 Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

Application and Investment of Series 2015 Bond Proceeds

The proceeds from the sale of the Series 2015 Bonds, exclusive of any premium and accrued interest received by the District, will be deposited in the County treasury to the credit of the building fund of the District (the "Building Fund") and shall be accounted for together with the proceeds of other bonds of the District separately from all other District and County funds. Any premium or accrued interest received by the District will be deposited upon receipt in the Interest and Sinking Fund of the District in the County treasury. Taxes collected to pay principal and interest on the Series 2015 Bonds will also be invested in the Interest and Sinking Fund. Earning on the investment of moneys in either fund will be retained in that fund and used only for the purpose to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Series 2015 Bonds were authorized. Moneys in the Interest and Sinking Fund may only be applied to pay principal, interest and redemption premium, if any, on the Series 2015 Bonds and any other outstanding general obligation bonds of the District. See "– Outstanding Bonds" herein.

All funds held by the County Treasurer-Tax Collector (the "County Treasurer") in the Building Fund and the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Series 2015 Bonds, are expected to be invested on behalf of the District by the County Treasurer at its sole discretion in such investments as are authorized by Section 53601 and following of the California Government Code, consistent with the investment policy of the County. See APPENDIX F − "COUNTY OF CONTRA COSTA INVESTMENT POLICY SUMMARY OF POOLED INVESTMENT FUND." In addition, to the extent permitted by law, the District may request that all or any portion of the funds held in the Building Fund may be invested in the Local Agency Investment Fund in the treasury of the State, or in investment agreements, including guaranteed investment contracts, float contracts or other investment products which will not adversely affect the rating on the Series 2015 Bonds. The County Treasurer neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations.

Estimated Sources and Uses of Funds

The proceeds of the Series 2015 Bonds are expected to be applied as follows:

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
General Obligation Bonds, Election of 2012, Series 2015

Estimated Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Series 2015 Bonds	$125,000,000.00
Plus Original Issue Premium	8,508,238.90
Total Sources of Funds	$133,508,238.90
Uses of Funds:	
Deposit to Building Fund	$125,000,000.00
Deposit to Interest and Sinking Fund[1]	7,905,660.00
Costs of Issuance[2]	260,248.50
Underwriters' Discount[3]	342,330.40
Total Uses of Funds	$133,508,238.90

(1) Consists of premium received by the District.
(2) Includes bond counsel fees, disclosure counsel fees, financial advisor and rating agency fees, printing fees and other miscellaneous expenses the Underwriters have contracted to pay.
(3) Exclusive of costs of issuance the Underwriters have contracted to pay.

Debt Service

Debt service on the Series 2015 Bonds, assuming no early redemptions, is as shown in the following table.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
General Obligation Bonds, Election of 2012, Series 2015

Period Ending August 1,	Principal	Interest	Total Debt Service
2015	-	$1,388,660	$1,388,660
2016	-	5,101,200	5,101,200
2017	-	5,101,200	5,101,200
2018	-	5,101,200	5,101,200
2019	-	5,101,200	5,101,200
2020	-	5,101,200	5,101,200
2021	-	5,101,200	5,101,200
2022	$125,000	5,101,200	5,226,200
2023	640,000	5,094,950	5,734,950
2024	875,000	5,062,950	5,937,950
2025	935,000	5,019,200	5,954,200
2026	1,255,000	4,981,800	6,236,800
2027	3,340,000	4,919,050	8,259,050
2028	3,885,000	4,752,050	8,637,050
2029	4,435,000	4,557,800	8,992,800
2030	4,990,000	4,380,400	9,370,400
2031	5,565,000	4,180,800	9,745,800
2032	6,170,000	3,958,200	10,128,200
2033	6,815,000	3,711,400	10,526,400
2034	7,495,000	3,438,800	10,933,800
2035	8,225,000	3,139,000	11,364,000
2036	9,010,000	2,810,000	11,820,000
2037	9,845,000	2,449,600	12,294,600
2038	15,760,000	2,055,800	17,815,800
2039	17,105,000	1,425,400	18,530,400
2040	18,530,000	741,200	19,271,200
Total	$125,000,000	$103,775,460	$228,775,460

Outstanding Bonds

In addition to the Series 2015 Bonds, the District has five additional outstanding series of bonds which are secured by *ad valorem* taxes levied upon all property subject to taxation by the District: the Series 1998 Bonds, the Series 2006 Bonds, the Series 2012 Refunding Bonds, the Series 2013 Refunding Bonds and the Series 2013 Bonds (each as defined below).

The District received authorization at an election held on April 14, 1998 (the "1998 Authorization"), to issue bonds of the District in an aggregate principal amount not to exceed $70,000,000 to acquire, renovate and construct classrooms pursuant to the 1998 Authorization. On July 9, 1998, the District issued its San Ramon Valley Unified School District (Contra Costa County, California) General Obligation Bonds, Election of 1998, Series A (the "Series 1998 Bonds"), in an aggregate principal amount of $70,000,000 as its first and only series of bonds to be issued under the 1998 Authorization.

The District received authorization at an election held on November 5, 2002 (the "2002 Authorization"), to issue bonds of the District in an aggregate principal amount not to exceed $260,000,000 to finance specific construction and modernization projects approved by the voters. On March 20, 2003, the County, at the request of the District, issued the San Ramon Valley Unified School District (County of Contra Costa, California) General Obligation Bonds, Election of 2002, Series 2003 (the "Series 2003 Bonds") in the aggregate principal amount of $72,000,000, as the first series of bonds to be issued under the 2002 Authorization. On October 28, 2004, the County, at the request of the District, issued the San Ramon Valley Unified School District (County of Contra Costa, California) General Obligation Bonds, Election of 2002, Series 2004 (the "Series 2004 Bonds") in the aggregate principal amount of $100,000,000, as the second series of bonds to be issued under the 2002 Authorization. On August 2, 2006, the County, at the request of the District, issued the San Ramon Valley Unified School District (County of Contra Costa, California) General Obligation Bonds, Election of 2002, Series 2006 (the "Series 2006 Bonds") in the aggregate principal amount of $88,000,000, as the third and final series of bonds to be issued under the 2002 Authorization. On July 17, 2012, the District issued its General Obligation Refunding Bonds, Series 2012 in the aggregate principal amount of $167,945,000 (the "Series 2012 Refunding Bonds") to refund and defease a portion of the Series 2003 Bonds, a portion of the Series 2004 Bonds and a portion of the Series 2006 Bonds. The Series 2003 Bonds and Series 2004 Bonds not so refunded have matured. On February 14, 2013, the District issued its General Obligation Refunding Bonds, Series 2013 in the aggregate principal amount of $52,200,000 (the "Series 2013 Refunding Bonds") to refund and defease the Series 2006 Bonds maturing on and after August 1, 2017.

The District received authorization to issue bonds under the 2012 Authorization. On March 13, 2013, the District issued its San Ramon Valley Unified School District (County of Contra Costa, California) General Obligation Bonds, Election of 2012, Series 2013, in the aggregate principal amount of $74,995,000 (the "Series 2013 Bonds") as its first series of bonds to be issued under the 2012 Authorization. The Series 2015 Bonds represent the second series of bonds to be issued under the 2012 Authorization.

Aggregate Debt Service

The following table summarizes the annual aggregate debt service requirements of all outstanding bonds of the District (including the Series 2015 Bonds), assuming no early redemptions:

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
General Obligation Bonds − Aggregate Debt Service

	1998 Authorization	2002 Authorization			2012 Authorization		
Year Ending August 1,	Series 1998 Bonds [1]	Series 2006 Bonds	Series 2012 Refunding Bonds	Series 2013 Refunding Bonds	Series 2013 Bonds	Series 2015 Bonds	Aggregate Total Debt Service
2015	$8,605,000.00	$3,751,500.00	$8,081,900.00	$2,197,800.00	$4,499,150.00	$1,388,660.00	$28,524,010.00
2016	8,940,000.00	3,396,250.00	9,041,900.00	2,197,800.00	2,566,250.00	5,101,200.00	31,243,400.00
2017	9,305,000.00	-	9,521,900.00	5,362,800.00	2,566,250.00	5,101,200.00	31,857,150.00
2018	9,635,000.00	-	13,860,300.00	2,071,200.00	2,566,250.00	5,101,200.00	33,233,950.00
2019	-	-	19,381,100.00	2,186,200.00	2,566,250.00	5,101,200.00	29,234,750.00
2020	-	-	20,234,900.00	2,211,600.00	2,566,250.00	5,101,200.00	30,113,950.00
2021	-	-	21,144,100.00	2,210,800.00	2,566,250.00	5,101,200.00	31,022,350.00
2022	-	-	15,879,500.00	8,414,800.00	2,566,250.00	5,226,200.00	32,086,750.00
2023	-	-	18,945,750.00	5,805,400.00	2,566,250.00	5,734,950.00	33,052,350.00
2024	-	-	20,476,250.00	5,420,150.00	2,566,250.00	5,937,950.00	34,400,600.00
2025	-	-	21,478,000.00	5,964,150.00	2,566,250.00	5,954,200.00	35,962,600.00
2026	-	-	20,538,600.00	8,001,950.00	2,566,250.00	6,236,800.00	37,343,600.00
2027	-	-	13,282,000.00	5,048,200.00	6,606,250.00	8,259,050.00	33,195,500.00
2028	-	-	10,722,250.00	4,830,200.00	6,884,650.00	8,637,050.00	31,074,150.00
2029	-	-	6,210,750.00	7,534,200.00	7,135,450.00	8,992,800.00	29,873,200.00
2030	-	-	-	4,303,400.00	7,388,150.00	9,370,400.00	21,061,950.00
2031	-	-	-	3,821,300.00	7,683,850.00	9,745,800.00	21,250,950.00
2032	-	-	-	-	8,005,900.00	10,128,200.00	18,134,100.00
2033	-	-	-	-	8,330,275.00	10,526,400.00	18,856,675.00
2034	-	-	-	-	8,698,400.00	10,933,800.00	19,632,200.00
2035	-	-	-	-	9,049,000.00	11,364,000.00	20,413,000.00
2036	-	-	-	-	9,408,800.00	11,820,000.00	21,228,800.00
2037	-	-	-	-	9,786,400.00	12,294,600.00	22,081,000.00
2038	-	-	-	-	-	17,815,800.00	17,815,800.00
2039	-	-	-	-	-	18,530,400.00	18,530,400.00
2040	-	-	-	-	-	19,271,200.00	19,271,200.00
Total:	$36,485,000.00	$7,147,750.00	$228,799,200.00	$77,581,950.00	$121,705,025.00	$228,775,460.00	$700,494,385.00

[1] The Series 1998 Bonds have maturity dates on July 1.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2015 BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on a school district's bonds, the board of supervisors of the county, the superintendent of schools of which has jurisdiction over such school district, is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by such school district, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. The assessor of the county in which the district lies must annually certify to the board of supervisors the assessed value of all taxable property in the county situated in the school district. The board of supervisors must levy upon the property of the school district within its own county the rate of tax that will be sufficient to raise not less than the amount needed to pay the interest and any portion of the principal of the bonds that is to become due during the year. Accordingly, the Board of Supervisors of the County must levy upon the property of the District the rate of tax that will be sufficient to provide sufficient funds for repayment of principal and interest when due on the Series 2015 Bonds. When collected, the tax revenues will be deposited in the District's Interest and Sinking Fund, which is required to be maintained by the County and to be used solely for the payment of bonds of the District. Moneys in the Interest and Sinking Fund will be invested on behalf of the District in any one or more investments generally permitted to school districts authorized pursuant to Section 53601 *et seq.* or Section 53635 *et seq.* of the California Government Code, and consistent with the investment policy of the County. See APPENDIX F – "COUNTY OF CONTRA COSTA INVESTMENT POLICY – SUMMARY OF POOLED INVESTMENT FUND."

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer of the county, the superintendent of schools of which has jurisdiction over the school district, holds school district funds, including taxes collected for payment of school bonds, as *ex-officio* treasurer of the school district, and the county auditor-controller administers the payment of principal and interest on the bonds when due.

Assessed Valuation of Property Within the District

Taxable property located in the District has a 2014-15 assessed value of $39,035,225,277. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "*– Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Locally taxed property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

Shown in the following table is the assessed valuation of the various classes of property in the District for fiscal years 1987-88 through 2014-15.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
Assessed Valuations
Fiscal Years 1987-88 through 2014-15

Fiscal Year	Local Secured(1)	Utility(2)	Total Secured(1)(2)	Unsecured	Total Valuation	Annual % Change
1987-88	$6,119,599,050	$533,408,550	$6,653,007,600	$194,822,556	$6,847,830,156	-
1988-89	6,990,503,064	6,530,930	6,997,033,994	254,826,459	7,251,860,453	5.90%
1989-90	8,111,286,728	4,713,670	8,116,000,398	317,079,975	8,433,080,373	16.29
1990-91	9,458,697,779	5,012,560	9,463,710,339	343,451,279	9,807,161,618	16.29
1991-92	10,316,609,495	3,378,140	10,319,987,635	465,110,533	10,785,098,168	9.97
1992-93	10,843,483,472	3,378,140	10,846,861,612	472,118,367	11,318,979,979	4.95
1993-94	11,340,663,217	8,810,233	11,349,473,450	450,608,175	11,800,081,625	4.25
1994-95	11,709,691,031	9,859,560	11,719,550,591	417,724,591	12,137,275,182	2.86
1995-96	12,159,662,949	9,231,847	12,168,894,796	403,314,180	12,572,208,976	3.58
1996-97	12,639,442,745	8,378,517	12,647,821,262	387,986,913	13,035,808,175	3.69
1997-98	13,219,377,895	3,486,111	13,222,864,006	400,455,608	13,623,319,614	4.51
1998-99	14,289,384,206	12,032,571	14,301,416,777	414,173,083	14,715,589,860	8.02
1999-00	15,560,485,260	359,772	15,560,845,032	389,604,370	15,950,449,402	8.39
2000-01	17,044,335,109	359,772	17,044,694,881	432,459,995	17,477,154,876	9.57
2001-02	18,973,640,814	381,584	18,974,022,398	513,646,741	19,487,669,139	11.50
2002-03	20,591,112,709	381,584	20,591,494,293	495,773,772	21,087,268,065	8.21
2005-06	27,477,540,099	488,365	27,478,028,464	447,158,445	27,925,186,909	11.97
2006-07	30,951,805,499	801,750	30,952,607,249	503,065,924	31,455,673,173	12.64
2007-08	33,490,205,068	488,449	33,490,693,517	537,016,253	34,027,709,770	8.18
2008-09	34,803,049,136	488,449	34,803,537,585	566,872,339	35,370,409,924	3.95
2009-10	34,176,245,890	1,645,966	34,177,891,856	545,779,373	34,723,671,229	-1.83
2010-11	33,391,709,563	483,521	33,392,196,084	513,314,478	33,905,510,562	-2.36
2011-12	33,484,556,273	1,279,399	33,485,835,672	513,915,184	33,999,750,856	0.28
2012-13	33,557,398,093	1,279,399	33,558,677,492	498,698,616	34,057,376,108	0.17
2013-14	35,593,547,414	1,279,399	35,594,826,813	538,150,593	36,132,977,406	6.09
2014-15	38,480,663,138	1,122,298	38,481,785,436	553,439,841	39,035,225,277	8.03

% Change, 1987-88 to 2014-15	470.04%
Annual Compound Growth, 1987-88 to 2014-15	6.66%

(1) Net assessed valuation including the valuation of homeowners' exemptions.
(2) Does not include assessed valuation from the unitary utility roll.
Source: Assessed valuation information from California Municipal Statistics, Inc.; Annual % change provided by Stifel, Nicolaus & Company, Incorporated.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "*−Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor's office, the County has in the past, pursuant to Article XIIIA of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Bonding Capacity. As a unified school district, the District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. The District's fiscal year 2014-15 gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately $975.9 million and its net bonding capacity is approximately $667.8 million (taking into account current outstanding debt before issuance of the Series 2015 Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table describes the percentage and value of the total assessed value of the District that resides in the Town of Danville, the cities of San Ramon and Walnut Creek and unincorporated portions of the County.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
2014-15 Assessed Valuation by Jurisdiction[1]

Jurisdiction	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
Town of Danville	$10,523,728,217	26.96%	$10,523,728,217	100.00%
City of San Ramon	16,918,655,179	43.34	$16,918,655,179	100.00%
City of Walnut Creek	259,211,157	0.66	$14,204,321,931	1.82%
Unincorporated Contra Costa County	11,333,630,724	29.03	$32,855,368,294	34.50%
Total District	$39,035,225,277	100.00%		
Contra Costa County	$39,035,225,277	100.00%	$160,469,862,791	24.33%

[1] Before deduction of redevelopment incremental valuation.
Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table gives a distribution of taxable property located in the District on the fiscal year 2014-15 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
2014-15 Assessed Valuation and Parcels by Land Use

	Assessed Valuation		Parcels			
Type of Property	2014-15 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total	No. of Taxable Parcels	% of Total
Non-Residential:						
Agricultural/Rural	$334,828,978	0.87%	469	0.86%	442	0.85%
Commercial/Office	2,727,741,911	7.09	543	1.00	537	1.03
Vacant Commercial	23,374,886	0.06	33	0.06	26	0.05
Industrial	174,229,652	0.45	43	0.08	43	0.08
Vacant Industrial	481,902	0.00	5	0.01	5	0.01
Recreational	82,197,423	0.21	111	0.20	104	0.20
Government/Social/Institutional	127,137,641	0.33	705	1.29	456	0.87
Miscellaneous	36,558,283	0.10	1,919	3.52	169	0.32
Subtotal Non-Residential	$3,506,550,676	9.11%	3,828	7.02%	1,782	3.42%
Residential:						
Single Family Residence	$30,773,733,627	79.97%	39,840	73.07%	39,833	76.43%
Condominium/Townhouse	3,098,636,556	8.05	8,914	16.35	8,911	17.10
2-4 Residential Units	29,620,473	0.08	44	0.08	44	0.08
5+ Residential Units/Apartments	697,006,404	1.81	113	0.21	113	0.22
Vacant Residential	375,115,402	0.97	1,781	3.27	1,432	2.75
Subtotal Residential	$34,974,112,462	90.89%	50,692	92.98%	50,333	96.58%
TOTAL	$38,480,663,138	100.00%	54,520	100.00%	52,115	100.00%

(1) Local secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes. The following table shows the assessed valuation of single-family homes in the District for fiscal year 2014-15.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
2014-15 Per Parcel Assessed Valuation of Single Family Homes

	Number of Parcels	2014-15 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	39,833	$30,773,733,627	$772,569	$732,000

2014-15 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	814	2.044%	2.044%	$63,712,056	0.207%	0.207%
$100,000 - $199,999	1,959	4.918	6.962	285,130,800	0.927	1.134
$200,000 - $299,999	1,706	4.283	11.244	430,240,622	1.398	2.532
$300,000 - $399,999	2,510	6.301	17.546	887,215,582	2.883	5.415
$400,000 - $499,999	3,336	8.375	25.921	1,509,148,859	4.904	10.319
$500,000 - $599,999	3,903	9.798	35.719	2,147,903,035	6.980	17.298
$600,000 - $699,999	4,283	10.752	46.472	2,793,157,875	9.076	26.375
$700,000 - $799,999	4,494	11.282	57.754	3,372,428,686	10.959	37.334
$800,000 - $899,999	4,455	11.184	68.938	3,783,999,548	12.296	49.630
$900,000 - $999,999	3,785	9.502	78.440	3,583,469,253	11.645	61.274
$1,000,000 - $1,099,999	2,405	6.038	84.478	2,518,794,945	8.185	69.459
$1,100,000 - $1,199,999	1,826	4.584	89.062	2,091,243,262	6.796	76.255
$1,200,000 - $1,299,999	1,021	2.563	91.625	1,271,343,390	4.131	80.386
$1,300,000 - $1,399,999	729	1.830	93.455	981,204,099	3.188	83.574
$1,400,000 - $1,499,999	519	1.303	94.758	749,789,602	2.436	86.011
$1,500,000 - $1,599,999	414	1.039	95.797	639,527,523	2.078	88.089
$1,600,000 - $1,699,999	350	0.879	96.676	577,239,763	1.876	89.965
$1,700,000 - $1,799,999	256	0.643	97.319	446,503,214	1.451	91.416
$1,800,000 - $1,899,999	204	0.512	97.831	376,610,605	1.224	92.640
$1,900,000 - $1,999,999	140	0.351	98.182	273,138,226	0.888	93.527
$2,000,000 and greater	724	1.818	100.000	1,991,932,682	6.473	100.000
Total	39,833	100.000%		$30,773,733,627	100.000%	

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

Largest Taxpayers in District. The twenty taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2014-15 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are shown below.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
Largest 2014-15 Local Secured Taxpayers

	Property Owner	Primary Land Use	2014-15 Assessed Valuation	Percent of Total[(1)]
1.	Shapell Industries Inc.	Residential Properties	$545,451,405	1.42%
2.	Sunset Land Company LLC / Sunset Building Company LLC	Office Building	352,203,154	0.92
3.	Chevron USA Inc.	Office Building	322,445,509	0.84
4.	Essex Portfolio LP / Essex San Ramon Partners LP	Apartments	217,062,944	0.56
5.	SDC 7	Office Building	163,101,428	0.42
6.	Annabel Investment Co.	Office Building	125,107,715	0.33
7.	Alexander Properties Co.	Office Building	97,818,646	0.25
8.	San Ramon Regional Medical Center	Hospital	65,515,091	0.17
9.	FR Crow Canyon Fee Owner LLC	Shopping Center	65,155,346	0.17
10.	BRE Properties Inc.	Apartments	57,090,278	0.15
11.	Ardenwood Development Associates	Apartments	53,428,169	0.14
12.	Cedar Grove Apartments	Apartments	50,692,822	0.13
13.	230 Alamo Plaza Inc.	Shopping Center	48,249,650	0.13
14.	Legacy III SR Crow Canyon LLC	Office Building	42,725,410	0.11
15.	GMS Five LLC	Shopping Center	42,053,158	0.11
16.	Oak Reflections 12B2010 LLC	Apartments	41,469,338	0.11
17.	REG8 Tassajara Crossing LLC	Shopping Center	36,724,712	0.10
18.	Keenan & Bariteau Bishop Ranch	Shopping Center	36,539,959	0.09
19.	Toyota Motor Sales USA	Industrial	35,594,075	0.09
20.	Grupe Real Estate Investors 19	Apartments	35,007,276	0.09
			$2,433,436,085	6.32%

[(1)] 2014-15 local secured assessed valuation: $38,480,663,138
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and ability or willingness to pay property taxes. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "−Appeals of Assessed Valuation; Blanket Reductions of Assessed Values" above.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Series 2015 Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Series 2015 Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Series 2015 Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following table shows *ad valorem* property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 16-002) located in the Town of Danville. This Tax Rate Area comprises approximately 14.02% of the total assessed value of the District.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
Typical Total Tax Rate per $100 of Assessed Valuation (TRA 16-002)
Fiscal Years 2010-11 Through 2014-15

	2010-11	2011-12	2012-13	2013-14	2014-15
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
San Ramon Valley Unified School District	0.0587	.0664	.0705	.0696	.0651
Bay Area Rapid Transit	0.0057	.0041	.0043	.0075	.0045
East Bay Regional Park	0.0108	.0071	.0051	.0078	.0085
Contra Costa Community College District	0.0126	.0144	.0087	.0133	.0252
Total Tax Rates	$1.0878	$1.0920	$1.0886	$1.0982	$1.1033

Source: California Municipal Statistics, Inc.

In accordance with the law which permitted the Series 2015 Bonds to be approved by at least 55% popular vote, bonds approved by the District's voters at the November 6, 2012 election may not be issued unless the District projects that repayment of all outstanding bonds approved at such election will require a tax rate no greater than $60.00 per $100,000 of assessed value, as such assessed value is projected to increase in accordance with Article XIIIA of the State Constitution. Based on the projected assessed value of taxable property in the District, which projections are made at the time of issuance of the Series 2015 Bonds, the District projects that the maximum tax rate required to repay the Series 2015 Bonds and all other outstanding bonds approved at the November 6, 2012 election will be within that legal limit. The tax rate test applies only when new bonds are issued, and is not a legal limitation upon the authority of the County Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Series 2015 Bonds in each year.

Tax Charges and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory scheme enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Series 2015 Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a $20 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a $15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer-tax collector.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty and $30 cost attach to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer-tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The county treasurer-tax collector may also bring a civil suit against the taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table shows a recent history of real property tax collections and delinquencies in the District for fiscal years 2009-10 through 2013-14.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
Secured Tax Charges and Delinquencies
Fiscal Years 2009-10 Through 2013-14

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent June 30	% Delinquent June 30
2009-10	$19,782,490.72	$499,404.93	2.52%
2010-11	21,192,565.56	300,229.39	1.42
2011-12	21,967,609.00	257,606.41	1.17
2012-13	23,423,350.02	164,125.42	0.70
2013-14	24,677,361.85	154,251.36	0.63

(1) General obligation bonds debt service levy.
Source: California Municipal Statistics, Inc.

Teeter Plan

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 and following of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the County, including the District, receives the full amount of uncollected taxes credited to its fund (including delinquent taxes, if any), in the same manner as if the full amount due from taxpayers had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. The County applies the Teeter Plan to taxes levied for repayment of school district bonds.

The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency.

Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective February 26, 2015 for debt issued as of March 1, 2015. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two 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 three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
Statement of Direct and Overlapping Bonded Debt

2014-15 Assessed Valuation: $39,035,225,277

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable[1]	Debt 3/1/15
Bay Area Rapid Transit District	6.962%	$43,915,948
Chabot-Las Positas Community College District	0.582	2,480,636
Contra Costa Community College District	24.068	109,716,385
San Ramon Valley Unified School District	100.000	308,123,284[1]
East Bay Regional Park District	10.686	18,975,665
Contra Costa County Community Facilities District No. 2001-1	100.000	5,200,000
Association of Bay Area Governments Community Facilities District No. 2004-2	100.000	38,167,956
Town of Danville 1915 Act Bonds	100.000	415,000
City of San Ramon 1915 Bonds	100.000	65,400
County of Special District 1915 Act Bonds (estimate)	2.781-100.000	85,526,285
TOTAL DISTRICT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$612,586,559
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	24.326%	$66,731,887
Contra Costa County Pension Obligations	24.326	62,882,710
San Ramon Valley Unified School District General Fund Obligations	100.000	21,410,000
Contra Costa Community College District Certificates of Participation	24.068	168,476
Town of Danville Certificates of Participation	100.000	8,465,000
City of San Ramon Certificates of Participation and Pension Obligation Bonds	100.000	28,140,000
City of Walnut Creek General Fund Obligations	1.825	8,030
San Ramon Valley Fire Protection District Certificates of Participation	99.847	14,593,638
Contra Costa Fire Protection District Pension Obligation Bonds	0.356	330,386
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$202,730,127
Less: Contra Costa County obligations supported by revenue funds		(26,451,125)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$176,279,002
OVERLAPPING TAX INCREMENT DEBT:		
Danville Redevelopment Agency Downtown Project Area	100.000%	$2,995,000
San Ramon Redevelopment Agency	100.000	69,316,570
TOTAL OVERLAPPING TAX INCREMENT DEBT		$72,311,570
GROSS COMBINED TOTAL DEBT		$887,628,256[2]
NET COMBINED TOTAL DEBT		$861,177,131

(1) Excludes the Series 2015 Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:
- Direct Debt ($308,123,284) 0.79%
- Total Direct and Overlapping Tax and Assessment Debt 1.57%
- Combined Direct Debt ($329,533,284) 0.84%
- Gross Combined Total Debt 2.27%
- Net Combined Total Debt 2.21%

Ratios to Redevelopment Incremental Valuation ($1,187,807,082):
- Total Overlapping Tax Increment Debt 6.09%

Source: California Municipal Statistics, Inc.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2015 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2015 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Series 2015 Bonds is less than the amount to be paid at maturity of such Series 2015 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2015 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2015 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2015 Bonds is the first price at which a substantial amount of such maturity of the Series 2015 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2015 Bonds accrues daily over the term to maturity of such Series 2015 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2015 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2015 Bonds. Beneficial Owners of the Series 2015 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2015 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2015 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2015 Bonds is sold to the public.

Series 2015 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2015 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2015 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2015 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2015 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2015 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2015 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2015 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2015 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2015 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Series 2015 Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2015 Bonds. Prospective purchasers of the Series 2015 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2015 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2015 Bonds ends with the issuance of the Series 2015 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2015 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2015 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2015 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Series 2015 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel expects to deliver an opinion at the time of issuance of the Series 2015 Bonds substantially in the form set forth in Appendix D hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District, and for the Underwriters by Kutak Rock LLP, Denver, Colorado.

Legality for Investment in California

Under the provisions of the California Financial Code, the Series 2015 Bonds are legal investments for commercial banks in California to the extent that the Series 2015 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, the Series 2015 Bonds are eligible securities for deposit of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Series 2015 Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2014-15 fiscal year (which is due no later than April 1, 2016) and notice of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX E − "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). In the preceding five years, the District did not timely file its annual reports for fiscal years 2008-09 and 2009-10, which annual reports were due in 2010 and 2011, respectively. In addition, the District did not timely file notice of certain notice events relating to rating changes of certain of the District's outstanding, or then outstanding, bonds.

Litigation

No litigation is pending or threatened concerning or contesting the validity of the Series 2015 Bonds or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Series 2015 Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of County officers who will execute the Series 2015 Bonds or District or County officials who will sign certifications relating to the Series 2015 Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriters at the time of the original delivery of the Series 2015 Bonds.

A lawsuit entitled *Wilson v. San Ramon Valley Unified School District et al.* was recently filed in Contra Costa County Superior Court. The lawsuit alleges liability against the District based on sexual relationships in the 1980's between a former student and two former coaches. The plaintiff in such lawsuit has presented a claim of damages in the amount of $15 million. The District is investigating the alleged matter and plans to defend itself in the lawsuit. The District is also investigating a separate pre-litigation claim recently received by the District on behalf of a minor student who alleges he was sexually abused between 2013 and 2014 by a former coach. A lawsuit has not yet been filed on this claim, and the amount of damages is not specified in this claim at this time. Such claims are in their early stages and the

District cannot predict the outcome of such claims or provide any assurances that such claims will not be successful. Although the District cannot predict the outcome and effects of the aforementioned claims, the District does not expect such claims to have a materially adverse effect on the District's ability to pay debt service on the Series 2015 Bonds, which are payable from *ad valorem* taxes deposited into the Interest and Sinking Fund of the District, which is maintained by the County and required to be used solely for the payment of bonds of the District. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2015 BONDS" herein.

The District is routinely subject to other lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under such lawsuits and claims will not materially affect the financial position or operations of the District.

MISCELLANEOUS

Ratings

Moody's Investors Service and Standard & Poor's have assigned their respective ratings of "Aa1" and "AA" to the Series 2015 Bonds. Rating agencies generally base their ratings on their own investigations, studies and assumptions. The ratings reflect only the view of the rating agency furnishing the same, and any explanation of the significance of such ratings should be obtained only from the rating agency providing the same. Such ratings are not a recommendation to buy, sell or hold the Series 2015 Bonds. There is no assurance that any ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2015 Bonds. Neither the Underwriters nor the District have undertaken any responsibility after the offering of the Series 2015 Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Series 2015 Bonds, and will receive compensation contingent upon the sale and delivery of the Series 2015 Bonds. Public Financial Management, Inc. is acting as the District's Financial Advisor with respect to the Series 2015 Bonds. Kutak Rock LLP, Denver, Colorado, is acting as Underwriters' Counsel with respect to the Series 2015 Bonds. Payment of the fees and expenses of the Financial Advisor and Underwriters' Counsel are also contingent upon the sale and delivery of the Series 2015 Bonds. From time to time, Bond Counsel represents the Underwriters on matters unrelated to the Series 2015 Bonds.

Underwriting

The Series 2015 Bonds are being purchased for reoffering to the public by Stifel, Nicolaus & Company, Incorporated, on its own behalf and as representative of George K. Baum & Company (collectively, the "Underwriters"), pursuant to the terms of a bond purchase agreement executed on April 9, 2015, by and between the Underwriters and the District (the "Purchase Agreement"). The Underwriters have agreed to purchase the Series 2015 Bonds at a price of $132,905,660.00. The Purchase Agreement provides that the Underwriters will purchase all of the Series 2015 Bonds, subject to certain terms and conditions set forth in the Purchase Agreement, including the approval of certain legal matters by counsel.

The Underwriters may offer and sell the Series 2015 Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriters.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Series 2015 Bonds. Quotations from and summaries and explanations of the Series 2015 Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Series 2015 Bonds.

The District has duly authorized the delivery of this Official Statement.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

By: /s/ Scott Anderson
Chief Business Officer

APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this appendix concerning the operations of the San Ramon Valley Unified School District (the "District"), the District's finances, and State of California (the "State") funding of 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 Series 2015 Bonds is payable from the general fund of the District or from State revenues. The Series 2015 Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County of Contra Costa on property within the District in an amount sufficient for the timely payment of principal of and interest on the Series 2015 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2015 BONDS" in the front portion of this Official Statement.

THE DISTRICT

Introduction

The District, located in central Contra Costa County, California (the "County"), encompasses an area of approximately 104 square miles, and serves students from the incorporated City of San Ramon, the Town of Danville, and the unincorporated communities of Alamo, Diablo and Blackhawk, as well as a small portion of the City of Walnut Creek. The District is located about 30 miles east of San Francisco in the San Ramon Valley, a largely residential area at the western and southern fringes of Mt. Diablo, which, with an elevation of 3,849 feet, is one of the highest peaks in the San Francisco Bay area.

The District operates 21 elementary schools, eight middle schools, four high schools, an independent study program and a continuation high school program. Approximately 32,000 students are currently served in grades kindergarten through 12 ("K-12"). The District projects fiscal year 2014-15 general fund budget expenditures of approximately $268.4 million. Total assessed valuation of taxable property in the District in fiscal year 2014-15 is $39,035,225,277. The District operates under the jurisdiction of the Superintendent of Schools of Contra Costa County.

Board of Education

The governing board of the District is the Board of Education of the District (the "Board"). The Board consists of five voting members and one nonvoting student member. The voting members are elected to four-year terms in alternate slates of two and three and elections are held every two years. Each December the Board elects a President, Vice President and Clerk to serve one-year terms. Current voting members of the Board, together with their office and the date their term expires, are listed below:

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
Board of Education

Name	Office	Term Expires
Denise Jennison	President	December 2018
Greg Marvel	Vice President	December 2016
Mark Jewett	Clerk	December 2016
Ken Mintz	Member	December 2018
Rachel Hurd	Member	December 2018

Superintendent

The day-to-day operations of the District are managed by a board-appointed Superintendent of Schools. Mary Shelton was selected by the Board in 2012 to succeed the then retiring superintendent who had served in that position since 2008.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (see "− Allocation of State Funding to School Districts; Local Control Funding Formula" herein) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see "− Local Sources of Education Funding" herein). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District projects to receive approximately 37.1% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local ad valorem tax), projected at approximately $100.7 million for fiscal year 2014-15. Such amount includes both the State funding provided under the LCFF as well as other State revenues (see "−Allocation of State Funding to School Districts; Local Control Funding Formula – Attendance and LCFF" and "−Other District Revenues – Other State Revenues" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the State Constitution), a minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

The State budget for fiscal year 2013-14 contained a new formula for funding the school finance system (the "Local Control Funding Formula" or "LCFF"). The LCFF replaced the revenue limit funding system and most categorical programs. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" herein for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two–thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the State Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two–thirds vote of the State

Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2014-15 State budget on June 20, 2014.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

In recent years, the State's response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment

Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Series 2015 Bonds, and the District takes no responsibility for informing owners of the Series 2015 Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, **www.dof.ca.gov**, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at **www.lao.ca.gov**. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, **www.treasurer.ca.gov**. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

2014-15 State Budget. The Governor signed the fiscal year 2014-15 State budget (the "2014-15 State Budget") on June 20, 2014. The 2014-15 State Budget represents a multiyear plan that is balanced and that continues to focus on paying down budgetary debt from prior years, setting aside reserves and implementing a funding plan for the State Teachers' Retirement System ("CalSTRS"). The 2014-15 State Budget provides for $109.4 billion in revenues and transfers for fiscal year 2014-15 (which amount includes a $3.9 billion prior year general fund balance from fiscal year 2013-14), $108.0 billion in expenditures and a balance of $450 million in the general fund traditional reserve and $1.6 billion in a rainy day fund (the "Rainy Day Fund"). Revenues and expenditures for fiscal year 2013-14, as revised under the 2014-15 State Budget, were $104.6 billion (which amount includes a $2.4 billion prior year general fund balance from fiscal year 2012-13) and $100.7 billion, respectively.

The 2014-15 State Budget projects that budgetary debt, which was approximately $35 billion at the end of fiscal year 2010-11 and $26 billion at the end of fiscal year 2013-14, will be eliminated by the end of fiscal year 2017-18. For fiscal year 2014-15, specifically, the 2014-15 State Budget dedicates to paying down more than $10 billion of budgetary debt, including approximately $5 billion to pay down the deferral of payments to schools.

As it relates to K-12 education, the 2014-15 State Budget provides total funding of $76.6 billion ($45.3 billion general fund and $31.3 billion other funds). The 2014-15 State Budget provides Proposition 98 funding for all K-14 education of $60.9 billion for fiscal year 2014-15. Such amount, when combined with an aggregate increase of $4.4 billion from fiscal years 2012-13 and 2013-14 provided for in the 2014-15 State Budget, results in an increase of $10 billion in funding for K-14 education. The 2014-15 State Budget notes that Proposition 98 funding for K-12 education has grown by more than $12 billion from fiscal year 2011-12 to fiscal year 2014-15, representing an increase of more than $1,900 per student.

Certain budget adjustments for K-12 programs include the following:

- Local Control Funding Formula. An increase of $4.75 billion in Proposition 98 general funds to continue the State's transition to the Local Control Funding Formula. This formula commits most new funding to districts serving English language learners, students from low-income families, and youth in foster care. This increase will close the remaining funding implementation gap by more than 29%. Additionally, the 2014-15 State Budget addresses an administrative problem related to the collection of income eligibility forms that are used to determine student eligibility for free or reduced-price meals.

- K-12 Deferrals. The 2014-15 State Budget repays nearly $4.7 billion in Proposition 98 general funds for K-12 expenses that had been deferred from one year to the next during the economic downturn, leaving an outstanding balance of less than $900 million in K-12 deferrals. Further, the 2014-15 State Budget includes a trigger mechanism that will appropriate any additional funding resources attributable to the 2013-14 and 2014-15 fiscal years subsequent to the enactment of the 2014-15 State Budget for the purpose of retiring this remaining deferral balance.

- Independent Study. The 2014-15 State Budget streamlines the existing independent study program, reducing administrative burdens and freeing up time for teachers to spend on student instruction and support, while making it easier for schools to offer and expand instructional opportunities available to students through non-classroom based instruction.

- K-12 Mandates. An increase of $400.5 million in one-time Proposition 98 general funds to reimburse K-12 local educational agencies for the costs of State-mandated programs. These funds will make a significant down payment on outstanding mandate debt, while providing school districts, county offices of education and charter schools with discretionary resources to support critical investments such as Common Core implementation.

- K-12 High-Speed Internet Access. An increase of $26.7 million in one-time Proposition 98 general funds for the K-12 High Speed Network to provide technical assistance and grants to local educational agencies to address the technology requirements necessary for successful Common Core implementation. Based on an assessment by the K-12 High Speed Network, these funds will be targeted to those local educational agencies most in need of help with securing required internet connectivity and infrastructure to implement the new computer adaptive tests under Common Core.

- Career Technical Education Pathways Program. An increase of $250 million in one-time Proposition 98 general funds to support a second cohort of competitive grants for participating K-14 local educational agencies. Established in the State Budget Act for fiscal year 2012-13, the Career Pathways Trust Program provides grant awards to improve career technical programs and linkages between employers, schools, and community colleges.

Rainy Day Fund. The 2014-15 State Budget proposed certain constitutional amendments to the Rainy Day Fund on the November 2014 ballot, which proposition was approved by the voters. Such constitutional amendments (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues (and the 2014-15 State Budget notes that capital gains revenues are expected to account for approximately 9.8% of general fund revenues in fiscal year 2014-

15); (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the Public School System Stabilization Account) to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858. As part of the 2014-15 State Budget, the Governor signed Senate Bill 858 ("SB 858") which includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Such provisions became effective upon the State voters approval of the constitutional amendments relating to the Rainy Day Fund described above. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an Average Daily Attendance ("A.D.A.") of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 2% of its general fund expenditures and other financing uses. The District's original adopted budget for fiscal year 2014-15 projected total expenditures and other financing uses of approximately $263.8 million, 2% of which is approximately $5.3 million. The estimated maximum amount permitted under SB 858 in fiscal year 2014-15, if SB 858 were in effect for such fiscal year, would be approximately $10.6 million. The District's original adopted budget for fiscal year 2014-15 projected a combined assigned and unassigned ending fund balance of approximately $29.2 million, which is approximately $18.6 million more than the maximum what would be permitted under SB 858 if SB 858 were in effect. The District does not expect SB 858, if approved and operative, to adversely affect its ability to pay the principal of and interest on the Series 2015 Bonds as and when due.

AB 1469. As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("AB 1469") which implements a new funding strategy for CalSTRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll with further increases mandated for future fiscal years. See "– Retirement Benefits – CalSTRS" herein for more information about CalSTRS and AB 1469.

The complete 2014-15 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

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

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see "−*Dissolution of Redevelopment Agencies*" below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years—such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Dissolution of Redevelopment Agencies. The adopted State budget for fiscal 2011-12, as signed by the Governor of the State on June 30, 2011, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") and Assembly Bill No. 27 (First Extraordinary Session) ("AB1X 27"), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Certain provisions of AB1X 26 are described further below.

In July of 2011, various parties filed an action before the Supreme Court of the State of California (the "Court") challenging the validity of AB1X 26 and AB1X 27 on various grounds (California *Redevelopment Association v. Matosantos*). On December 29, 2011, the Court rendered its decision in *Matosantos* upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the Court also modified various deadlines for the implementation of AB1X 26. The deadlines for implementation of AB1X 26 below take into account the modifications made by the Court in *Matosantos*.

On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency will be transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its "enforceable obligations." For this purpose, AB1X 26 defines "enforceable obligations" to include "bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency" and "any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." AB1X 26 specifies that only payments included on an "enforceable obligation payment schedule" adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a "recognized obligation payment schedule" the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a "redevelopment property tax trust fund" created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 (now each January 2 and June 1 pursuant to AB 1484, as described below) thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller's administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;

- To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;

- To the former redevelopment agency's successor agency for payment of administrative costs; and

- Any remaining balance to school entities and local taxing agencies.

It is possible that there will be additional legislation proposed and/or enacted to "clean up" various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Proposed 2015-16 State Budget. The Governor released his proposed fiscal year 2015-16 State budget (the "2015-16 Proposed State Budget") on January 9, 2015. The 2015-16 Proposed State Budget proposes a multiyear plan that is balanced, while paying off budgetary debt from past years and setting aside reserves. The 2015-16 Proposed State Budget projects general fund revenues (after transfers to the Rainy Day Fund in the amount of $1.6 billion and $1.2 billion in fiscal year 2014-15 and 2015-16, respectively) in the amount of $108 billion in fiscal year 2014-15 and $113.4 billion in fiscal year 2015-16, which is an additional $2.5 billion and $1 billion in revenues in fiscal years 2014-15 and 2015-16, respectively, as compared to projections from the 2014-15 State Budget. According to the 2015-16 Proposed State Budget, the primary reason for such additional revenues is the higher forecast for the personal income tax and corporation tax, up almost $2.3 billion and $2 billion, respectively. Of the total State general fund revenues and transfers for fiscal year 2015-16, personal income taxes are expected to contribute $75.2 billion (66.3%), sales and use taxes are expected to contribute $25.2 billion (22.2%) and corporation taxes are expected to contribute $10.2 billion (9%). Under the 2015-16 Proposed State Budget, general fund expenditures for fiscal year 2015-16 are $113.3 billion (an increase of $1.5 billion from fiscal year 2014-15 general fund expenditures), of which $47.1 billion (41.6%) is allocated to K-12 education.

The 2015-16 Proposed State Budget proposes to reduce budgetary debt by repaying the remaining $1 billion in deferred payments to school districts and community college districts and making the final payments on the $15 billion in Economic Recovery Bonds borrowed to cover budget deficits since 2002 and the $533 million in mandate reimbursements owed to local governments. Additionally, the 2015-16 Proposed State Budget increases the State's Rainy Day Fund to a total balance of $2.8 billion by the end of fiscal year 2015-16. The 2015-16 Proposed State Budget notes that the passage of the Rainy Day Budget Stabilization Fund Act (Proposition 2) in November 2014 was a significant step toward a long-term balanced budget. For more information about the Rainy Day Fund, see "– 2014-15 State Budget – Rainy Day Fund" above.

Despite the recent budgetary improvements as compared to recent years, the 2015-16 Proposed State Budget acknowledges that the additional tax revenues from capital gains are temporary in nature and that the additional revenues from Proposition 30 will expire in 2016 (with respect to the sales tax increase) and 2018 (with respect to the income tax increase). Further, the 2015-16 Proposed State Budget observes several risks that the State should plan for, including: the inevitable occurrence of another recession, ongoing fiscal challenges of the federal government, the budget's heavy dependency on the performance of the stock market in fiscal year 2015-16, the high levels of State debts and liabilities, including unfunded retirement liabilities, and deferred maintenance of the State's roads and other infrastructure.

As it relates to K-12 education, the 2015-16 Proposed State Budget provides Proposition 98 funding of $65.7 billion for fiscal year 2015-16, as well as an additional $2.3 billion and $400 million for fiscal years 2014-15 and 2013-14, respectively. This translates to K-12 Proposition 98 per-pupil expenditures of $9,361 in fiscal year 2014-15 and $9,667 in fiscal year 2015-16. Such amounts are significant increases when compared to recent years, such as the $7,008 provided in fiscal year 2011-12. Total per-pupil expenditures from all sources are projected to be $13,223 in fiscal year 2014-15 and $13,462 in fiscal year 2015-16, including funds provided for prior year "settle-up" obligations. The 2015-

16 Proposed State Budget notes that attendance in public schools increased in fiscal years 2013-14 and 2014-15, however, it is projected to decline slightly during 2015-16. For fiscal year 2014-15, K-12 A.D.A. is estimated to be 6,000,733, an increase of 8,166 from fiscal year 2013-14. K-12 A.D.A. is estimated to drop by 585 in fiscal year 2015-16 to 6,000,148.

The 2015-16 Proposed State Budget provides a third-year investment of $4 billion in the Local Control Funding Formula, which is expected to eliminate more than 32% of the remaining funding gap between actual funding and the target level of funding. With respect to K-12 school facilities, the 2015-16 Proposed State Budget acknowledges the ongoing discussion of the State's role, if any, in future school facilities funding and notes several problems with the current program that should be addressed in any future plan. While such discussion is ongoing, the 2015-16 Proposed State Budget dedicates $273.4 million in one-time Proposition 98 general fund resources to the Emergency Repair Program to fund all remaining Emergency Repair Program projects. The 2015-16 Proposed State Budget also includes reforms and investments relating to adult education, the implementation of Common Core standards, and energy efficiency (Proposition 39).

Certain workload adjustments for K-12 programs included in the 2015-16 Proposed State Budget include the following:

- K-12 Deferrals. An increase of almost $900 million in one-time Proposition 98 general funds in fiscal year 2014-15 to eliminate all remaining outstanding deferral debt for K-12. Inter-year deferrals for K-12 had reached a high of $9.5 billion in fiscal year 2011-12.

- Emergency Repair Program. An increase of $273.4 million in one-time Proposition 98 general fund resources for the Emergency Repair Program. This funding will retire the State's facilities funding obligation under the terms of an existing lawsuit settlement agreement.

- School District Local Control Funding Formula. Additional growth of approximately $4 billion in Proposition 98 general funds for school districts and charter schools in 2015-16, an increase of 8.7% from fiscal year 2014-15.

- County Offices of Education Local Control Funding Formula. An increase of $109,000 Proposition 98 general funds to support a cost-of-living adjustment for those county offices of education at their target funding level under the Local Control Funding Formula.

- Charter Schools. An increase of $59.5 million Proposition 98 general funds to support projected charter school A.D.A. growth.

- Special Education. An increase of $15.3 million Proposition 98 general funds to reflect a projected increase in Special Education A.D.A.

- Cost-of-Living Adjustment Increases. An increase of $71.1 million to support a 1.58% cost-of-living adjustment for categorical programs that remain outside of the Local Control Funding Formula, including Special Education, Child Nutrition, Foster Youth, Preschool, American Indian Education Centers, and the American Indian Early Childhood Education Program. Cost-of-living adjustments for school districts and charters schools are provided within the increases for school district Local Control Funding Formula implementation noted above.

- Local Property Tax Adjustments. A decrease of $11.4 million Proposition 98 general funds for the school districts and county offices of education in 2014-15 as a result of higher offsetting property tax revenues. A decrease of $1.7 billion in Proposition 98 general funds for school districts and county offices of education in fiscal year 2015-16 as a result of increased offsetting local property tax revenues.

- A.D.A. An increase of $197.6 million in fiscal year 2014-15 for school districts and county offices of education as a result of an increase in projected A.D.A. from the 2014-15 State Budget, and a decrease of $6.9 million in fiscal year 2015-16 for school districts and county offices of education as a result of projected decline in A.D.A. for fiscal year 2015-16.

- Full-Day State Preschool Slots. An increase of $14.8 million Proposition 98 general funds and $18.8 million non-Proposition 98 general funds to support 4,000 State Preschool slots with full-day wraparound care. These slots were established in the 2014-15 State Budget as of June 15, 2015 (for 15 days in fiscal year 2014-15) and these increases reflect the difference in full-year cost for these slots in fiscal year 2015-16.

The complete 2015-16 Proposed State Budget is available from the California Department of Finance website at **www.dof.ca.gov.** The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of 2015-16 Proposed State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the 2015-16 Proposed State Budget entitled "The 2015-16 Budget: Overview of the Governor's Budget" on January 13, 2015 (the "2015-16 Proposed Budget Overview"), in which the LAO commends the State for preserving budgetary balance. The LAO notes that such balance has been facilitated by the stock market, increased revenues from personal and corporate income taxes, and the Governor's reluctance to propose significant new non-Proposition 98 spending commitments. Further, the LAO is generally supportive of the Governor's priorities and the 2015-16 Proposed State Budget's emphasis on debt repayment, which the LAO expects to place the State on even stronger fiscal footing. The LAO also notes that fiscal year 2014-15 revenues could be significantly higher than the projections in the 2015-16 Proposed State Budget. Nevertheless, what might happen to State revenues thereafter is uncertain and the LAO warns that budget vulnerability remains and that cautious budgetary decision making is necessary. For example, the LAO suggests that weak growth in an upcoming year could make it difficult to sustain the State's spending level, particularly, the higher level of school spending, and therefore, larger reserves would be desirable.

With respect to the Proposition 98 budget plan in the 2015-16 Proposed State Budget, the LAO states that the Proposition 98 budget plan provides a reasonable mix of programmatic funding increases and pay downs of outstanding obligations. The LAO commends the proposal to eliminate K-14 budgetary deferrals, and recognizes that the use of new funding for one-time purposes helps the State minimize any future disruption in school funding as a result of revenue volatility or an economic slowdown. The LAO, however, observes that the Proposition 98 minimum guarantee in fiscal years 2014-15 and 2015-16 will be sensitive to changes in general fund revenues and could experience large swings over the coming months. Thus, the LAO cautions against committing all available 2015-16 Proposition 98 funds to ongoing purposes, as a sustained economic slowdown could force the State to cut programs and potentially backpedal in its implementation of the Local Control Funding Formula.

The 2015-16 Budget Overview is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2015-16 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2015-16 State budget from the 2015-16 Proposed State Budget. Additionally, the District cannot predict the impact that the final fiscal year 2015-16 State Budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2015-16 State budget may be affected by national and State economic conditions and other factors which the District cannot predict.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District.

Allocation of State Funding to School Districts; Local Control Funding Formula

Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under California Education Code Section 42238 and following, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance (referred to herein as A.D.A.). The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is an LCFF district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most State categorical programs, and distributes combined resources to school districts through a base revenue limit funding grant ("Base Grant") per unit of A.D.A. with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF has an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. The LCFF includes the following components:

- A Base Grant for each local education agency, equivalent to $7,643 per unit of A.D.A. in fiscal year 2013-14. Such Base Grant per unit of A.D.A., adjusted by grade span variation and to be adjusted annually for cost-of-living, is as follows: $6,845 for grades K-3, $6,947 for grades 4-6, $7,154 for grades 7-8 and $8,289 for grades 9-12. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12.

- A 20% supplemental grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local education agency's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local education agency that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every local education agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local education agencies would receive the greater of the Base Grant or the ERT.

Of the projected $25 billion in new funding to be invested through the LCFF over the next eight years, the vast majority of new funding will be provided for Base Grants. Specifically, of every dollar invested through the LCFF, 84 cents will go to Base Grants, 10 cents will go to supplemental grants and 6 cents will go to concentration grants.

Under the new formula, for "basic aid districts" (now, "community funded districts"), local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

Local Control Accountability Plans. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year local control and accountability plan ("LCAP"). Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "Collaborative"), a newly established body of educational specialists, was created to advise and assist local education agencies in achieving the goals identified in their LCAPs. For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local education agency's LCAP.

Attendance and Base Revenue Limit. The following table sets forth the District's actual A.D.A., enrollment and base revenue limit per unit of A.D.A. for fiscal years 2010-11 through 2012-13 for grades K-12. The A.D.A. and enrollment numbers reflected in the following table include special education but exclude adult education and preschool attendance.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
Average Daily Attendance, Enrollment And Base Revenue Limit
Fiscal Years 2010-11 Through 2012-13

Fiscal Year	Average Daily Attendance(1)	Enrollment(2)	Base Revenue Limit Per Unit of Average Daily Attendance
2010-11(3)	28,164	28,960	$6,336.69
2011-12(4)	29,105	29,857	6,479.69
2012-13(5)	29,928	30,743	6,691.69

(1) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(3) Reflects enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") in each school year.
(3) The District had a 17.963% base revenue limit deficit factor and a negative 0.39% cost of living adjustment in fiscal year 2010-11, which resulted in a funded base revenue limit per unit of A.D.A. of $5,198.43. A deficit factor is applied to the base revenue limit if provided in the State Budget for a given fiscal year when appropriation of funds in the State Budget for such is not sufficient to pay all claims for State aid. The deficit factor is applied to reduce the allocation of State aid to the amount appropriated.
(4) The District had a 20.602% base revenue limit deficit factor and a 2.24% cost of living adjustment in fiscal year 2011-12, which resulted in a funded base revenue limit per unit of A.D.A. of $5,144.74.
(5) The District had a 22.272% base revenue limit deficit factor and a 3.243% cost of living adjustment in fiscal year 2012-13, which resulted in a funded base revenue limit per unit of A.D.A. of $5,201.32.
Source: San Ramon Valley Unified School District.

Attendance and LCFF. The following table sets forth the District's actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "EL/LI Students")), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 and 2014-15, respectively. The A.D.A. and enrollment numbers reflected in the following table include special education but exclude adult education and preschool attendance.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
Average Daily Attendance, Enrollment And Targeted Base Grant
Fiscal Years 2013-14 Through 2014-15

		A.D.A./Base Grant					Enrollment[5]	
Fiscal Year		K-3	4-6	7-8	9-12	Total A.D.A.	Total Enrollment	Unduplicated Percent of EL/LI Students
2013-14	A.D.A.[2]:	9,047	7,319	4,908	9,382	30,656	31,398	8.89%
	Targeted Base Grant[3]:	$7,675	$7,056	$7,266	$8,638	--	--	--
2014-15[1]	A.D.A.[2]:	8,942	7,467	4,957	9,731	31,098	31,973	7.90%
	Targeted Base Grant[3][4]:	$7,740	$7,116	$7,328	$8,712	--	--	--

(1) Figures are projections.
(2) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(3) Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts are not expected to be fully funded in fiscal years 2013-14 and 2014-15.
(4) Fiscal year 2014-15 targeted Base Grant amounts reflect a 0.85% cost of living adjustment from fiscal year 2013-14 targeted Base Grant amounts.
(5) Reflects enrollment as of October report submitted to the CBEDS in each school year. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI Students will be expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment will be based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI Students will be based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: San Ramon Valley Unified School District.

The District received approximately $185.5 million in aggregate revenues allocated under the LCFF in fiscal year 2013-14, and projects to receive approximately $205.9 million in aggregate revenues under the LCFF in fiscal year 2014-15 (or approximately 75.9% of its general fund revenues in fiscal year 2014-15). Such amount includes supplemental grants projected to be approximately $1.6 million in fiscal year 2014-15.

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently.

In an LCFF district, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the $120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Local Sources of Education Funding

The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. California Education Code Section 42238(h) itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts." School districts that received some State aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive the same level of State aid as allotted in fiscal year 2012-13. See "−Allocation of State Funding to School Districts: Local Control Funding Formula" herein for more information about the LCFF.

Local property tax revenues account for approximately 65.2% of the District's aggregate revenues allocated under the LCFF, and are projected to be $134.6 million, or 49.7% of total general fund revenues in fiscal year 2014-15.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, which are restricted, comprise approximately 2.3% (or approximately $6.2 million) of the District's general fund projected revenues for fiscal year 2014-15.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 10.8% (or approximately $29.3 million) of the District's general fund projected revenues for fiscal year 2014-15. A significant portion of such other State revenues relate to special education funding, expected to be approximately $17.6 million in fiscal year 2014-15. Additionally, a significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is projected to be approximately $5.5 million in fiscal year 2014-15.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from items such as interest earnings and other local sources, including a temporary parcel tax approved by voters in the District as further described below. Other local revenues comprise approximately 10.7% (or approximately $29.13 million) of the District's general fund projected revenues for fiscal year 2014-15.

Parcel Tax. In May 2009 at an all-mailed ballot election held in the District, over two-thirds of those voting approved a qualified special tax (usually referred to as a "parcel tax") of not more than $144 per parcel per year for seven years ending June 30, 2016. An exemption is provided to parcels owned and occupied by taxpayers aged 65 and older, upon proper application. The 2009 tax measure replaced a measure approved in 2004 at $90 per parcel per year. In 2013-14, the District received $6.74 million in parcel tax revenues (approximately 2.6% of total general fund revenue). Revenues from the tax in 2014-15 are projected to be at $6.88 million. These may be used to remedy cuts in State funding, retain teachers, maintain math, science, literacy and other academic programs, and to purchase instructional equipment, materials and supplies.

The District Board voted to place a measure to renew the District's parcel tax before voters in the District at an election to be held on May 5, 2015. If approved, the parcel tax rate would remain at $144 per parcel per year and would expire in nine years. No assurances can be provided that the voters will approve such measure.

Local Donations. The District receives a significant amount of revenue in the form of local donations to District schools for various specified purposes. Such donations, in the aggregate, totaled approximately $17.03 million, $17.03 million and $17.72 million in fiscal years 2011-12, 2012-13 and 2013-14, respectively. Such amounts are restricted funds and are generally given for a specific purpose for a specific school site, and such amounts are not available to pay debt service on the District's bonds, including the Series 2015 Bonds.

Foundation Support. The San Ramon Valley Education Foundation, a nonprofit public benefit corporation, provides financial support to District schools through individual teacher grants. Grants totaling approximately $207,395, $215,602 and $193,968 were awarded in fiscal years 2011-12, 2012-13 and 2013-14, respectively. The support is to supplement, not supplant, the resources available to District programs through normal tax revenues and State funds, and therefore is not properly viewed as an additional District resource. Accordingly, the District does not take the Foundation's funding into account in developing the District's budgets.

Significant Accounting Policies and Audited Financial Reports

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2014, which are included as Appendix B.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The following tables contain data abstracted from financial statements prepared by the District's independent auditor, Vavrinek, Trine, Day & Company, LLP, Pleasanton, California, for fiscal years 2009-10 through 2013-14.

The District's auditor has not been requested to consent to the use or to the inclusion of its reports in this Official Statement, and it has not audited or reviewed this Official Statement. The District is required by law to adopt its audited financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The following tables show the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2009-10 through 2013-14.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2009-10 through 2013-14

	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
REVENUES					
Revenue limit/LCFF sources [(1)]	$135,283,378	$148,049,259	$152,826,780	$158,016,561	$184,565,426
Federal sources	11,722,521	11,943,321	6,660,511	5,928,366	5,929,562
Other state sources	46,410,347	43,276,807	45,229,137	46,690,404	38,339,201
Other local sources	27,128,394	27,648,080	31,003,596	30,808,513	31,199,349
Total Revenues	220,544,640	230,917,467	235,720,024	241,443,844	260,033,538
EXPENDITURES					
Current					
Instruction	147,873,229	143,904,278	155,228,391	162,060,252	164,214,580
Instruction-related activities:					
Supervision of instruction	5,272,509	5,155,587	5,432,269	5,502,749	6,323,090
Instructional library, media and technology	3,567,612	3,995,520	4,170,655	4,470,149	4,232,035
School site administration	16,874,138	17,338,791	18,024,365	18,950,231	18,711,139
Pupil services:					
Home-to-school transportation	3,023,812	3,551,291	4,608,250	4,269,957	4,138,405
Food services	136	131	1,624	4,791	-
All other pupil services	8,942,350	9,365,660	10,635,090	11,765,678	13,133,204
Administration:					
Data processing	1,741,816	1,772,224	2,056,158	2,033,025	2,135,588
All other administration	8,384,908	7,545,773	7,870,059	8,278,603	8,974,234
Plant services	21,956,299	22,822,937	23,251,999	23,883,326	24,366,234
Facility acquisition and construction	30,141	22,071	119,578	320,860	36,119
Ancillary services	2,342,419	2,439,278	2,588,010	2,913,113	3,053,390
Community services	296,883	229,474	280,133	325,577	444,108
Other outgo	1,267,286	1,327,044	1,455,689	1,401,398	1,682,136
Debt service					
Principal	390,882	568,253	526,532	771,839	540,441
Interest	745,065	254,225	33,488	24,986	39,414
Total Expenditures	222,709,485	220,292,537	236,282,290	246,976,534	252,024,117
Excess (Deficiency) of Revenues Over Expenditures	(2,164,845)	10,624,930	(562,266)	(5,532,690)	8,009,421
Other Financing Sources (Uses):					
Transfers in	3,953,171	-	9,343	35,000	570,610
Other sources	873,906	865,033	283,956	1,042,667	-
Transfers out	(2,326,082)	(1,479,755)	(2,932,031)	(3,712,732)	(3,342,285)
Other uses	-	-	-	-	-
Net Financing Sources (Uses)	2,500,995	(614,722)	(2,638,732)	(2,635,065)	(2,771,675)
NET CHANGE IN FUND BALANCES	336,150	10,010,208	(3,200,998)	(8,167,755)	5,237,746
Fund Balances, July 1	30,949,283	31,285,433	41,295,641	38,094,643	29,926,888
Fund Balances, June 30	$31,285,433	$41,295,641	$38,094,643	$29,926,888	$35,164,634

[(1)] The LCFF was implemented beginning in fiscal year 2013-14.
Source: San Ramon Valley Unified School District Audited Financial Reports for fiscal years 2009-10 through 2013-14.

The following table shows the general fund balance sheet of the District for fiscal years 2009-10 through 2013-14.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
Summary of General Fund Balance Sheet
Fiscal Years 2009-10 Through 2013-14

	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
ASSETS					
Deposits and investments	$46,512,305	$15,731,896	$9,656,037	$20,654,888	$29,642,212
Receivables	17,085,879	27,641,987	31,787,247	22,632,848	11,167,994
Due from other funds	99,432	29,104	40,619	116,038	105,638
Prepaid expenditures	469,058	508,603	467,106	228,510	408,185
Stores inventories	207,360	138,159	112,076	93,331	53,247
Total Assets	$64,374,034	$44,049,749	$42,063,085	$43,725,615	$41,377,276
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$2,822,289	$2,218,861	$2,950,674	$9,713,918	$3,875,459
Due to other funds	159,354	274,152	917,970	4,018,232	2,099,085
Other current liabilities	30,000,000	-	-	-	-
Deferred revenue	106,958	261,095	99,798	66,577	238,098
Total Liabilities	33,088,601	2,754,108	3,968,442	13,798,727	6,212,642
Fund Balances:(1)					
Nonspendable	-	708,762	641,182	383,841	523,432
Restricted	-	3,060,632	3,028,791	2,506,293	9,864,627
Committed	-	9,418,530	-	-	-
Assigned	-	6,698,060	5,649,521	5,406,776	3,822,188
Unassigned	-	21,409,657	28,775,149	21,629,978	20,954,387
Reserved for:					
Legally restricted balances	3,200,657	-	-	-	-
Other reservations	738,418	-	-	-	-
Unreserved:					
Designated	12,325,137	-	-	-	-
Undesignated	15,021,221	-	-	-	-
Total Fund Balances	31,285,433	41,295,641	38,094,643	29,926,888	35,164,634
Total Liabilities and Fund Balances	$64,374,034	$44,049,749	$42,063,085	$43,725,615	$41,377,276

(1) GASB 54, which became effective for fiscal year 2010-11, caused the District to change its Fund Balance classifications from "Reserved" and "Unreserved" to "Nonspendable," "Restricted," "Committed," "Assigned" and "Unassigned." Had the classifications under GASB 54 been effective in previous fiscal years, the unaudited fund balances would have been as follows for fiscal year 2009-10: Nonspendable $738,418, Restricted $3,200,657, Committed $0, Assigned $5,473,530 and Unassigned $21,872,828.

Source: San Ramon Valley Unified School District Audited Financial Reports for fiscal years 2009-10 through 2013-14.

District Budget Process and County Review

State law requires school districts to adopt a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Contra Costa County Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than August 15. The county superintendent is required to 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 with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget, and file it with the county superintendent no later than September 8. Pursuant to State law, the county superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

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

A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) 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 fiscal year. The county superintendent 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 is deemed unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A school district that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the county superintendent. The District has not had a budget disapproved, and, except for qualified certifications for its second and third interim reports in fiscal year 2009-10, has not received a qualified or negative certification, in the last five years.

The following table summarizes the District's adopted general fund budgets for fiscal years 2012-13, 2013-14 and 2014-15, unaudited actuals for fiscal years 2012-13 and 2013-14, and second interim report for fiscal year 2014-15.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
General Fund Budgets for Fiscal Years 2012-13 Through 2014-15,
Unaudited Actuals for Fiscal Years 2012-13 and 2013-14
and Second Interim Report for Fiscal Year 2014-15

	2012-13 Original Adopted Budget	2012-13 Unaudited Actuals(1)	2013-14 Original Adopted Budget	2013-14 Unaudited Actuals(1)	2014-15 Original Adopted Budget	2014-15 Second Interim Report(2)
REVENUES						
Revenue Limit/LCFF Sources (3)	$155,053,371.00	$158,016,560.17	$161,079,233.00	$184,565,427.07	$205,576,467.00	$205,911,840.00
Federal Revenue	5,820,395.00	5,928,366.01	5,795,599.00	5,929,562.09	5,739,264.00	6,240,536.00
Other State Revenue	39,583,851.00	41,242,960.24	42,634,419.00	32,706,101.42	26,833,143.00	29,300,248.00
Other Local Revenue	27,811,565.00	30,808,513.49	27,278,918.00	31,199,350.09	27,184,020.00	29,774,057.00
TOTAL REVENUES	228,269,182.00	235,996,399.91	236,788,169.00	254,400,440.67	265,332,894.00	271,226,681.00
EXPENDITURES						
Certificated Salaries	114,638,251.00	119,627,261.71	117,530,131.00	121,523,573.25	128,651,845.00	128,393,460.00
Classified Salaries	36,427,845.00	37,782,302.49	37,647,954.00	39,649,690.36	41,904,029.00	42,520,505.00
Employee Benefits	51,275,883.00	51,584,815.46	52,462,296.00	52,032,686.85	58,613,983.00	56,714,782.00
Books and Supplies	8,275,447.00	9,512,499.97	8,138,895.00	10,182,522.27	8,951,296.00	14,936,754.00
Services, Other Operating Expenses	19,926,052.00	19,508,200.58	19,806,138.00	20,424,076.06	21,050,129.00	23,752,651.00
Capital Outlay	399,110.00	1,046,767.59	141,758.00	317,471.25	353,187.00	723,391.00
Other Outgo (excluding Direct Support/Indirect Costs)	1,859,574.00	2,198,197.77	1,971,591.00	2,261,987.38	1,396,691.00	1,400,516.00
Other Outgo - Transfers of Indirect Costs	(979.00)	(954.29)	(936.00)	(969.04)	(923.00)	(923.00)
TOTAL EXPENDITURES	232,801,183.00	241,529,091.28	237,697,827.00	246,391,020.40	260,920,237.00	268,441,136.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,532,001.00)	(5,532,691.37)	(909,658.00)	8,009,420.27	4,412,657.00	2,785,545.00
OTHER FINANCING SOURCES (USES)						
Inter-fund Transfers In	-	35,000.00	-	570,610.41	-	-
Inter-fund Transfers Out	3,300,872.00	3,712,732.00	3,700,465.00	3,342,285.00	2,849,258.00	3,766,911.00
Other Sources (Uses)	-	1,042,667.32	-	-	-	-
Contributions	-	-	-	-	-	-
TOTAL, OTHER FINANCING SOURCES (USES)	(3,300,872.00)	(2,635,064.68)	(3,700,465.00)	(2,771,674.59)	(2,849,258.00)	(3,766,911.00)
NET INCREASE (DECREASE) IN FUND BALANCE	(7,832,873.00)	(8,167,756.05)	(4,610,123.00)	5,237,745.68	1,563,399.00	(981,366.00)
BEGINNING BALANCE, as of July 1	31,153,272.48	38,094,643.78	25,690,550.78	29,926,887.73	28,684,223.64	35,164,633.41
Audit Adjustments	-	-	-	-	-	-
As of July 1 – Audited	31,153,272.48	38,094,643.78	25,690,550.78	29,926,887.73	28,684,223.64	35,164,633.41
Other Restatements	-	-	-	-	-	-
Adjusted beginning Balance	31,153,272.48	38,094,643.78	25,690,550.78	29,926,887.73	28,684,223.64	35,164,633.41
ENDING BALANCE	$23,320,399.48	$29,926,887.73	$21,080,427.78	$35,164,633.41	$30,247,622.64	$34,183,267.41
Restricted Ending Balance	$24,935.13	$2,508,292.86	$953,601.57	$9,864,627.17	$641,774.03	$1,422,710.17
Unrestricted Ending Balance	$23,295,464.35	$27,418,594.87	$20,126,826.21	$25,300,006.24	$29,605,848.61	$32,760,557.24

(1) Total revenues and total expenditures do not match the District's Statement of Revenues, Expenditures and Changes in Fund Balances in its audited financial statements because the District does not include contributions to the State Teachers' Retirement System made by the State on behalf of the District in its internal financial reports, which payment amounted to $5,447,444 and $5,633,100 in fiscal years 2012-13 and 2013-14, respectively.
(2) Figures are projections.
(3) The LCFF was implemented beginning in fiscal year 2013-14.
Source: San Ramon Valley Unified School District Adopted general fund Budgets for fiscal years 2012-13, 2013-14 and 2014-15; unaudited actuals for fiscal years 2012-13 and 2013-14; and second interim report for fiscal year 2014-15.

District Debt Structure

Long-Term Debt Summary. A schedule of the District's long-term obligations for the year ended June 30, 2014, consisted of the following:

Long-Term Debt	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due Within One Year
General obligation bonds	$352,809,473	$2,017,498	$14,810,000	$340,016,971	$13,885,000
Early retirement incentive	217,006	-	56,077	160,929	95,000
Lease revenue bonds	23,025,000	-	1,615,000	21,410,000	1,615,000
Compensated absences (vacation)	1,794,960	-	3,941	1,791,019	-
Capital leases	1,176,334	-	581,461	594,873	444,270
Postemployment benefits (OPEB)	10,715,964	3,951,948	2,024,546	12,643,366	-
Subtotal	389,738,737	5,969,446	19,091,025	376,617,158	16,039,270
Premiums, net of amortization	32,795,091	26,250	1,975,462	30,845,879	1,949,212
Total	$422,533,828	$5,995,696	$21,066,487	$407,463,037	$17,988,482

San Ramon Valley Unified School District Audited Financial Report for fiscal year 2013-14.

Payments for general obligation bonds are made by the District's interest and sinking fund with local *ad valorem* tax revenues. Payments for early retirement incentive are made out by the general fund. Capital lease payments are made by the general and building funds. Accumulated vacation will be paid for by the funds for which the employee worked. Payment for OPEB obligations are made from the retiree benefit trust.

General Obligation Bonds. Without regard to the issuance of the Series 2015 Bonds, the District has five series of bonds outstanding, each of which is secured by *ad valorem* taxes upon all property subject to taxation by the District. The following table summarizes the District's outstanding bonds as of June 30, 2014:

Bond	Year of Issue	Amount of Original Issue	Bonds Outstanding July 1, 2013	Accretion	Deletions/ Redeemed	Bonds Outstanding June 30, 2014
Series 1998 Bonds	1998	$70,000,000	$46,314,473	$2,017,498	$7,950,000	$40,381,971
Series 2003 Bonds[(1)]	2003	72,000,000	250,000	-	250,000	-
Series 2004 Bonds[(1)]	2004	100,000,000	1,500,000	-	1,500,000	-
Series 2006 Bonds	2006	88,000,000	13,700,000	-	3,500,000	10,200,000
Series 2012 Refunding Bonds	2012	167,945,000	163,850,000	-	1,610,000	162,240,000
Series 2013 Refunding Bonds	2013	52,200,000	52,200,000	-	-	52,200,000
Series 2013 Bonds	2013	74,995,000	74,995,000	-	-	74,995,000
Total			$352,809,473	$2,017,498	$14,810,000	$340,016,971

(1) No longer outstanding.
Source: San Ramon Valley Unified School District Audited Financial Report for fiscal year 2013-14.

See "THE SERIES 2015 BONDS – Outstanding Bonds" and "THE SERIES 2015 BONDS – Aggregate Debt Service" in the front portion of this Official Statement for the annual debt service requirements for the District's outstanding general obligation bonds, including the Series 2015 Bonds.

Lease Revenue Bonds. On July 20, 2010, the District entered into a lease obligation and caused $25,000,000 of related federally taxable lease revenue bonds to be issued with interest ranging from 2.397 – 6.254%. The lease obligation was entered into to finance the construction of solar panels at several school sites. Interest with respect to the District's lease obligation is payable semi-annually on each November 1 and May 1, through the final maturity of the bonds on May 1, 2027. At June 30, 2014, the principal balance outstanding was $21,410,000.

The lease revenue bonds were issued as "qualified school construction bonds" under the provisions of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), and the District expects to receive a cash subsidy payment from the United States Treasury (the "Treasury") equal to a portion of the interest due on each interest payment date on such bonds. The subsidy does not constitute a full faith and credit guarantee of the United States with respect to such bonds, but, assuming the District satisfies the requirements of the Internal Revenue Code of 1986, the subsidy is required to be paid by the Treasury under the Recovery Act. Any subsidy payments received by the District will offset the interest cost of the District under the related lease obligation. The District makes no assurances about the effect of future legislative or policy changes or tax liabilities of the District on the amount or receipt of the subsidy payments from the Treasury.

The District's lease obligation through May 1, 2027 is as follows:

Year Ending	Principal	Interest[1]	Total
May 1, 2015	$1,615,000.00	$1,238,583.30	$2,853,583.30
May 1, 2016	1,615,000.00	1,173,660.30	2,788,660.30
May 1, 2017	1,615,000.00	1,100,597.70	2,715,597.70
May 1, 2018	1,615,000.00	1,021,075.10	2,636,075.10
May 1, 2019	1,615,000.00	936,223.00	2,551,223.00
May 1, 2020	1,620,000.00	844,103.40	2,464,103.40
May 1, 2021	1,630,000.00	751,698.60	2,381,698.60
May 1, 2022	1,635,000.00	655,463.40	2,290,463.40
May 1, 2023	1,650,000.00	555,663.00	2,205,663.00
May 1, 2024	1,665,000.00	452,472.00	2,117,472.00
May 1, 2025	1,690,000.00	341,682.90	2,031,682.90
May 1, 2026	1,710,000.00	229,230.30	1,939,230.30
May 1, 2027	1,735,000.00	115,446.90	1,850,446.90
Totals	$21,410,000.00	$9,415,899.90	$30,825,899.90

[1] As further described above, the District expects to receive a cash subsidy payment from the United States Treasury equal to a portion of the interest due on each interest payment date on such bonds.
Source: San Ramon Valley Unified School District.

Early Retirement Incentive. In January 2010, the District entered into agreements with certain employees retiring from the District effective at June 30, 2010 to provide a supplemental early retirement plan to each of the 35 retiring employees. The agreement calls for monthly installments to be paid within the next seven years beginning August 1, 2010 towards post-retirement benefits equal to the amount of the single party Kaiser District health plan or once Medicare eligible, single party Kaiser Senior Advantage District health plan. As of June 30, 2014, the outstanding balance was $160,929.

Accumulated Unpaid Employee Vacation. The long-term portion of accumulated unpaid employee vacation or the District at June 30, 2014 amounted to $1,791,019.

Capital Leases. The District has entered into agreements to lease various equipment and vehicles. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liabilities on lease agreements with options to purchase are summarized below:

	Computers	Relocatables	PG&E/HVAC Lighting Retrofit	Total
Balance, July 1, 2013	$951,138	$82,156	$143,040	$1,176,334
Payments	(493,991)	(41,078)	(46,392)	(581,461)
Balance, July 1, 2014	$457,147	$41,078	$96,648	$594,873

Source: San Ramon Valley Unified School District Audited Financial Report for fiscal year 2013-14.

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2015	$444,270
2016	165,335
2017	3,866
Total	613,471
Less: Amount Representing Interest	(18,598)
Present Value of Minimum Lease Payments	$594,873

Leased equipment under capital leases in capital assets and accumulated depreciation at June 30, 2014, include the following:

Equipment	$956,057
Less: Accumulated depreciation	(926,707)
Total	$29,350

Source: San Ramon Valley Unified School District Audited Financial Report for fiscal year 2013-14.

Other Post-Employment Benefits. In addition to the pension benefits described below (see "–Retirement Benefits"), the District provides post-employment health benefits for eligible employees of all of its bargaining units except California School Employees Association Unit III, employees working less than 50% full-time, and California School Employees Association Unit II employees hired on or after October 1, 2002. In general, eligibility requires retirement from CalPERS or CalSTRS on or after age 55 with at least ten years of District eligible service. The District also provides retiree health benefits for eligible management and confidential employees hired before July 1, 2004. The District contribution for these eligible retirees varies by date of employment and date of retirement.

Beginning in fiscal year 2007-08, the District was required to implement Governmental Accounting Standards Board Statement No. 45 ("GASB 45") which directs certain changes in accounting for post-employment health benefits (OPEBs) in order to quantify a government agency's current liability for future benefit payments. GASB 45 is directed at quantifying and disclosing OPEB obligations, and does not impose any requirement on public agencies to fund such obligations. In October 2013, Nyhart Eppler, San Diego, California, completed two studies of the District's outstanding post-employment benefit obligations as of June 30, 2013; one for the bargaining units, and one for management and confidential employees.

Bargaining Unit Members. The report calculates the value of all future benefits already earned by current retirees and current employees, known as the "actuarial accrued liability" (AAL). As of the date of the report, the District had an actuarial accrued liability of approximately $53.54 million for 715 current bargaining unit retirees and beneficiaries and 1,995 active employees who could become eligible to receive benefits in the future. The AAL is an actuarial estimate that depends on a variety of assumptions about future events such as health care costs and beneficiary mortality. Every year, active employees earn additional future benefits, an amount known as the "normal cost", which is added to the AAL. The report estimated the normal cost at $1.49 million as of June 30, 2013. To the extent that the District has not set aside moneys in an OPEB trust with which to pay these accrued and accruing future liabilities, there is an unfunded actuarial accrued liability (UAAL). As of the date of the report, the District had set aside approximately $16.0 million in such a trust (the California Employers' Retiree Health Benefit Trust), leaving $37.51 million unfunded. The District contributed $2,024,545 million to such OPEB benefits in fiscal year 2013-14 and projects an additional fiscal year 2014-15 contribution to such OPEB benefits of $2,280,000. The annual required contribution (ARC) is the amount required if the District were to fund each year's normal cost plus an annual amortization of the unfunded actuarial accrued liability, assuming the UAAL will be fully funded over a 26 year period. If the amount budgeted and funded in any year is less than the ARC, the difference reflects the amount by which the UAAL is growing.

Management and Confidential Employees. As of the date of the report, the District had an actuarial accrued liability of approximately $4.84 million for 66 current management and confidential retirees and beneficiaries and 111 active employees who could become eligible to receive benefits in the future. The report estimated the normal cost at $5,436, for the year ending June 30, 2013. As of the date of the report, the District had set aside approximately $3.13 million in an OPEB trust, leaving $1.71 million unfunded. The District contributed $117,618 to such OPEB benefits in fiscal year 2013-14 and projects an additional fiscal year 2014-15 contribution to such OPEB benefits of $180,000.

For more information regarding the actuarial valuations, the District's annual required contribution for fiscal year 2013-14 and the District's net OPEB obligation and prefunding of benefits at June 30, 2014, as well as the basic assumptions upon which the valuation was based, see Note 10 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

Tax and Revenue Anticipation Notes. To address predictable annual cash flow deficits resulting from the different timing of revenues and expenditures, the District has issued tax and revenue anticipation notes in each year shown in the table below. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys. The District did not issue tax and revenue anticipation notes since fiscal year 2009-10 and does not expect to issue any tax and revenue anticipation notes in fiscal year 2014-15. The District may, however, issue tax and revenue anticipation notes in future fiscal year as and when necessary to supplement its cash flow.

Labor Relations

As of March 2, 2015, the District employed 2,668 full-time equivalent employees (FTEs), consisting of 1,605.93 non-management certificated FTEs, 86 certificated management FTEs, 942.66 classified non-management FTEs, and 33 classified management FTEs. For fiscal year 2013-14, the total certificated and classified payrolls were $121,523,573 and $39,649,690, respectively. For fiscal year 2014-15, the District projects total certificated and classified payrolls to be approximately $129.1 million and $42.5 million, respectively.

The District's certificated and classified employees are represented by four formal bargaining organizations as shown in the table below. In addition, certain supervisors and management employees, an aggregate of 185 FTE positions, are not represented by an exclusive bargaining agent. Salaries and benefits for supervisors, management and confidential employees are determined through an informal process of "meet and confer" with representatives from each of these classifications.

Name of Bargaining Unit	Number of FTEs Represented	Current Contract Expiration Date
San Ramon Valley Education Association	1,605.93	June 30, 2015
California School Employees Association Unit II	319.87	June 30, 2016
California School Employees Association Unit III	335.13	June 30, 2016
Service Employees International Union	221.97	June 30, 2015

Source: San Ramon Valley Unified School District.

Retirement Benefits

The District participates in retirement plans with the State Teachers' Retirement System which covers all full-time certificated District employees, and the State Public Employees' Retirement System ("CalPERS"), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, teachers contributed 8% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

As of June 30, 2013, an actuarial valuation (the "2013 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $74.4 billion, an increase of $3.4 billion from the June 30, 2012 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2013, June 30, 2012 and June 30, 2011, based on the actuarial assumptions, were approximately 67%, 67% and 69%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions. The following are certain of the actuarial assumptions set forth in the 2013 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," 7.50% investment rate of return, 4.50% interest on member accounts, 3.75% projected wage growth, and 3.00% projected inflation. The 2013 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "−Governor's Pension Reform" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

As indicated above, there was no required contribution from teachers, schools districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The 2013 CalSTRS Actuarial Valuation noted that, as of June 30, 2013, the contribution rate, inclusive of contributions from the teachers, the school districts and the State, was equivalent to 19.497% over the next 30 years. The 2013 CalSTRS Actuarial Valuation provides that the contribution rate would need to have been raised by 13.382% to a total of 32.879% to amortize the unfunded liability over a 30-year period as of June 30, 2013.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implements a new funding strategy for CalSTRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate would increase by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. Teacher contributions will also increase from 8.00% to a total of 10.25% of pay, phased in over the next three years. The State's total contribution will also increase from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

Pursuant to Assembly Bill 1469, school district's contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	18.13
2020	19.10

Source: Assembly Bill 1469.

The District's employer contributions to CalSTRS for fiscal years 2010-11, 2011-12, 2012-13 and 2013-14 were $8,697,786, $8,390,147, $9,372,731 and $10,283,814, respectively, and were equal to 100% of the required contributions for each year. The District projects employer contributions to CalSTRS of approximately $11.6 million for fiscal year 2014-15. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. However, unlike school districts' participating in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS will not significantly increase in the future above current levels.

According to the CalPERS State and Schools Actuarial Valuation as of June 30, 2013, the CalPERS Schools plan had a funded ratio of 76.2% on a market value of assets basis. The funded ratio as of June 30, 2012, June 30, 2011, June 30, 2010 and June 30, 2009 was 75.4%, 78.7%, 69.5% and 65.0%, respectively. In March of 2012, the CalPERS Board of Administration adopted new economic actuarial assumptions to be used with the June 30, 2011 actuarial valuation; in particular, lowering the price inflation assumption from 3.00% to 2.75%. Lowering the price inflation assumption resulted in a reduced discount rate, which is the fund's assumed rate of return calculated based on expected price inflation and the expected real rate of return, from 7.75% to 7.5%. According to CalPERS, this reduction in the discount rate is anticipated to increase State and school district employer contributions for each fiscal year beginning in fiscal year 2012-13 by 1.2% to 1.6% for miscellaneous plans (which includes general office and others) and by 2.2% to 2.4% for safety plans beginning in fiscal year 2012-13. In April of 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS employed a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which are delayed until fiscal year 2015-16 for the State, schools and all public agencies, are expected to increase contribution rates in the near term but lower contribution rates in the long term.

In February of 2014, the CalPERS Board of Administration adopted new actuarial demographic assumptions that take into account public employees living longer. Such assumptions are expected to increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. These new assumptions will apply beginning with the June 30, 2015 valuation for the schools pool, setting employer contribution rates for fiscal year 2016-17. CalPERS estimates that the new demographic assumptions could cost public agency employers up to 9% of payroll for safety employees and up to 5% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that future experiences differ from CalPERS' current assumptions, the required employer contributions may vary.

The District's employer contributions to CalPERS for fiscal years 2010-11, 2011-12, 2012-13 and 2013-14 were \$3,355,634, \$3,561,729, \$3,846,725 and \$4,125,771, respectively, and were equal to 100% of the required contributions for each year. The District projects employer contributions to CalPERS of approximately \$4.6 million for fiscal year 2014-15. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "−Governor's Pension Reform" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Note 12 to the District's financial statements attached hereto as APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("Statement Number 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 will take effect in fiscal years beginning after June 15, 2013, and Statement Number 68 will take effect in fiscal years beginning after June 15, 2014.

Joint Ventures

The District participates in three joint ventures under joint powers agreements ("JPAs"): Contra Costa County School Insurance Group, Northern California Regional Excess Liability Fund and the School Excess Liability Fund public entity risk pools. The District pays an annual premium to the applicable entity for its workers' compensation and property liability coverage. The relationship between the District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes.

The JPAs arrange for and provide coverage for their members. Each JPA is governed by a board consisting of a representative from each member district. Each board controls the operations of their JPA, 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 each JPA. See APPENDIX B— "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014, Note 14."

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the State Constitution ("Article XIIIA"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) 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% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the California Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979, thereby adding Article XIIIB to the State Constitution ("Article XIIIB"). Under Article XIIIB state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The District's budgeted appropriations from "proceeds of taxes" (sometimes referred to as the "Gann limit") for the 2013-14 fiscal year are equal to the allowable limit of approximately $176.1 million and estimates an appropriations limit for the 2014-15 fiscal year of approximately $178.6 milion. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

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 ("Article XIIIC" and "Article XIIID," respectively), 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.

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 in *Santa Clara County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 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"). 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 through 12 school districts and community college districts (collectively, "K-14 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, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance 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 districts than the 40.9% percentage, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

The Accountability Act also changes how tax revenues in excess of the State Appropriations Limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 districts. Such transfer would be excluded from the Appropriations Limit for K-14 districts and the K-14 school Appropriations Limits for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 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 could be transferred to schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, California voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test") or (b) 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 (the "second test"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Proposition 30

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2018 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "–Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the Education Protection Account), and

89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 tax increases are temporary and expire at the end of the 2016 and 2019 tax years. The District cannot predict the effect the loss of the revenues generated from such temporary tax increases will have on total State revenues and the effect on the Proposition 98 formula for funding schools.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see “DISTRICT FINANCIAL MATTERS — State Funding of Education; State Budget Process.”

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District’s ability to expend revenues.

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APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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SAN RAMON VALLEY
UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
JUNE 30, 2014

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

December 8, 2014

To the Board of Directors
San Ramon Valley Unified School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Ramon Valley Unified School District (the "District") for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 20, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by District are described in Note 1 to the financial statements. The District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of June 30, 2014. No other new accounting policies were adopted and the application of existing policies was not changed during fiscal year ended June 30, 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the incurred but not reported claims liability for health and welfare, property and liability programs in the Self Insurance fund, and actuarial calculation for pension and other postemployment benefit obligation (OPEB). Another sensitive estimate is the depreciation on capital assets for which we have evaluated the useful life of various classes of depreciable assets in accordance with District policy and industry practice.

Management's estimate of the claims liability in the Self Insurance fund is based on Keenan and Associates report, while the OPEB obligation is based on an actuarial study performed by the Nyhart Epler. We evaluated the key factors and assumptions used to develop these liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not identify such items during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 8, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on Assessed Valuation of Taxable Properties and Secured Tax School District Boundaries, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the governing board and management of San Ramon Valley Unified School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2014

FINANCIAL SECTION
Independent Auditor's Report 2
Management's Discussion and Analysis 5
Basic Financial Statements
Government-Wide Financial Statements
Statement of Net Position 15
Statement of Activities 16
Fund Financial Statements
Governmental Funds - Balance Sheet 17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 19
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances 20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 22
Proprietary Funds - Statement of Net Position 23
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Fund Net Position 24
Proprietary Funds - Statement of Cash Flows 25
Fiduciary Funds - Statement of Net Position 26
Fiduciary Funds - Statement of Changes in Net Position 27
Notes to Financial Statements 28

REQUIRED SUPPLEMENTARY INFORMATION
General Fund - Budgetary Comparison Schedule 59
Schedule of Other Postemployment Benefits (OPEB) Funding Progress 60

SUPPLEMENTARY INFORMATION
Schedule of Expenditures of Federal Awards 62
Local Education Agency Organization Structure 63
Schedule of Average Daily Attendance 64
Schedule of Instructional Time 65
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements 66
Schedule of Financial Trends and Analysis 67
Combining Statements - Non-Major Governmental Funds
Combining Balance Sheet 68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 70
Note to Supplementary Information 72

SUPPLEMENTARY INFORMATION - *UNAUDITED*
Assessed Valuation of Taxable Properties and Secured Tax School District Boundaries - Unaudited 75
Note to Supplementary Information - Unaudited 76

INDEPENDENT AUDITOR'S REPORTS
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards* 78
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the OMB Circular A-133 80
Report on State Compliance 82

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Summary of Auditor's Results 85
Financial Statement Findings 86
Federal Awards Findings and Questioned Costs 88
State Awards Findings and Questioned Costs 89
Summary Schedule of Prior Audit Findings 90

FINANCIAL SECTION

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT

Governing Board
San Ramon Valley Unified School District
Danville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Ramon Valley Unified School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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; and *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the San Ramon Valley Unified School District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note 1 to the financial statements, the District has adopted the provisions of the GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's decision and analysis, budgetary comparison information, and schedule of other postemployment benefits, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Ramon Valley Unified School District's basic financial statements. The combining statements of nonmajor governmental funds and schedule of expenditures of Federal Awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The assessed valuation of taxable properties and secured tax school district boundaries, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of the San Ramon Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Ramon Valley Unified School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 8, 2014

This section of San Ramon Valley Unified School District's 2014 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The *Fiduciary Activities* include the retiree benefits trust fund and agency funds. The retiree benefits trust fund is prepared using the economic resources measurement focus and the accrual basis of accounting. The agency funds report a balance sheet and do not have a measurement focus.

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

The Primary unit of the government is the San Ramon Valley Unified School District. The District also has three blended component units, the San Ramon Valley Unified School District Financing Corporation, the San Ramon Valley Unified School District Educational Facilities Corporation and the San Ramon Valley Unified School District Joint Powers Financing Authority. Both the Financing Corporation and the Educational Facilities Corporation are inactive and have no assets or liabilities.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

FINANCIAL HIGHLIGHTS

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $738.6 million and $740.4 million for the fiscal years ended 2014 and 2013 respectively. Of this amount, $6.6 million and $22.0 million were unrestricted for the fiscal years ended 2014, and 2013, respectively. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use the net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2014	2013
Current and other assets	$ 155,585,598	$ 167,293,097
Capital assets	1,007,740,960	1,023,011,653
Total Assets	1,163,326,558	1,190,304,750
Current liabilities	16,666,188	26,845,864
Claims payable	555,956	537,827
Long-term debt	407,463,037	422,533,828
Total Liabilities	424,685,181	449,917,519
Net Position		
Net investment in capital assets	694,147,351	701,926,234
Restricted	37,904,978	16,398,155
Unrestricted	6,589,048	22,026,842
Total Net Position	$ 738,641,377	$ 740,351,231

The $6.6 million unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

Statement of Activities

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on Page 16. Table 2 takes the information from the Statement, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2014	**2013**
Revenues		
Program revenues		
Charges for services	$ 6,447,916	$ 6,594,502
Operating grants and contributions	50,171,964	28,841,255
Capital grants and contributions	233	4,078,213
General revenues:		
Federal and State aid not restricted	67,992,127	64,241,343
Property taxes	157,157,909	145,902,013
Other general revenues	21,700,612	42,001,105
Total Revenues	$ 303,470,761	$ 291,658,431
Expenses		
Instruction related	$ 217,574,298	$ 221,190,256
Student support services	26,150,104	21,453,961
Administration	12,213,740	11,315,620
Maintenance and operations	32,332,618	27,228,378
Other	14,822,092	40,393,687
Total Expenses	303,092,852	321,581,902
Change in Net Position	$ 377,909	$ (29,923,471)

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year were \$303.1 million and \$321.6 million for the fiscal years ended 2014 and 2013, respectively. The cost paid by those who benefited from the programs was \$6.4 million. Operating and Capital grants and contributions subsidized certain programs in the amount of \$50.2 million. We paid for the remaining "public benefit" portion of our governmental activities with \$157.2 million in taxes, unrestricted Federal and State aid of \$68 million and other revenues of \$21.7 million for the fiscal years ended 2014.

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

Table 3

	Net Cost of Services	
	2014	**2013**
Instruction Related	$ 185,726,491	$ 194,978,941
Student Support services	13,633,317	11,147,222
Administration	12,142,347	11,236,533
Maintenance and operations	32,142,003	27,199,391
Other	2,828,581	37,505,845
Net Cost	$ 246,472,739	$ 282,067,932

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $146.2 million, which is a decrease of $4.0 million from the prior year.

The primary changes are:

a. The fund balance in the General Fund increased $5.2 million. This was due to receipt of one-time restricted Common Core revenue, restricted California Clean Energy Jobs revenue and an increase in external donation carryover.
b. The Building Fund decreased $9.4 million. This was due to increased activity of Measure D projects in the first full year following approval and progress on approved projects within the local building fund.
c. The Capital Facilities Fund increased $474,634. This was due to the collection of $2.0 million in developer fees, an increase of $666 thousand over 2012-13 and a transfer-in of $553,000 from the County School Facilities Fund due to project savings.
d. Our Special Revenue Funds increased $497.5 thousand. The Deferred Maintenance Fund decreased $580 thousand due to an intentional spend-down as Routine Restricted Maintenance funding is increased. This was offset by an increase of $932 thousand in the Special Reserve Fund for future QSCB debt service, Diablo Vista field replacement, Dougherty High CSA and future Child Care building purchases. The Adult Education Fund and Cafeteria Fund also improved ending balances by $4,899 and $140.5 thousand, respectively. The Cafeteria Fund increase was due to a one-time consulting agreement settlement of $230 thousand.
e. The Debt Service Fund decreased $244.5 thousand due to retirement of bonds related to prior year refundings.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 24, 2014.

(A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 59).

The District originally projected a decrease in general fund balance of $4.6 million. This was later revised to a decrease of $1.2 million. Total revenues were revised to include revenues not anticipated at the time of the original budget adoption. Likewise, with the increase in anticipated revenues, the expenditures were also increased. In comparing the revised budget to the actual adopted budget, revenue came in $16.5 million higher and expenditures were $14.1 million more than originally anticipated. Revenue increases were due to the State adopting and beginning implementation of the LCFF (original budget assumed current law/revenue limits), ADA growth, additional State and Federal funding and additional local grants and donations. Expenditure increases included a 4.0% salary increase for all employees effective January 1, 2014.

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

The District had $1,007,740,960 and $1,023,011,653 net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings, and furniture and equipment for the fiscal years ended 2014 and 2013. The current amount represents a net decrease (including additions, deductions and depreciation) of $15.3 million compared to the prior year.

Table 4

	Governmental Activities	
	2014	2013
Land	$ 336,607,628	$ 336,607,628
Land Improvements	20,721,686	16,283,742
Buildings & improvements	618,376,232	640,450,871
Equipment	5,108,463	5,523,870
Construction in progress	26,926,951	24,145,542
Totals	$ 1,007,740,960	$ 1,023,011,653

This year's major additions to buildings and site improvements:

	2014	2013
Twin Creeks Daycare Building	$ -	$ 87,500
Goldenview Daycare Building	-	87,500
Twin Creeks Relocatable	-	39,917
Stone Valley Relocatable	-	25,504
Gale Ranch Middle School Solar	-	1,863,737
Montair Kitchen	-	18,024
Technology Infrastructure	-	441,951
California High School Scoreboard	-	12,436
Sycamore Playground/Shade Structure	-	97,587
Hidden Hills Playground/Shade Structure	-	11,187
Neil Armstrong Kindergarten	47,242	-
Neil Armstrong Seismic Improvements	942,400	-
Hidden Hills Relocatables	65,173	-
Country Club Security Improvements	139,376	-
Green Valley Relocatables	167,059	-
Twin Creeks Modernization	176,290	-
Twin Creeks Library/Lab	3,153,261	-
Quail Run Expansion	141,090	-
California High Modernization	339,258	-
Monte Vista High Fire System	13,700	-
San Ramon Valley High Technology	25,856	-
San Ramon Valley Music	17,878	-
Diablo Vista Security	139,376	-
Coyote Creek Shade Structure	11,519	-
San Ramon Valley High School Baseball Netting	162,574	-
Live Oak Shade Structure	123,810	-
Creekside Shade Structure	9,443	-
San Ramon Valley High Pool	5,535,431	-
San Ramon Valley High Tennis Courts	120,661	-
Green Valley Play Structure	65,380	-
Totals	**$ 11,396,777**	**$ 2,685,343**

We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $407.5 million in long-term obligations versus $422.5 million last year, a decrease of 4 percent. These obligations consisted of:

	Governmental Activities	
	2014	2013
General obligation bonds	$ 340,016,971	$ 352,809,473
Early Retirement Incentive	160,929	217,006
Lease Revenue Bonds	21,410,000	23,025,000
Capitalized lease obligations	594,873	1,176,334
Net OPEB Obligation	12,643,366	10,715,964
Other	32,636,898	34,590,051
Totals	$ 407,463,037	$ 422,533,828

The District's bond rating from Standard & Poor's is "AA." The State limits the amount of general obligation debt that Districts can issue to 2.5 percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $340 million is significantly below this $897 million statutorily - imposed limit.

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

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2013-14 ARE NOTED BELOW:

The State adopted and began implementation of the Local Control Funding Formula (LCFF) in 2013-14. The District’s original budget assumed current law (revenue limits) and as such, 2013-14 was a successful transition year to a completely new funding system.

LCFF requires incremental progress toward class sizes of 24:1 (school site average) in grades TK-3. The District made significant progress in this area reducing average TK-3 class size from 25.09 to 24.37.

In November of 2012, The District passed a $260 Million General Obligation Bond known as Measure D. The first series of $74,995,000 of bonds was sold in March of 2013. This bond measure will allow the district to build a new elementary school, modernize various campuses, improve energy management and improve classroom and infrastructure technology. Significant project planning and State approval activity was accomplished in 2013-14 setting the stage for construction of many exciting projects including the District’s newest school, Bella Vista Elementary.

This was the fifth year the District used funds from the parcel tax passed in April 2009. The tax is $144 per parcel for seven years and generated $6.8 million in revenue in the 2013-14 school year.

The District continues to experience growth in the student population. The October 2013 student enrollment count was 31,407 students. This is an increase of 659 students over October 2012 enrollment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The current district parcel tax is set to expire in 2016. This tax is a very significant source of district revenue ($144/parcel, $6.8 million in 2013-14) and the expiration or renewal of this tax must be planned for carefully. Although the district continues to experience strong enrollment growth, there have been fewer students added over the past two years. Closely monitoring enrollment and being prepared for a continued slowdown in growth will be critical in the years to come. In addition, Proposition 30 was passed by the voters in November of 2012 and generates approximately $7 billion in annual state revenues which translates to approximately $430/K-12 ADA. Proposition 30 is funded by temporary taxes, set to expire in 2016 and 2018 and how the state manages the expiration of these temporary taxes must also be monitored closely.

In considering the District Budget for the 2014-15 year, the District Board and management used the following criteria:

The key assumptions in our revenue projections were:

- LCFF Gap Funding of 28.05%.
- 8.87% unduplicated pupil count.
- Enrollment growth of 577 students over October, 2013 enrollment.
- Special Education COLA of 0.85% (State).
- Mandated Cost Block Grant funding (K-8, $28, 9-12, $56)
- Lottery revenue of $126/ADA (unrestricted), $30/ADA (restricted)
- Student attendance rate of 97.2%.
- The parcel tax provides the District with $6.8 million in revenue
- Federal Categorical funding unchanged from 2013-14 amounts.

Certificated staffing expenditures are based on the following ratios which exclude SDC classes, Del Amigo Continuation School and Venture Independent Study:

	Staffing Ratio
Grades transition kindergarten through third	24.5: 1 (average)
Grades four and five	30: 1
Grades six through eight	29: 1
Grades nine through twelve	28: 1

The key assumptions in our expenditure forecast are:

1. Health & Welfare insurance rates include a projected increase of 7.0% effective with the January premium payment.
2. STRS employer rate of 9.5% (+1.25%)
3. PERS employer rate of 11.771% (+0.329%)
4. The funding for Routine Restricted Maintenance includes an increase of $1,500,000 over the 2013-14 level.
5. The 3% Reserve for Economic Uncertainties is maintained.
6. Local Control and Accountability Plan (LCAP) action plans are funded in accordance with the 2013-14 adopted LCAP.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2014

		Governmental Activities
ASSETS		
Deposits and investments	$	142,383,799
Receivables		12,658,387
Prepaid expenses		408,185
Stores inventories		135,227
Capital assets not depreciated		363,534,579
Capital assets, net of accumulated depreciation		644,206,381
Total Assets		1,163,326,558
LIABILITIES		
Overdrafts		9,654
Accounts payable		6,675,371
Claim liabilities		555,956
Interest payable		9,743,065
Unearned revenue		238,098
Current portion of long-term obligations		17,988,482
Unamortized bond premiums		30,845,879
Noncurrent portion of long-term obligations		358,628,676
Total Liabilities		424,685,181
NET POSITION		
Net investment in capital assets		694,147,351
Restricted for:		
Educational programs		10,349,903
Debt service		20,823,386
Capital projects		4,796,740
Other activities		1,934,949
Unrestricted		6,589,048
Total Net Position	$	738,641,377

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities:					
Instruction	$184,558,392	$ 502,743	$ 26,499,112	$ 233	$ (157,556,304)
Instruction-related activities:					
Supervision of instruction	7,133,215	11,725	4,133,847	-	(2,987,643)
Instructional library, media, and technology	4,774,250	27,771	383,572	-	(4,362,907)
School site administration	21,108,441	19,343	269,461	-	(20,819,637)
Pupil services:					
Home-to-school transportation	4,668,624	25,289	2,148,382	-	(2,494,953)
Food services	6,665,628	5,016,567	1,032,547	-	(616,514)
All other pupil services	14,815,852	29,476	4,264,526	-	(10,521,850)
General administration:					
Data processing	2,409,203	-	-	-	(2,409,203)
All other general administration	9,804,537	587	70,806	-	(9,733,144)
Plant services	32,332,618	6,711	183,904	-	(32,142,003)
Ancillary services	3,444,595	55,135	709,846	-	(2,679,614)
Community services	501,007	-	-	-	(501,007)
Interest on long-term obligations	9,194,354	-	-	-	(9,194,354)
Other outgo	1,682,136	752,569	10,475,961	-	9,546,394
Total Governmental-Type Activities	$303,092,852	$ 6,447,916	$ 50,171,964	$ 233	(246,472,739)
	General revenues and subventions:				
	Property taxes, levied for general purposes				122,792,667
	Property taxes, levied for debt service				26,659,450
	Taxes levied for other specific purposes				7,705,792
	Federal and State aid not restricted to specific purposes				67,992,127
	Interest and investment earnings				164,527
	Interagency revenues				79,873
	Miscellaneous				21,456,212
	Subtotal, General Revenues				246,850,648
	Change in Net Position				377,909
	Net Position - Beginning, restated				738,263,468
	Net Position - Ending				$ 738,641,377

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 29,642,212	$ 79,906,698	$ 20,821,673
Receivables	11,167,994	996,286	3,106
Due from other funds	105,638	82,112	-
Prepaid expenditures	408,185	-	-
Stores inventories	53,247	-	-
Total Assets	$ 41,377,276	$ 80,985,096	$ 20,824,779
LIABILITIES AND FUND BALANCES			
Liabilities:			
Overdrafts	$ -	$ -	$ -
Accounts payable	3,875,459	1,688,068	-
Due to other funds	2,099,085	22,914	1,393
Unearned revenue	238,098	-	-
Total Liabilities	6,212,642	1,710,982	1,393
Fund Balances:			
Nonspendable	523,432	-	-
Restricted	9,864,627	68,303,908	20,823,386
Committed	-	-	-
Assigned	3,822,188	10,970,206	-
Unassigned	20,954,387	-	-
Total Fund Balances	35,164,634	79,274,114	20,823,386
Total Liabilities and Fund Balances	$ 41,377,276	$ 80,985,096	$ 20,824,779

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

Non Major Governmental Funds	Total Governmental Funds
$ 9,998,129	$ 140,368,712
144,411	12,311,797
2,414,541	2,602,291
-	408,185
81,980	135,227
$ 12,639,061	$ 155,826,212
$ 9,654	$ 9,654
1,100,525	6,664,052
620,234	2,743,626
-	238,098
1,730,413	9,655,430
81,980	605,412
5,282,016	104,273,937
5,544,652	5,544,652
-	14,792,394
-	20,954,387
10,908,648	146,170,782
$ 12,639,061	$ 155,826,212

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2014

Total Fund Balance - Governmental Funds		**$ 146,170,782**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 1,307,487,487	
Accumulated depreciation is	(299,749,317)	
Net Capital Assets		1,007,738,170
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(9,743,065)
An internal service fund is used by the District's management to charge the costs of the health and welfare and property and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		1,938,527
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year end consist of:		
General Obligation bonds payable	$ 340,016,971	
Bond premiums/discounts, net of amortization	30,845,879	
Lease revenue bonds payable	21,410,000	
Capital leases payable	594,873	
Compensated absences (vacations)	1,791,019	
Net OPEB obligation	12,643,366	
Early retirement incentive	160,929	
Total Long-Term Obligations		(407,463,037)
Total Net Position - Governmental Activities		**$ 738,641,377**

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

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SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local Control Funding Formula	$ 184,565,426	$ -	$ -
Federal sources	5,929,562	-	-
Other state sources	38,339,201	-	161,920
Other local sources	31,199,349	7,739,501	26,524,988
Total Revenues	260,033,538	7,739,501	26,686,908
EXPENDITURES			
Current			
Instruction	164,214,580	-	-
Instruction-related activities:			
Supervision of instruction	6,323,090	-	-
Instructional library, media and technology	4,232,035	-	-
School site administration	18,711,139	-	-
Pupil services:			
Home-to-school transportation	4,138,405	-	-
Food services	-	-	-
All other pupil services	13,133,204	-	-
Administration:			
Data processing	2,135,588	-	-
All other administration	8,974,234	-	-
Plant services	24,366,234	115,687	-
Facility acquisition and construction	36,119	15,987,667	-
Ancillary services	3,053,390	-	-
Community services	444,108	-	-
Other outgo	1,682,136	-	-
Debt service			
Principal	540,441	1,618,933	14,810,000
Interest	39,414	1,295,431	12,133,561
Total Expenditures	252,024,117	19,017,718	26,943,561
Excess (Deficiency) of Revenues Over Expenditures	8,009,421	(11,278,217)	(256,653)
Other Financing Sources (Uses):			
Transfers in	570,610	2,383,613	12,159
Transfers out	(3,342,285)	(547,869)	-
Other uses	-	(3,892)	-
Net Financing Sources (Uses)	(2,771,675)	1,831,852	12,159
NET CHANGE IN FUND BALANCES	5,237,746	(9,446,365)	(244,494)
Fund Balance - Beginning	29,926,888	88,720,479	21,067,880
Fund Balance - Ending	$ 35,164,634	$ 79,274,114	$ 20,823,386

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

Non Major Governmental Funds	Total Governmental Funds
$ 885,231	$ 185,450,657
758,914	6,688,476
33,654	38,534,775
7,327,994	72,791,832
9,005,793	303,465,740
23,129	164,237,709
-	6,323,090
-	4,232,035
-	18,711,139
-	4,138,405
5,908,608	5,908,608
-	13,133,204
-	2,135,588
969	8,975,203
1,508,555	25,990,476
2,032,110	18,055,896
-	3,053,390
-	444,108
-	1,682,136
37,087	17,006,461
-	13,468,406
9,510,458	307,495,854
(504,665)	(4,030,114)
1,511,905	4,478,287
(588,133)	(4,478,287)
-	(3,892)
923,772	(3,892)
419,107	(4,034,006)
10,489,541	150,204,788
$ 10,908,648	$ 146,170,782

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

Total Net Change in Fund Balances - Governmental Funds		**$ (4,034,006)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.		
Depreciation expense	$ (30,312,132)	
Capital outlays	15,045,245	
Net Expense Adjustment		(15,266,887)
Loss on disposal of capital assets is reported in the government-wide statement of Net Position, but is not recorded in the governmental funds.		(1,546)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was more than the amounts earned.		3,941
Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		
General obligation bonds	$ 14,810,000	
Capital lease payable	581,461	
Lease revenue	1,615,000	
Early retirement incentive	56,077	17,062,538
Amortization of premium relating to bonds are expenditures in the governmental funds, but increase the liability in the Statement of Net Position are amortized over the life of the bond in the Statement of Activities.		1,949,212
Interest on long-term obligation is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		2,268,714
In the Statement of Activities, unfunded Annual Required Contribution (ARC) is recognized as an expense, but is not recognized in the governmental funds.		(1,927,402)
An internal service fund is used by the District's management to charge the costs of the health and welfare and the property insurance program to the individual funds. The net income of the internal service fund is reported with governmental activities.		323,345
Change in Net Position of Governmental Activities		**$ 377,909**

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets	
Deposits and investments	$ 2,015,087
Receivables	336,096
Due from other funds	151,505
Total Current Assets	2,502,688
Noncurrent Assets	
Furniture and equipment (net)	3,578
Total Assets	2,506,266
LIABILITIES	
Current Liabilities	
Accounts payable	11,319
Due to other funds	464
Claim liabilities	555,956
Total Current Liabilities	567,739
NET POSITION	
Net investment in capital assets	3,578
Unrestricted	1,934,949
Total Net Position	$ 1,938,527

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
In District premiums	$ 4,125,447
Other local sources	22,464
Total Operating Revenues	4,147,911
OPERATING EXPENSES	
Payroll costs	3,496,122
Supplies and materials	3,480
Other operating cost	329,985
Total Operating Expenses	3,829,587
Operating Income	318,324
NONOPERATING REVENUES	
Interest income	5,021
Total Nonoperating Revenues	5,021
Change in Net Position	323,345
Total Net Position - Beginning	1,615,182
Total Net Position - Ending	$ 1,938,527

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	$ 4,114,755
Cash payments to employees for services	(3,496,122)
Cash payments for other operating expenses	(339,804)
Net Cash Provided for Operating Activities	278,829
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	5,021
Net Cash Provided by Investing Activities	5,021
Net Increase in Cash and Cash Equivalents	283,850
Cash and Cash Equivalents - Beginning	1,731,237
Cash and Cash Equivalents - Ending	$ 2,015,087
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 318,324
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	2,260
Changes in assets and liabilities:	
Receivables	(15,525)
Due from other funds	241
Accounts payable	(9,064)
Claims liabilities	(17,871)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 278,829

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Retiree Benefits Trust	Agency Funds Warrant Clearing	Agency Funds ASB Funds
ASSETS			
Deposits and investments	$ 21,483,744	$ 11,950,390	$ 2,571,948
Receivables	428,990	476,943	-
Due from other funds	4,056	2,032	-
Total Assets	21,916,790	$ 12,429,365	$ 2,571,948
LIABILITIES			
Due to student groups	-	$ -	$ 2,571,948
Due to other funds	662	15,132	-
Due to others	-	12,414,233	-
Total Liabilities	662	$ 12,429,365	$ 2,571,948
NET POSITION			
Unrestricted	21,916,128		
Total Net Position	$ 21,916,128		

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Retiree Benefits Trust
ADDITIONS	
District contributions	$ 2,024,545
Net increase in fair value of investments	3,392,286
Total Additions	5,416,831
DEDUCTIONS	
Other expenditures	2,658,552
Total Deductions	2,658,552
Change in Net Position	2,758,279
Net Position - Beginning	19,157,849
Net Position - Ending	$ 21,916,128

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The San Ramon Valley Unified School District (the District) was organized on July 1, 1965 under the laws of the State of California. The District operates under a locally elected five member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates 21 elementary, eight middle, four high schools, a continuation school, an independent study school.

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

Component Units

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

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

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund The Adult Education Fund is used to account separately for federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only.

Cafeteria Fund The Cafeteria Fund is used to account separately for federal, State, and local resources to operate the food service program (*Education Code* sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code* sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Special Reserve Fund for Other Than Capital Outlay Projects The Special Reserve for Other Than Capital Outlay Projects is used primarily to provide for the accumulation of General Fund monies for general operating purposes other than for capital outlay (*Education Code* Section 42840).

Capital Project Funds The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

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

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Fund Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates two self insurance programs that are accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. 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.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust fund is the retiree benefit trust. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's Agency fund accounts for student body activities (ASB) and the warrant clearing fund.

Basis of Accounting - Measurement Focus

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

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

The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

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

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

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District. The Fiduciary Activities are retiree benefits trust fund and agency funds. The agency funds report a balance sheet and do not have a measurement focus. The retiree benefit trust uses the current financial resources measurement focus.

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

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

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2014, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Restricted Assets

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

Prepaid Expenditures

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings - 10 to 50 years.
Improvements/infrastructure - 11 to 36 years.
Equipment - two to 20 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as, "interfund receivables/payables."

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Debt Issuance Costs, Premiums and Discounts

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

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Fund Balances - Governmental Funds

As of June 30, 2014, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The District has a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

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

Operating Revenues and Expenses

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

Interfund Activity

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

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

Estimates

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

Budgetary Data

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

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

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively.

Unsecured property taxes are payable in one installment on or before August 31. The County of Contra Costa bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The District has implemented the provisions of this Statement for the year ended June 30, 2014.

As the result of implementing GASB Statement No. 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013, by $2,087,763. The decrease results from no longer deferring and amortizing bond issuance costs.

New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68*, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.

- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged. The District is currently evaluating the impact on the financial statement.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No.68.* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Governmental funds	$ 140,368,712	
Less Overdraft	(9,654)	
Total Governmental funds		$ 140,359,058
Proprietary funds		2,015,087
Fiduciary funds		36,006,082
Total Deposits and Investments		$ 178,380,227

Deposits and investments as of June 30, 2014, consist of the following:

Cash on hand and in banks	$ 3,417,416
Cash in revolving	62,000
Investments	174,900,811
Total Deposits and Investments	$ 178,380,227

Policies and Practices

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

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

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

General Authorizations

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

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

Interest Rate Risk

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

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

Investment Type	Fair Value	Weighted Average Maturity
County Pool	$ 174,823,010	184 Days
State Investment Pool (LAIF)	281,469	232 Days
California Employers' Retiree Benefit Trust	21,937,144	N/A
Total	$ 197,041,623	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment's in the county pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2014.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2014, the District's bank balance of $2,390,413 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2014, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total	Proprietary Funds	Fiduciary Funds
Federal Government							
Categorical aid	$ 2,709,744	$ -	$ -	$ 127,656	$ 2,837,400	$ -	$ -
State Government							
State principal apportionment	1,750,323	-	-	4,415	1,754,738	-	-
Categorical aid	4,484,376	-	-	-	4,484,376	-	-
Lottery	985,667	-	-	-	985,667	-	-
Other State	9,190	-	-	-	9,190	-	-
Local Government							
Interest	16,889	-	3,106	-	19,995	-	-
Other Local Sources	1,211,805	996,286	-	12,340	2,220,431	336,096	905,933
Total	$ 11,167,994	$ 996,286	$ 3,106	$ 144,411	$ 12,311,797	$ 336,096	$ 905,933

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 336,607,628	$ -	$ -	$ 336,607,628
Construction in Progress	24,145,542	14,178,186	11,396,777	26,926,951
Total Capital Assets Not Being Depreciated	360,753,170	14,178,186	11,396,777	363,534,579
Capital Assets Being Depreciated:				
Land Improvements	55,489,272	5,906,697	4,362	61,391,607
Buildings and Improvements	860,037,044	5,734,741	-	865,771,785
Furniture and Equipment	17,244,364	622,398	1,055,431	16,811,331
Total Capital Assets Being Depreciated	932,770,680	12,263,836	1,059,793	943,974,723
Total Capital Assets	1,293,523,850	26,442,022	12,456,570	1,307,509,302
Less Accumulated Depreciation:				
Land Improvements	39,205,530	1,464,391	-	40,669,921
Buildings and Improvements	219,586,173	27,809,380	-	247,395,553
Furniture and Equipment	11,720,494	1,040,619	1,058,245	11,702,868
Total Accumulated Depreciation	270,512,197	30,314,390	1,058,245	299,768,342
Total Capital Assets Being Depreciated, Net	662,258,483	(18,050,554)	1,548	644,206,381
Governmental Activities Capital Assets, Net	$ 1,023,011,653	$ (3,872,368)	$ 11,398,325	$ 1,007,740,960

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

Governmental Activities	
Instruction	$ 19,105,920
Instructional supervision and admin	761,696
Instructional library, media and tech	509,802
School site administration	2,253,992
Home-to-School transportation	498,523
Food services	711,766
All other pupil services	1,582,060
Ancillary services	367,819
Community services	53,498
Enterprise	2,258
All other general administration	1,081,176
Centralized data processing	257,258
Plant services	3,128,622
Total Depreciation Expenses Governmental Activities	$ 30,314,390

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2014, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

	Due From						
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Proprietary Fund	Sub-Total	Fiduciary Funds	Total
General fund	$ -	$ 82,112	$ 1,859,380	$ 151,505	$ 2,092,997	$ 6,088	$2,099,085
Building fund	22,914	-	-	-	22,914	-	22,914
Bond Interest and Redemption fund	1,393	-	-	-	1,393	-	1,393
Non-Major Governmental funds	65,073	-	555,161	-	620,234	-	620,234
Proprietary Fund	464			-	464	-	464
Sub-Total	89,844	82,112	2,414,541	151,505	2,737,538	6,088	2,744,090
Fiduciary Funds	15,794	-	-	-	15,794	-	15,794
Total	$ 105,638	$ 82,112	$ 2,414,541	$ 151,505	$ 2,753,332	$ 6,088	$ 2,759,884

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

Operating Transfers

Interfund transfers for the year ended June 30, 2014, consisted of the following:

	Transfer From				
Transfer To	General Fund	Building Fund	Bond Interest and Redemption	Non-Major Governmental Funds	Total
General Fund	$ -	$ 2,383,380	$ -	$ 958,905	$ 3,342,285
Building Fund	535,710	-	12,159	-	547,869
Non-Major Governmental Funds	34,900	-	-	553,233	588,133
Total	$ 570,610	$ 2,383,380	$ 12,159	$ 1,512,138	$ 4,478,287

The Building Fund transferred to the General Fund for Qualified Construction bonds payments.	$ 535,710
The Special Reserve Fund transferred to the General Fund for Dougherty Valley High School tennis court project.	34,900
The General Fund transferred to the Special Reserve Fund for Diablo Vista Middle School projects, Dougherty Valley HS projects, future QSCB debt service and future daycare building purchases.	958,905
The General Fund Transferred to the Building fund to cover the net cost of debt service on the Qualified School Construction Bonds.	2,383,380
The County School Facilities Fund transferred to the Capital Facilities Fund to clear the balance.	553,000
The County School Facilities Fund transferred to the Building Fund to clear the balance.	233
The Building Fund transferred to the Bond Redemption Fund for Dougherty Valley High School tennis court payment.	12,159
Total	$ 4,478,287

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2014, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Proprietary Funds
Vendor payables	$ 2,451,211	$ 1,684,787	$ 1,057,888	$ 5,193,886	$ 11,319
State apportionment	825,218	-	1,571	826,789	-
Salaries and benefits	599,030	3,281	41,066	643,377	-
Claims payable	-	-	-	-	555,956
Total	$ 3,875,459	$ 1,688,068	$ 1,100,525	$ 6,664,052	$ 567,275

NOTE 7 - UNEARNED REVENUE

Unearned revenue as of June 30, 2014 consists of the followings:

	General Fund
Federal financial assistance	$ 79,202
State categorical aid	158,896
Total	$ 238,098

NOTE 8 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due in One Year
General obligation bonds	$ 352,809,473	$ 2,017,498	$ 14,810,000	$ 340,016,971	$ 13,885,000
Early retirement incentive	217,006	-	56,077	160,929	95,000
Lease revenue bonds	23,025,000	-	1,615,000	21,410,000	1,615,000
Compensated absences (vacation)	1,794,960	-	3,941	1,791,019	-
Capital leases	1,176,334	-	581,461	594,873	444,270
Postemployment benefits (OPEB)	10,715,964	3,951,948	2,024,546	12,643,366	-
	389,738,737	5,969,446	19,091,025	376,617,158	16,039,270
Premiums, net of amortization	32,795,091	26,250	1,975,462	30,845,879	1,949,212
	$ 422,533,828	$ 5,995,696	$ 21,066,487	$ 407,463,037	$ 17,988,482

Payments for general obligation bonds are made by the Bond Interest and Redemption fund. Payments for early retirement incentive are made out by the General fund. Capital leases payments are made by the General and Building funds. Compensated absences will be paid for by the funds for which the employee worked. Payment for OPEB obligations are made from Retiree Benefit Trust. Payments for lease revenue bond are made by the Building Fund.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2013	Accretion	Deletions/ Redeemed	Bonds Outstanding June 30, 2014
12/1/1999	2018	4.15-5.25%	$ 70,000,000	$ 46,314,473	$ 2,017,498	$ 7,950,000	$ 40,381,971
3/1/2003	2028	2.0-5.4%	72,000,000	250,000	-	250,000	-
10/13/2004	2029	5-5.25%	100,000,000	1,500,000	-	1,500,000	-
7/20/2006	2031	4.5-5%	88,000,000	13,700,000	-	3,500,000	10,200,000
1/17/2013	2031	3-4%	52,200,000	52,200,000	-	-	52,200,000
2/14/2013	2037	2-4%	74,995,000	74,995,000	-	-	74,995,000
7/17/2012	2029	1-5%	167,945,000	163,850,000	-	1,610,000	162,240,000
				$ 352,809,473	$ 2,017,498	$ 14,810,000	$ 340,016,971

Debt Service Requirements to Maturity

The bonds mature through 2037 as follows:

Fiscal Year		Principal	Interest to Maturity	Total
2015		$ 9,324,982	$ 20,372,568	$ 29,697,550
2016		9,974,331	20,521,944	30,496,275
2017		8,802,398	20,714,177	29,516,575
2018		9,185,070	17,456,780	26,641,850
2019		10,401,484	17,591,665	27,993,149
2020-2024		78,880,000	48,642,450	127,522,450
2025-2029		107,680,000	26,892,775	134,572,775
2030-2034		49,740,000	9,824,775	59,564,775
2034-2037		33,460,000	2,813,400	36,273,400
	Total	317,448,265	$ 184,830,534	$ 502,278,799
	Accretions to date	22,568,706		
	Total carrying amount	$ 340,016,971		

Lease Revenue Bonds

On July 20, 2010, the District issued $25,000,000 Federally Taxable Lease Revenue Bonds with interest ranging from 2.397 percent to 6.254 percent. The bonds were issued to finance construction of solar panels at several school sites. Interest with respect to the Bonds will be payable semi-annually on each November 1 and May 1, commencing November 1, 2010 and maturing on May 1, 2027. At June 30, 2014, the principal balance outstanding was $21,410,000.

Debt Service Requirements to Maturity

The lease revenue bonds mature through 2027 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2015	$ 1,615,000	$ 1,238,583	$ 2,853,583
2016	1,615,000	1,173,660	2,788,660
2017	1,615,000	1,100,598	2,715,598
2018	1,615,000	1,021,075	2,636,075
2019	1,615,000	936,223	2,551,223
2020-2024	8,200,000	3,430,242	11,630,242
2024-2027	5,135,000	515,519	5,650,519
Total	$ 21,410,000	$ 9,415,900	$ 30,825,900

Early Retirement Plan

In January 2010, the District entered into agreements with certain employees retiring from the District effective at June 30, 2010 to provide a supplemental early retirement plan to each of the thirty-five retiring employees. The agreement calls for monthly installments to be paid within the next five years beginning August 1, 2010 towards post-retirement benefits equal to the amount of the single party Kaiser District health plan or once Medicare eligible, single party Kaiser Senior Advantage District health plan. As of June 30, 2014, the outstanding balance was $160,929.

Compensated Absences (Vacation)

The long-term portion of compensated absences (vacation) for the District at June 30, 2014, amounted to $1,791,019.

Capital Leases

The District has entered into agreements to lease various equipment and vehicles. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liabilities on lease agreements with options to purchase are summarized below:

	Computers	Relocatables	PG&E HVAC Lighting Retrofit	Total
Balance, July 1, 2013	$ 951,138	$ 82,156	$ 143,040	$ 1,176,334
Payments	493,991	41,078	46,392	581,461
Balance, June 30, 2014	$ 457,147	$ 41,078	$ 96,648	$ 594,873

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2015	$ 444,270
2016	165,335
2017	3,866
Total	613,471
Less: Amount Representing Interest	18,598
Present Value of Minimum Lease Payments	$ 594,873

Leased equipment under capital leases in capital assets and accumulated depreciation at June 30, 2014, include the following:

Equipment	$ 956,057
Less: Accumulated depreciation	(926,707)
Total	$ 29,350

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution (ARC) was $4,142,526, for the year ended June 30, 2014, and the contribution made by the District was $2,024,546. Interest on the net OPEB obligation was $723,327 and the adjustment to ARC was $913,905 which resulted in a decrease to the net OPEB obligation of $190,578. As of June 30, 2014, the net OPEB obligation was $12,643,366. See Note 10 for additional information regarding the OPEB Obligation and the postemployment benefits plan.

NOTE 9 - FUND BALANCES

Fund balance are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 62,000	$ -	$ -	$ -	$ 62,000
Stores inventories	53,247	-	-	81,980	135,227
Prepaid expenditures	408,185	-	-	-	408,185
Total Nonspendable	523,432	-	-	81,980	605,412
Restricted					
Legally restricted programs	9,864,627	-	-	485,276	10,349,903
Capital projects	-	68,303,908	-	4,796,740	73,100,648
Debt services	-	-	20,823,386	-	20,823,386
Total Restricted	9,864,627	68,303,908	20,823,386	5,282,016	104,273,937
Committed					
Deferred maintenance	-	-	-	1,901,301	1,901,301
Adult education program	-	-	-	17,163	17,163
Other	-	-	-	3,626,190	3,626,190
Total Committed	-	-	-	5,544,654	5,544,654
Assigned					
Capital projects	-	10,970,206	-	-	10,970,206
Other	3,822,188	-	-	-	3,822,188
Total Assigned	3,822,188	10,970,206	-	-	14,792,394
Unassigned					
Reserve for economic uncertainties	7,492,000	-	-	-	7,492,000
Remaining unassigned	13,462,387	-	-	-	13,462,387
Total Unassigned	20,954,387	-	-	-	20,954,387
Total	$ 35,164,634	$ 79,274,114	$ 20,823,386	$ 10,908,650	$ 146,170,784

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the San Ramon Valley Unified School District. The Plan offers medical, dental, vision, and life insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 781* retirees and beneficiaries currently receiving benefits, 164* bargaining employees ineligible for retiree health benefits, and 2,106* active plan members. The Plan is presented in these financial statements as the Retiree Benefits Trust Fund. Separate financial statements are not prepared for the Trust.

**Most recent information available.*

Contribution Information

The contribution requirements of plan members and the District are established and periodically updated through actuarial studies that provide 20 years of projected benefit payment net of retiree contributions. For fiscal year 2013-2014, the District contributed $2,024,546 to the plan, and all was used for current premiums. District's contributions for retiree benefits are based on the rates established in accordance with the bargaining unit agreements. Retirees paid $2,370,703 toward their medical premiums. Contributions made by retirees vary depending on their agreements. The retiree's out of pocket contribution is the difference between the District's costs and the amount of their groups' respective promise. The remainder of the premiums was funded from beginning net position and interest earnings.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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 accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$	4,142,526
Interest on net OPEB obligation		723,327
Adjustment to annual required contribution		(913,905)
Annual OPEB cost (expense)		3,951,948
Contributions Made		(2,024,546)
Increase in net OPEB obligation		1,927,402
Net OPEB obligation, beginning of year		10,715,964
Net OPEB obligation, end of year	$	12,643,366

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (CONTINUED)

Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contributions	Percentage Contributed	Net OPEB Obligation
2012	$ 4,259,762	$ 2,174,947	51%	$ 9,140,812
2013	3,807,566	2,232,414	59%	10,715,964
2014	3,951,948	2,024,546	51%	12,643,366

Funded Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follow:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
June 30, 2013	$ 19,157,850	$ 58,373,360	$ 39,215,510	33%	$ 164,943,326	24%

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, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the June 30, 2013, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included 6.75 percent investment rate of return (net of administrative expenses), based on the plan being funded in a Retiree Benefit Trust Fund through the CalPERS Employers' Retiree Benefit Trust (CERBT). The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2013, was 20 years. At June 30, 2014, the Trust Fund held net position in the amount of $21,916,128, which mainly consisted of investment in CERBT program amounted to $21,483,744. As of June 30, 2014, CERBT is managed by CalPERS (California Public Employees' Retirement System) that Public agencies can use to establish a trust to prefund future retiree health and other post employment benefits. Separate financial reports are issued by CalPERS for the OPEB plan. The separate financial reports can be obtained by mailing a request to CalPERS.

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2014, the District contracted with Northern California Regional Liability Excess Fund for excess property and liability insurance coverage. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2014, the District participated in the Contra Costa County Schools Insurance Group, an insurance purchasing pool. The intent of the Contra Costa County Schools Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Contra Costa County Schools Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Contra Costa County Schools Insurance Group. Each participant pays its workers ' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of each participating school district. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Contra Costa County Schools Insurance Group. Participation in the Contra Costa County Schools Insurance Group is limited to districts that can meet the Contra Costa County Schools Insurance Group selection criteria.

Claims Liabilities

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

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2012 to June 30, 2014:

	Health and Welfare	Property and Liability	Total
Liability Balance, July 1, 2012	$ 227,685	$ 184,684	$ 412,369
Claims and changes in estimates	3,472,993	536,931	4,009,924
Claims payments	(3,475,322)	(373,144)	(3,848,466)
Liability Balance, June 30, 2013	225,356	348,471	573,827
Claims and changes in estimates	3,627,272	184,444	3,811,716
Claims payments	(3,580,482)	(249,105)	(3,829,587)
Liability Balance, June 30, 2014	$ 272,146	$ 283,810	$ 555,956
Assets available to pay claims at June 30, 2014	$ 1,529,254	$ 405,695	$ 1,934,949

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

The District contributes to the CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, CA 95605.

Funding Policy

Due to the implementation of the Public Employee Pension Reform Act of 2013 (PEPRA), new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-14, the required contribution rate for new members is 8.0 percent. "Classic" plan members are also required to contribute 8.0 percent of their salary. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2014, 2013, and 2012, were $10,283,814, $9,372,731, and $8,390,147, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under the 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 survivor benefits to plan members and beneficiaries. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95811.

Funding Policy

As a result of the implementation of the Public Employee Pension Reform Act of 2013 (PEPRA), new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the normal cost is 11.85 percent, which rounds to a 6.0 percent contribution rate. "Classic" plan members continue to contribute 7.0 percent. 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 2013-2014 was 11.442 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2014, 2013, and 2012, were $4,125,771, $3,846,725, and $3,561,729, respectively, and equal 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $5,633,100 (5.541 percent of annual payroll). Contributions for fiscal years 2012-2013 and 2011-2012 are $5,447,444 and $5,241,266, respectively. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the General Fund Budgetary Comparison Schedule.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2014.

Operating Leases

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2015	$ 296,048
2016	186,366
2017	123,561
2018	74,128
2019	5,623
Total	$ 685,726

Construction Commitments

As of June 30, 2014, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
DVHS Modular Classroom	$ 223,373	August 2014
Green Valley Roof	379,600	August 2014
Bella Vista (new school)	15,280	July 2014
Del Amigo Replace Fire Alarm	83,000	December 2013
San Ramon Valley High bleacher replacement	98,683	September 2014
Upgrade Electrical-multiple sites	127,400	August 2014
	$ 927,336	

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

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

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

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

During the year ended June 30, 2014, the District made payment of $3,087,288 and $1,364,761 to Contra Costa County Schools Insurance Group and Northern California Regional Excess Liability Fund, respectively for insurance coverage.

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. As a result, the effect on the current fiscal year is as follows:

Statement of Net Position	
Net Position - Beginning	$ 740,351,231
Restatement/cost of issuance	(2,087,763)
Net Position - Beginning as Restated	$ 738,263,468

REQUIRED SUPPLEMENTARY INFORMATION

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
REVENUES				
Local Control Funding Formula	$ 161,079,233	$ 184,424,699	$ 184,565,426	$ 140,727
Federal sources	5,795,599	6,085,920	5,929,562	(156,358)
Other state sources	42,634,419	32,547,996	32,706,101	158,105
Other local sources	27,278,918	30,258,194	31,199,349	941,155
Total Revenues[1]	236,788,169	253,316,809	254,400,438	1,083,629
EXPENDITURES				
Current				
Certificated salaries	117,530,131	121,557,059	121,523,573	33,486
Classified salaries	37,647,954	38,913,461	39,649,690	(736,229)
Employee benefits	52,462,296	52,340,138	52,032,665	307,473
Books and supplies	8,138,895	14,944,941	10,182,522	4,762,419
Services and operating expenditures	19,806,138	21,158,633	20,416,791	741,842
Other outgo	1,444,494	1,678,503	1,681,167	(2,664)
Capital outlay	141,758	608,473	317,471	291,002
Debt service - principal	499,875	568,963	547,724	21,239
Deb service - interest	26,286	26,286	39,414	(13,128)
Total Expenditures[1]	237,697,827	251,796,457	246,391,017	5,405,440
Excess (Deficiency) of Revenues Over Expenditures	(909,658)	1,520,352	8,009,421	6,489,069
Other Financing Sources (Uses):				
Transfers in	-	570,610	570,610	-
Transfers out	(3,700,465)	(3,333,626)	(3,342,285)	(8,659)
Net Financing Sources (Uses)	(3,700,465)	(2,763,016)	(2,771,675)	(8,659)
NET CHANGE IN FUND BALANCES	(4,610,123)	(1,242,664)	5,237,746	6,480,410
Fund Balance - Beginning	29,926,888	29,926,888	29,926,888	-
Fund Balance - Ending	$ 25,316,765	$ 28,684,224	$ 35,164,634	$ 6,480,410

[1] On behalf payments of $5,633,100 are not included in actual revenues and expenditures, nor the budgeted amounts.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2007	$ 8,934,183	$ 53,448,875	$ 44,514,692	17%	$ 115,878,907	38.41%
July 1, 2009	12,663,436	56,567,904	43,904,468	22%	125,391,500	35.01%
September 1, 2011	17,710,149	56,283,659	38,573,510	31%	160,928,366	23.97%
June 30, 2013	19,157,850	58,373,360	39,215,510	33%	164,943,326	24%

SUPPLEMENTARY INFORMATION

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Elementary & Secondary Education Act			
Title I - Part A, Basic Grants	84.010	14981	$ 516,951
Title II - Part A, Improving Teacher Quality	84.367	14341	295,876
Title III - Limited English Proficiency	84.365	14346	226,442
Title III - Immigrant Education Program	84.365	15146	216,573
Carl D. Perkins Career & Technical Education: Secondary, Section 131	84.048	14894	94,772
Special Education Programs			
Early Intervention Services (IDEA) Cluster			
Special Education Part C, Early Intervention	84.181	23761	75,121
Special Education Cluster (IDEA)			
Preschool Grants	84.173	13430	187,090
Preschool Staff Development, Part B	84.173A	13431	1,041
Basic Local Assistance Entitlement	84.027	13379	3,413,972
Local Assistance, Part B	84.027	10115	124,460
Mental Health Allocation Plan	84.027	14468	348,844
Preschool Local Entitlement	84.027A	13682	428,420
Total U.S. Department of Education			5,929,562
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster			
School Breakfast Program	10.553	13390	52,852
National School Lunch Program	10.555	23165	706,062
Fair Market Value of Commodities [1]	10.555	13396	202,926
Total U.S. Department of Agriculture			961,840
Total Expenditures of Federal Awards			$ 6,891,402

1 Amount not included in fund financial statements

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2014

ORGANIZATION

The San Ramon Valley Unified School District was established on July 1, 1965 and consists of an area comprising approximately 104 square miles. The District operates 21 elementary schools, eight middle schools, four high schools, a continuation, and an independent study. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Rachel Hurd	President	2014
Denise Jennison	Vice President	2014
Greg Marvel	Clerk	2016
Ken Mintz	Member	2016
Mark Jewett	Member	2016

ADMINISTRATION

NAME	TITLE
Mary Shelton	Superintendent
Scott Anderson	Chief Business Officer
Gary Black	Assistant Superintendent, Facilities and Operations
Jessica Romeo	Assistant Superintendent, Human Resources
Toni Taylor	Assistant Superintendent, Educational Services

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2014

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	9,034	9,044
Fourth through sixth	7,306	7,307
Seventh and eighth	4,896	4,892
Ninth through twelfth	9,332	9,318
Total Regular ADA	30,567	30,562
Extended Year Special Education		
Transitional kindergarten through third	7	7
Fourth through sixth	5	5
Seventh and eighth	3	3
Ninth through twelfth	5	5
Total Extended Year Special Education	20	20
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	-
Fourth through sixth	2	2
Seventh and eighth	4	4
Ninth through twelfth	11	10
Total Special Education, Nonpublic, Nonsectarian Schools	17	16
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	-
Fourth through sixth	-	-
Seventh and eighth	-	-
Ninth through twelfth	2	1
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	2	1
Total ADA	30,606	30,599

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2014

Grade Level	1986-87 Minutes Requirement	Reduced 1986-87 Minutes Requirement	2013-2014 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	35,000	36,000	180	In compliance
Grades 1 - 3					
Grades 1	50,400	49,000	52,740	180	In compliance
Grades 2	50,400	49,000	52,740	180	In compliance
Grades 3	50,400	49,000	52,740	180	In compliance
Grades 4 - 6					
Grades 4	54,000	52,500	54,360	180	In compliance
Grades 5	54,000	52,500	54,360	180	In compliance
Grades 6	54,000	52,500	58,678	180	In compliance
Grades 7 - 8					
Grades 7	54,000	52,500	58,668	180	In compliance
Grades 8	54,000	52,500	58,648	180	In compliance
Grades 9 - 12					
Grades 9	64,800	63,000	67,201	180	In compliance
Grades 10	64,800	63,000	67,201	180	In compliance
Grades 11	64,800	63,000	66,801	180	In compliance
Grades 12	64,800	63,000	66,801	180	In compliance

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

FORM DEBT		
Total Liabilities, June 30, 2014, Unaudited Actuals	$	409,557,841
Increase in		
Early Retirement Incentive		160,929
Capital leases		7,282
Decrease in		
General Obligation Bond		(2,165,873)
Postemployment Benefits		(97,142)
Total Liabilities, June 30, 2014, Audited Financial Statement	$	407,463,037

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

	(Budget) 2015	2014	2013	2012
GENERAL FUND				
Revenues	$ 265,332,894	$ 260,033,538	$ 235,996,400	$ 230,478,758
Other sources and transfers in	-	570,610	1,077,667	293,299
Total Revenues and Other Sources	265,332,894	260,604,148	237,074,067	230,772,057
Expenditures	260,920,237	252,024,117	241,529,090	231,041,024
Other uses and transfers out	2,849,258	3,342,285	3,712,732	2,932,031
Total Expenditures and Other Uses	263,769,495	255,366,402	245,241,822	233,973,055
INCREASE (DECREASE) IN FUND BALANCE	$ 1,563,399	$ 5,237,746	$ (8,167,755)	$ (3,200,998)
ENDING FUND BALANCE	$ 36,728,033	$ 35,164,634	$ 29,926,888	$ 38,094,643
AVAILABLE RESERVES [2]	$ 27,001,315	$ 20,954,387	$ 21,629,978	$ 28,775,149
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3]	10.24%	8.21%	8.82%	12.30%
LONG-TERM DEBT	$ 389,474,556	$ 407,463,038	$ 422,533,828	$ 340,724,051
K-12 AVERAGE DAILY ATTENDANCE AT P-2	31,122	30,606	29,928	29,099

The General Fund balance has decreased by $2,930,009 over the past two years. The fiscal year 2014-2015 budget projects an increase of $1,563,399 (4 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years and anticipates incurring an operating surplus during the 2014-2015 fiscal year. Total long-term obligations have increased by $66,738,987 over the past two years, mainly due to the issuance of General Obligation Bonds.

Average daily attendance has increased by 1,507 over the past two years. Additional growth of 516 ADA is anticipated during fiscal year 2014-2015.

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1 Budget 2015 is included for analytical purposes only and has not been subjected to audit.

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

3 On-behalf payments of $5,633,100 have been excluded from the calculation of available reserves for fiscal years ending June 30, 2014.

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Non-Capital Fund
ASSETS				
Deposits and investments	$ -	$ 661,591	$ 1,159,342	$ 2,665,728
Receivables	-	137,488	-	-
Due from other funds	28,988	9,594	857,361	961,173
Stores inventories	-	81,980	-	-
Total Assets	$ 28,988	$ 890,653	$ 2,016,703	$ 3,626,901
LIABILITIES AND FUND BALANCES				
Liabilities:				
Overdrafts	$ 9,654	$ -	$ -	$ -
Accounts payable	1,571	321,474	114,952	-
Due to other funds	601	1,923	451	711
Total Liabilities	11,826	323,397	115,403	711
Fund Balances:				
Nonspendable	-	81,980	-	-
Restricted	-	485,276	-	-
Committed	17,162	-	1,901,300	3,626,190
Total Fund Balances	17,162	567,256	1,901,300	3,626,190
Total Liabilities and Fund Balances	$ 28,988	$ 890,653	$ 2,016,703	$ 3,626,901

See accompanying note to supplementary information

Capital Facilities Fund	County School Facilities Fund	Total Non Major Governmental Funds
$ 4,958,468	$ 553,000	$ 9,998,129
6,923	-	144,411
557,425	-	2,414,541
-	-	81,980
$ 5,522,816	$ 553,000	$ 12,639,061
$ -	$ -	$ 9,654
662,528	-	1,100,525
63,548	553,000	620,234
726,076	553,000	1,730,413
-	-	81,980
4,796,740	-	5,282,016
-	-	5,544,652
4,796,740	-	10,908,648
$ 5,522,816	$ 553,000	$ 12,639,061

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Non-Capital Fund
REVENUES				
Revenue limit sources	$ 28,989	$ -	$ 856,242	$ -
Federal sources	-	758,914	-	-
Other state sources	-	33,421	-	-
Other local sources	7	5,256,778	4,881	7,694
Total Revenues	28,996	6,049,113	861,123	7,694
EXPENDITURES				
Current				
Instruction	23,129	-	-	-
Pupil services:				
Food services	-	5,908,608	-	-
Administration:				
All other administration	969	-	-	-
Plant services	-	-	1,440,752	-
Facility acquisition and construction	-	-	-	-
Debt service				
Principal	-	-	-	-
Total Expenditures	24,098	5,908,608	1,440,752	-
Excess (Deficiency) of Revenues Over Expenditures	4,898	140,505	(579,629)	7,694
Other Financing Sources (Uses):				
Transfers in	-	-	-	958,905
Transfers out	-	-	-	(34,900)
Net Financing Sources (Uses)	-	-	-	924,005
NET CHANGE IN FUND BALANCES	4,898	140,505	(579,629)	931,699
Fund Balance - Beginning	12,264	426,751	2,480,929	2,694,491
Fund Balance - Ending	$ 17,162	$ 567,256	$ 1,901,300	$ 3,626,190

See accompanying note to supplementary information

Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Governmental Funds
$ -	$ -	885,231
-	-	758,914
-	233	33,654
2,058,634	-	7,327,994
2,058,634	233	9,005,793
-	-	23,129
-	-	5,908,608
-	-	969
67,803	-	1,508,555
2,032,110	-	2,032,110
37,087	-	37,087
2,137,000	-	9,510,458
(78,366)	233	(504,665)
553,000	-	1,511,905
-	(553,233)	(588,133)
553,000	(553,233)	923,772
474,634	(553,000)	419,107
4,322,106	553,000	10,489,541
$ 4,796,740	$ -	10,908,648

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues Statement of Revenues, Expenditures and Changes in Fund Balance:		$ 6,688,476
Commodities received	10.555	202,926
Total Schedule of Expenditures of Federal Awards		$ 6,891,402

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

SUPPLEMENTARY INFORMATION - UNAUDITED

ASSESSED VALUATION OF TAXABLE PROPERTIES AND SECURED TAX CHARGES AND DELINQUENCIES WITHIN THE SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT BOUNDARIES - *UNAUDITED*
FOR THE YEAR ENDED JUNE 30, 2014

Assessed Valuation	$ 36,471,622,532
Less: Exemptions	(569,489,726)
Total 2013-2014 Assessed Valuation	$ 35,902,132,806

See accompanying note to supplementary information - unaudited.

NOTE TO SUPPLEMENTARY INFORMATION - *UNAUDITED*
JUNE 30, 2014

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

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

INDEPENDENT AUDITOR'S REPORTS

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

Governing Board
San Ramon Valley Unified School District
Danville, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Ramon Valley Unified School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2014.

Change in Accounting Principles

As discussed in Note 1 to the financial statements, the District has adopted the provisions the GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as 2014-001.

Compliance and Other Matters

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

San Ramon Valley Unified School District's Response to Findings

San Ramon Valley Unified School District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. San Ramon Valley Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 8, 2014

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Governing Board
San Ramon Valley Unified School District
Danville, California

Report on Compliance for Each Major Federal Program

We have audited San Ramon Valley Unified School District's compliance with the types of compliance requirement described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of San Ramon Valley Unified School District's (the District) major Federal programs for the year ended June 30, 2014. The District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

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Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of San Ramon Valley Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered San Ramon Valley Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of San Ramon Valley Unified School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 8, 2014

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
San Ramon Valley Unified School District
Danville, California

Report on State Compliance

We have audited San Ramon Valley Unified School District's compliance with the types of compliance requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2013-2014* that could have a direct and material effect on each of the San Ramon Valley Unified School District's State government programs as noted below for the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the San Ramon Valley Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-2014*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about San Ramon Valley Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion~~s~~. Our audit does not provide a legal determination of San Ramon Valley Unified School District's compliance with those requirements.

Unmodified Opinion on Each of the State Programs Listed Below

In our opinion, San Ramon Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2014.

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In connection with the audit referred to above, we selected and tested transactions and records to determine the San Ramon Valley Unified School District's compliance with the State laws and regulations applicable to the following items:

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	No, see below
Instructional Time:		
School Districts	10	Yes
Instructional Materials:		
General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	No, see below
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Charter Schools:		
Contemporaneous Records of Attendance	8	Not Applicable
Mode of Instruction	1	Not Applicable
Non Classroom-Based Instruction/Independent Study	15	Not Applicable
Determination of Funding for Non Classroom-Based Instruction	3	Not Applicable
Annual Instruction Minutes Classroom-Based	4	Not Applicable
Charter School Facility Grant Program	1	Not Applicable

We did not perform testing for the Continuation Education program because the reported ADA was below the materiality testing thresholds as outlined in the *Standards and Procedures for Audit of California K-12 Local Agencies*. In addition, we did not perform test of expenditures for the California Clean Energy Jobs Act because there were no expenditures incurred for the year.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 8, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	No
Type of auditor's report issued on compliance for major Federal programs:	Unmodified

Identification of major Federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.365	Title III
84.027A	Special Education Cluster

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

STATE AWARDS

Type of auditor's report issued on compliance for programs:	Unmodified

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control
60000	Miscellaneous

2014-001 VACATION ACCRUAL (6000)

Criteria or Specific Requirements
According to the board policy of the District, an employee may accumulate vacation time up to 40 days for confidential employees and 15 days for classified employees. The District shall advise the employee quarterly of his/her accumulated vacation balance. It is the employee's responsibility to request approval to use accumulated vacation time. Any vacation in excess of the limits could be paid by the end of the fiscal year or be lost effective with the beginning of the new fiscal year (July 1st).

Condition
Significant Deficiency - We noted six employees whose vacation accruals exceeded the maximum vacation days allowed as noted above.

Questioned costs
There are no questioned costs associated with this condition.

Context
The above issue was revealed during current year verification of vacation accrual.

Effect
Not in compliance with the District's policy and excessive liability in compensated absences.

Cause
The district addressed the 2012-13 finding that vacation was accruing above the amount allowed by doing the following.

In 2013-14, reports were sent to all managers detailing the amount of excess vacation for each employee they supervised. Board policy and a memo detailing the expected actions were sent to managers. Follow up memos and reports were sent out monthly.

In May 2014, the HR department assigned vacation days to individual employees and notified employees they were required to take those days off. Managers were informed there would be substitutes on those days.

In August 2014, HR reported to managers the employees that had over-accrued vacation. There were 6 individuals. Managers are required to schedule vacation at the beginning of the 2014-15 year.

The on-going process is to report monthly to managers the potential overages and the amounts employees need to take by year end.

The cause of the finding continuing into 2014-15 is that a few employees were unable to be released for the full amount of their over-accrued vacation and two were on long-term leave of absence. Alternative solutions are being explored for these cases.

Recommendation
In order to adhere to the District policy over vacation accruals, we recommend the Business Office continue its effort to implement procedures to monitor vacation balances on a regular basis.

Corrective Action Plan
The district provides managers with monthly reports detailing the amount of overage for each employee. Managers and employees are required to submit vacation schedules each year. After mid-year, the Human Resources department will begin scheduling mandatory vacation days for employees who have exceeded the allowed vacation accrual.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

None reported.

STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

None reported.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

Financial Statement Findings

2013-1 VACATION ACCRUAL (60000)

Finding
Significant Deficiency - In our review of the compensated absences policy, we found a few employees whose vacation accruals exceeded the maximum vacation days allowed, as noted above.

Recommendation
In order to safeguard the District's interest and to limit its potential liabilities, the District should ensure that there is a designated employee monitoring vacation balances on a regular basis.

Current Status
Partially implemented. See current year finding at 2004-001.

2013-2 CAFETERIA CASH DISBURSEMENT (30000)

Finding
Significant Deficiency - 17 out of 40 disbursements tested for the purchase of goods did not have evidence of receiving documentation.

Recommendation
We recommend the District review its current procedures on cafeteria disbursements and make amendments to correct the above item.

Current Status
Implemented.

2013-3 FINANCIAL STATEMENT ADJUSTMENT (60000)

Finding
Significant Deficiency - Cash with fiscal agent in the Bond Interest and Redemption fund was overstated by approximately $244 million due to the accounting treatment of the proceeds from the advanced refunding bonds. Cash is in the escrow account until the refunded bonds are paid off.

Recommendation
We recommend that the District record the above adjustment and review the accounting treatments on new and special items to prevent the same issue from occurring in the future.

Current Status
Implemented.

APPENDIX C

ECONOMY OF THE DISTRICT

The San Ramon Valley Unified School District encompasses all of the city of San Ramon ("San Ramon") and the town of Danville ("Danville"), a small portion of the city of Walnut Creek, and adjacent unincorporated areas of Contra Costa County (the "County"). The following economic data for San Ramon, Danville, and the County are presented for information purposes only. The Series 2015 Bonds are not a debt or obligation of San Ramon, Danville, or the County, and taxes to pay the Series 2015 Bonds are levied only on taxable property located within the District.

General

San Ramon and Danville comprise most of the territory of the District. The District also includes the unincorporated community of Alamo, situated north of Danville. The District is located in close proximity to employment centers in the San Francisco Bay Area, and is about 30 miles east of San Francisco. Several large employers are located in San Ramon, including corporate offices of Chevron USA and AT&T.

The District is renowned for its desirable residential neighborhoods, many of them situated in the San Ramon Valley and on the flanks of Mt. Diablo, one of the highest peaks in the greater San Francisco Bay Area.

U.S. Interstate Highway 680 traverses the District, and U.S. Interstate Highway 580 and State Route 24 are nearby. Commuter rail transportation is provided by the Bay Area Rapid Transit District ("BART"), with stations located nearby in Walnut Creek and Pleasanton.

Population

The population of San Ramon as of January 1, 2014 was 77,270 persons, representing 7.1% of the population of the County. The population of Danville as of January 1, 2014 was 43,146 persons, representing 4.0% of the population of the County. The population of San Ramon, Danville, and the County from 2000 to 2014 is shown in the following table.

POPULATION
City of San Ramon, Town of Danville and County of Contra Costa
2000 to 2014

	City of San Ramon		Town of Danville		County of Contra Costa	
Year	Population	Annual % Change	Population	Annual % Change	Population	Annual % Change
2000	44,722	--	41,715	--	948,816	--
2001	46,320	3.6%	42,491	1.9%	962,076	1.4%
2002	47,890	3.4%	42,563	0.2%	974,657	1.3%
2003	48,800	1.9%	42,572	0.0%	984,256	1.0%
2004	51,199	4.9%	42,571	0.0%	993,958	1.0%
2005	53,923	5.3%	42,113	-1.1%	1,001,216	0.7%
2006	60,134	11.5%	41,479	-1.5%	1,007,169	0.6%
2007	64,173	6.7%	41,311	-0.4%	1,015,672	0.8%
2008	66,642	3.8%	41,364	0.1%	1,027,264	1.1%
2009	69,428	4.2%	41,712	0.8%	1,038,390	1.1%
2010	72,148	3.9%	42,039	0.8%	1,049,025	1.0%
2011	73,111	1.3%	42,217	0.4%	1,056,306	0.7%
2012	74,753	2.2%	42,498	0.7%	1,066,597	1.0%
2013	76,429	2.8%	42,783	0.8%	1,076,429	1.1%
2014	77,270	1.1%	43,146	0.8%	1,087,008	1.0%

Source: For 2001-2009 and 2011-2014: California State Department of Finance, Demographic Unit, as of January 1. For 2000 and 2010: U.S. Department of Commerce, Bureau of the Census, as of April 1.

Employment

The following table summarizes wage and salary employment in the County from 2008 to 2013. Trade, transportation and utilities, educational and health services, and government are the largest employment sectors in the County.

ANNUAL AVERAGE WAGE AND SALARY EMPLOYMENT
County of Contra Costa
2008 to 2013

	Employment[1]					
Industry	2008	2009	2010	2011	2012	2013
Farm	700	800	700	800	800	1,000
Goods Producing	46,500	39,900	36,600	35,200	37,100	37,400
Service Providing	61,200	57,300	55,900	56,500	57,400	58,100
Information	11,800	10,400	9,600	9,000	8,400	8,500
Financial Activities	26,600	25,700	25,300	24,800	25,300	25,300
Professional & Business Services	49,300	45,900	43,800	45,900	48,000	51,300
Educational & Health Services	50,000	52,900	53,000	53,500	55,700	58,700
Leisure & Hospitality	32,800	31,200	31,300	32,300	33,500	35,700
Other Services	12,400	11,700	11,800	12,400	12,400	12,100
Government	52,600	51,300	49,200	47,800	47,900	48,100
Total	343,900	326,600	317,200	318,100	326,600	336,100

(1) Employment is reported by place of work; it does not include persons involved in labor management disputes. Figures are rounded to the nearest hundred. Columns may not sum to totals due to rounding.
Source: California Employment Development Department. March 2014 benchmark

The following table summarizes civilian labor force, employment, and unemployment in the County from 2001 to 2013. The annual average unemployment rate in the County in 2013 was 7.4% compared with 8.9% for the State.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
County of Contra Costa
Annual Averages, 2001 to 2013

Year	Civilian Labor Force	Employed Labor Force[1]	Unemployed Labor Force[2]	Unemployment Rate[3]
2001	508,700	488,100	20,600	4.1%
2002	513,700	484,300	29,400	5.7%
2003	512,200	480,900	31,300	6.1%
2004	509,700	482,000	27,800	5.4%
2005	510,800	486,000	24,900	4.9%
2006	511,700	489,800	21,900	4.3%
2007	515,100	490,900	24,100	4.7%
2008	524,500	492,200	32,400	6.2%
2009	524,800	471,500	53,400	10.2%
2010	523,300	465,100	58,200	11.1%
2011	524,100	469,600	54,500	10.4%
2012	535,700	487,800	48,000	9.0%
2013	538,900	499,100	39,800	7.4%

[1] Includes persons involved in labor management trade disputes.
[2] Includes all persons without jobs who are actively seeking work.
[3] The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: California Employment Development Department. March 2014 benchmark.

Major Employers

The following table shows the largest employers located in San Ramon in 2014.

LARGEST EMPLOYERS
City of San Ramon

Employer	Product/Service	2014 Employment
Chevron USA Inc.	Energy	3,942
Bank Of the West	Retail Banking	1,600
AT&T/Pacific Bell	Communications	1,227
Robert Half International Inc.	Consulting & Staffing	1,145
Sprint PCS	Communications	750
San Ramon Regional Medical Center	Health Care	706
General Electric Company	Technology	600
Primed Management Consulting	Consulting & Staffing	450
PG&E	Utility	415
IBM Corporation	Technology	401

Source: City of San Ramon, 2014 Comprehensive Annual Financial Report.

Construction Activity

The level of construction activity in San Ramon, Danville, and the County as measured by total building valuations and residential units is shown in the following tables.

BUILDING PERMITS AND VALUATIONS
City of San Ramon
2008 to 2014

	2008	2009	2010	2011	2012	2013	2014
Valuation ($000):							
Residential	$15,203	$6,994	$15,664	$13,390	$11,126	$15,269	$28,275
Non-residential	39,031	36,973	28,557	28,387	46,572	$86,490	48,477
Total	$54,234	$43,967	$44,221	$41,777	$57,698	$101,759	$76,752
Residential Units:							
Single family	3	-	-	-	2	-	12
Multiple family	-	-	39	-	-	28	156
Total	3	-	39	-	2	28	168

Source: California Homebuilding Foundation.

BUILDING PERMITS AND VALUATIONS
Town of Danville
2008 to 2014

	2008	2009	2010	2011	2012	2013	2014
Valuation ($000):							
Residential	$29,311	$26,118	$37,690	$35,353	$19,685	$22,670	$23,677
Non-residential	13,876	7,522	10,931	12,272	5,612	7,881	8,329
Total	$43,187	$33,640	$48,621	$47,625	$25,297	$30,551	$32,006
Residential Units:							
Single family	35	6	19	13	43	48	32
Multiple family	-	34	4	4	-	13	16
Total	35	40	23	17	43	61	48

Source: California Homebuilding Foundation.

BUILDING PERMITS AND VALUATIONS
County of Contra Costa
2008 to 2014

	2008	2009	2010	2011	2012	2013	2014
Valuation ($000):							
Residential	$661,937	$504,632	$553,058	$457,478	$574,612	$727,964	$736,268
Non-residential	459,933	314,301	285,417	289,321	214,602	334,558	390,987
Total	$1,121,869	$818,934	$838,475	$746,799	$789,214	$1,062,522	$1,127,255
Residential Units:							
Single family	985	1,038	809	718	1,188	1,585	1,438
Multiple family	909	163	890	355	534	370	546
Total	1,894	1,201	1,699	1,073	1,722	1,955	1,984

Source: California Homebuilding Foundation.

Taxable Sales

Taxable sales in San Ramon and Danville for the period between 2000 to 2013 are shown in the following tables.

TAXABLE SALES, 2000 to 2013
City of San Ramon
(dollars in thousands)

Year	Number of Outlets (July 1)	Total Taxable Sales ($000)
2000	1,302	$1,172,350
2001	1,325	783,644
2002	1,358	675,940
2003	1,420	652,307
2004	1,445	726,117
2005	1,498	714,542
2006	1,520	784,924
2007	1,517	799,977
2008	1,545	756,493
2009	1,442	637,884
2010	1,486	663,164
2011	1,444	725,094
2012	1,468	754,934
2013	1,455	825,915

Source: California Board of Equalization.

TAXABLE SALES, 2000 to 2013
Town of Danville
(dollars in thousands)

Year	Number of Outlets (July 1)	Total Taxable Sales ($000)
2000	1,378	$375,608
2001	1,347	359,776
2002	1,380	350,355
2003	1,394	351,488
2004	1,387	377,804
2005	1,312	392,383
2006	1,241	412,616
2007	1,229	426,618
2008	1,268	413,910
2009	1,199	381,707
2010	1,253	394,783
2011	1,235	430,542
2012	1,266	456,620
2013	1,286	457,577

Source: California Board of Equalization.

Retail Sales

Taxable sales in the County for the five-year period between 2008 and 2012 are shown in the following table.

TAXABLE SALES, 2008 to 2012
County of Contra Costa
(in thousands)

	2008	2009	2010	2011	2012
Apparel Stores	$598,666	$642,813	$663,243	$702,573	$773,210
General Merchandise	1,753,124	1,644,390	1,406,756	1,443,317	1,505,629
Food Stores	594,275	657,337	673,326	692,641	725,277
Eating & Drinking Places	1,134,412	1,111,182	1,126,398	1,200,318	1,294,601
Home Furnishings & Appliances	471,619	225,332	583,466	240,863	260,102
Building Material & Farm Implements	747,773	711,475	718,405	739,836	791,073
Automotive Group	1,406,932	1,184,803	1,234,844	1,372,234	1,650,526
Service Stations	1,514,897	1,151,058	1,312,703	1,522,725	1,587,047
Other Retail Stores	1,262,609	1,145,186	997,163	977,890	1,015,662
Total Retail Stores	$9,484,307	$8,473,576	$8,716,393	$9,300,418	$10,062,437
All Other Outlets	3,823,374	3,409,473	3,237,454	3,499,439	$3,934,812
Total All Outlets	$13,307,681	$11,883,049	$11,953,846	12,799,857	$13,997,249

Source: California Board of Equalization.

Income

Total personal income in the County increased by 61% between 2000 and 2013, representing an average annual compound growth rate of 3.7%. The following table summarizes personal income for the County for the period 2000 to 2013.

PERSONAL INCOME
2000 to 2013
(in thousands)

Year	Contra Costa County	Annual Percent Change
2000	$43,199,177	---
2001	44,639,690	3.3%
2002	44,577,673	-0.1%
2003	45,799,632	2.7%
2004	48,887,411	6.7%
2005	51,624,452	5.6%
2006	55,256,841	7.0%
2007	57,782,476	4.6%
2008	59,094,550	2.3%
2009	56,635,545	-4.2%
2010	58,022,824	2.4%
2011	62,693,011	8.0%
2012	67,778,844	8.1%
2013	69,375,880	2.4%

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita income from 2000 to 2013. Per capita incomes in the Country grew by 39.8% between 2000 to 2013, representing an average annual compound growth rate of 2.6%. Per capita income in the County in 2013 was 30.9% higher than the average for California and 41.6% higher than the average for the United States.

PER CAPITA PERSONAL INCOME
2000 to 2013

Year	Contra Costa County	California	United States
2000	$45,339	$33,366	$30,587
2001	45,975	34,229	31,524
2002	45,494	34,229	31,800
2003	46,378	35,303	32,677
2004	49,261	37,156	34,300
2005	51,675	38,964	35,888
2006	55,221	41,623	38,127
2007	57,258	43,152	39,804
2008	58,747	43,608	40,873
2009	54,568	41,587	39,379
2010	55,118	42,282	40,144
2011	58,816	44,749	42,322
2012	62,860	47,505	44,200
2013	63,403	48,434	44,765

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Series 2015 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Series 2015 Bonds in substantially the following form:

[Closing Date]

San Ramon Valley Unified School District
San Ramon, California

San Ramon Valley Unified School District
(County of Contra Costa, California)
General Obligation Bonds, Election of 2012, Series 2015
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the San Ramon Valley Unified School District (the "District") in connection with the issuance by the District, which is located in the County of Contra Costa (the "County"), of $125,000,000 aggregate principal amount of bonds designated as "San Ramon Valley Unified School District (County of Contra Costa, California) General Obligation Bonds, Election of 2012, Series 2015" (the "Series 2015 Bonds"), authorized at an election held in the District on November 6, 2012. The Series 2015 Bonds are issued under and pursuant to a resolution of the Board of Education of the District adopted on March 10, 2015 (the "Resolution").

In such connection, we have reviewed the Resolution, the Tax Certificate of the District, dated the date hereof (the "Tax Certificate"), certificates of the District, the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2015 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Series 2015 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2015 Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts or counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated April 9, 2015, or other offering material relating to the Series 2015 Bonds and express no opinion with respect thereto.

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

1. The Series 2015 Bonds constitute valid and binding obligations of the District.

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

3. The Board of Supervisors of the County has power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Series 2015 Bonds and the interest thereon.

4. Interest on the Series 2015 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series 2015 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2015 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the San Ramon Valley Unified School District (the "District") in connection with the issuance of $125,000,000 aggregate initial principal amount of San Ramon Valley Unified School District (County of Contra Costa, California), General Obligation Bonds, Election of 2012, Series 2015 (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on March 10, 2015 (the "District 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 Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

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

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) hereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" shall mean the Official Statement, dated April 9, 2015 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

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

"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.

Section 3. __Provision of Annual Reports__. (a) The District shall, or shall cause the Dissemination Agent to, not later than nine months following the end of the District's fiscal year (which due date shall be April 1 of each year, so long as the fiscal year ends on June 30), commencing with the report for the 2014-15 Fiscal Year (which is due not later than April 1, 2016), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, 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(e) hereof. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; and

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

Section 4. __Content of Annual Reports__. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, 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 provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) The adopted budget of the District for the then current fiscal year.

(ii) The District's outstanding debt.

(iii) Information regarding total assessed valuation of taxable properties within the District for the then current fiscal year, if and to the extent provided to the District by the County of Contra Costa (the "County").

(iv) Information regarding total secured tax charges and delinquencies on taxable properties within the District for the last completed fiscal year, if and to the extent provided to the District by the County.

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

Any or all of the items listed above may be set forth in one or a set of documents or 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 made available to the public on the MSRB's website. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of the credit or liquidity providers or their failure to perform;

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

(vi) tender offers;

(vii) defeasances;

(viii) rating changes; or

(ix) bankruptcy, insolvency, receivership or similar event of the obligated person.

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

(b) 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, not later than ten business days after the occurrence of the event:

(i) unless described in paragraph 5(a)(v) hereof, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) modifications to rights of Bond Holders;

(iii) optional, unscheduled or contingent Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) non-payment related defaults;

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

(vii) appointment of a successor or additional paying agent or the change of name of a paying agent.

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

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

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the District Resolution.

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(e) hereof.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. 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. The initial Dissemination Agent shall be the District.

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 Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, 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; and

(c) the proposed amendment or waiver either (i) is approved by the Holders in the same manner as provided in the District Resolution for amendments to the District Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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(e) hereof, 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; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an event of default under the District 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, and (if the Dissemination Agent is other than the District), 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.

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: April 23, 2015

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

By: ___________________________________

EXHIBIT A

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

Name of Issuer:	SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Name of Issue:	San Ramon Valley Unified School District (County of Contra Costa, California), General Obligation Bonds, Election of 2012, Series 2015
Date of Issuance:	April 23, 2015

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated April 23, 2015. [The District anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

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APPENDIX F

COUNTY OF CONTRA COSTA INVESTMENT POLICY
SUMMARY OF POOLED INVESTMENT FUND

In accordance with Education Code Section 41001, substantially all District operating funds are required to be held by the Treasurer-Tax Collector of the County (the "County Treasurer"). The following information has been provided by the County Treasurer. The District has not independently verified this information and takes no responsibility for the accuracy or completeness thereof. Further information may be obtained from the County Treasurer.

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CONTRA COSTA COUNTY

TREASURER'S

ANNUAL INVESTMENT POLICY

FISCAL YEAR 2014-2015

APPROVED BY THE BOARD OF SUPERVISORS

EFFECTIVE ON JANUARY 1ST, 2015

The Contra Costa County Treasurer will annually present to both the Board of Supervisors (Board) and the Treasury Oversight Committee (Committee) a statement of investment policy, which the Board shall review and approve at a public meeting. Any changes in the policy shall also be reviewed and approved by the Board at a public meeting (Gov't Code §53646(a)(1)).

OFFICE OF COUNTY TREASURER-TAX COLLECTOR

625 COURTS STREET, ROOM 100

MARTINEZ, CALIFORNIA 94553

Table of Contents

1.0 PURPOSE 3

2.0 SCOPE 3

3.0 PARTICIPANTS 3

4.0 IMPLEMENTATION 3

5.0 OBJECTIVES 3

6.0 GENERAL STRATEGY 4

7.0 STANDARD OF CARE 5

8.0 SAFEKEEPING AND CUSTODY 6

9.0 AUTHORIZED BROKERS/DEALERS AND FINANCIAL INSTITUTIONS 7

10.0 SUITABLE AND AUTHORIZED INVESTMENTS 7

11.0 RESTRICTIONS AND PROHIBITIONS 13

12.0 INVESTMENT PARAMETERS 14

13.0 CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF) 16

14.0 PORTFOLIO MANAGEMENT ACTIVITY 18

15.0 REPORTING 18

16.0 COMPENSATION 19

17.0 CALCULATING AND APPORTIONING POOL EARNINGS 20

18.0 NON-MANDATED DEPOSITS AND WITHDRAWALS IN THE TREASURY 20

19.0 TEMPORARY BORROWING OF POOL FUNDS 21

20.0 INVESTMENT OF BOND PROCEEDS 22

21.0 DISASTER RECOVERY PLAN 22

22.0 POLICY CONSIDERATIONS 22

AUTHORIZATION FOR LAIF INVESTMENTS 23

APPROVED BROKERS 24

APPROVED ISSUERS 25

APPROVED PRIMARY DEALERS 26

GLOSSARY OF TERMS 27

CONTRA COSTA COUNTY

TREASURER'S ANNUAL INVESTMENT POLICY

1.0 PURPOSE

The purpose of this Investment Policy (Policy) is to establish cash management and investment guidelines of surplus funds entrusted to the care of the Contra Costa County Treasurer's Office (Treasurer's Office) in accordance with applicable sections of California Government Code. All portfolio activities will be judged by the standards of the Policy and its ranking of investment objectives.

2.0 SCOPE

This Policy applies to all funds over which the Treasurer's Office has been granted fiduciary responsibility and direct control for their management.

3.0 PARTICIPANTS

This Policy restricts deposits to those agencies mandated by California Government Code as treasury deposits. However, subject to the consent of the Treasurer's Office and in accordance with section 53684, exemptions may be granted to non-mandatory depositing agencies, if it is determined that the additional deposit provides a benefit to the investment pool as a whole while not creating unmanageable liquidity risk.

4.0 IMPLEMENTATION

In order to provide direction to those responsible for management of surplus funds, the County Treasurer has established this Policy and presented it to the Treasury Oversight Committee and the Board of Supervisors, and has made available the report to the legislative body of local agencies that participates in the County Treasurer's investment program.

The Policy explains investable funds; authorized instruments; credit quality required; maximum maturities and concentrations; collateral requirements; qualifications of broker-dealers and financial institutions doing business with, or on behalf of, the County; limits on gifts and honoraria; the reporting requirements; the Treasury Oversight Committee; the manner of appropriating costs; and the criteria to request withdrawal of funds.

5.0 OBJECTIVES

Gov't Code §53600.5: When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its controls.

5.1 Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and market risk.

5.1.a *Credit Risk*

The Treasurer will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

1. Limiting investments to the safest type of securities

2. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Treasurer's Office will do business
3. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

5.1.b *Market Risk*

The Treasurer's Office will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
2. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

5.2 Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio also may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

5.3 Yield: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities may be sold prior to maturity when deemed prudent and necessary. Reasons of selling include but not limited to:

1. **A security with declining credit may be sold early to minimize loss of principal.**
2. **A security swap would improve the quality, yield, or target duration in the portfolio.**
3. **Liquidity needs of the portfolio require that the security be sold.**
4. **Portfolio rebalancing would bring the portfolio back into compliance.**

Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

5.4 Public Trust: All investments will be in conformance with state law and county ordinances and policies. The investment of public funds is a task that must maintain the public trust.

6.0 GENERAL STRATEGY

6.1 Buy and Hold: The Treasurer will generally use the passive investment strategy known as BUY AND HOLD whereas securities are purchased with the intent of holding them to maturity. Interest income and the reinvestment of interest income usually are the only sources of return in the portfolio.

The investment program will focus on purchasing securities that will limit or reduce the potential default risk and ensure the reliability of cash flows from interest income. Generally, purchases will be laddered throughout the portfolio in order to minimize the number and cost of investment transactions.

6.2 Directed Investment: Local agencies may direct the investment, exchange, liquidation and reinvestment of their assets, but must meet the provisions of the investment objectives of this policy. The withdrawal of funds in the Treasury shall coincide with investment maturities or authorized sales of securities by the local agency's legislative or governing body.

7.0 STANDARD OF CARE

The following policies are designed in accordance with Government Code to provide transparency to the investment program while enhancing portfolio controls:

7.1 Prudent Investor Standard: "Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part to an overall strategy, investments may be acquired as authorized by law." (Gov't Code §53600.3.1)

7.2 Limits on Honoraria, Gifts, and Gratuities

In accordance with California Government Code Section 27133(d), this Policy establishes limits for the Director of Finance; individuals responsible for management of the portfolios; and members of the Investment Group and Review Group who direct individual investment decisions, select individual investment advisors and broker/dealers, and conduct day-to-day investment trading activity. The limits also apply to members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of $50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation is $440 for the period January 1, 2013, to December 31, 2014. Any violation must be reported to the State Fair Political Practices Commission.

Please refer to the Contra Costa County Treasurer-Tax Collector's Conflict of Interest Code for further explanation of the prohibited activities, and their enforcements and exceptions.

7.3 Delegation of Authority

7.4.a Subject to Section 53607, the board of supervisors may, by ordinance, delegate to the county treasurer the authority to invest or reinvest the funds of the county and the funds of other depositors in the county treasury, pursuant to Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5. The county treasurer shall thereafter assume full responsibility for those transactions until the board of supervisors either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided in Section 53607 (Gov't Code §27000.1).

7.4.b The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year (Gov't Code §53607).

7.4.c Responsibility for the operation of the investment program is hereby delegated to the County Treasurer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the County Treasurer.

7.5 Treasury Oversight Committee: In compliance with a Board Order of the Contra Costa County Board of Supervisors, the County Contra Costa County Treasury Oversight Committee was established in November 6 of 1995. The intent of the Committee is to allow local agencies, including school districts, as well as the public, to participate in reviewing the policies that guide the investment of public funds. The mandate for the existence of the Committee was suspended in 2004 by the State of California; however, the Committee serves an important function and the Treasurer's Office has elected to continue the program.

7.5.a The Committee shall annually review and monitor the County's Investment Policy.

7.5.b The Committee shall cause an annual audit to determine the County Treasurer's compliance with the Investment Policy and all investment funds in the county Treasury.

8.0 SAFEKEEPING AND CUSTODY

8.1 Delivery vs. Payment: All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the County Treasurer's safekeeping institution prior to the release of funds.

8.2 Third-party Safekeeping: Securities will be held by an independent third-party safekeeping institution selected by the County Treasurer. All securities will be evidenced by safekeeping receipts in the County's name or in a name designated by the County Treasurer. The safekeeping institution shall annually provide a copy of its most recent report on internal controls - Service Organization Control Reports (formerly 70, or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011.)

8.2.a A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered or non-registered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisors, consultants or managers using the agency's funds, by book entry, physical delivery or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book-entry account may be used for book-entry delivery. For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term of remaining maturity at the time of the investment, no investment shall be made in any security other than a security underlying a repurchase or reverse repurchase agreement authorized by this section.

8.2.b In compliance with this section, the securities of Contra Costa County and its agencies shall be in safekeeping at The Bank of New York Trust Company, N. A., a counterparty bank's trust department or as defined in the debt indenture and contract.

8.3 Internal Controls: The County Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Treasurer are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in an investment procedures manual that shall be reviewed and updated periodically by the County Treasurer.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

9.0 AUTHORIZED BROKERS/DEALERS AND FINANCIAL INSTITUTIONS

9.1 All transactions initiated on behalf of the Pooled Investment Fund and Contra Costa County shall be executed only through one of the following:

1. Government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York;
2. Banks and financial institutions that directly issue their own securities which have been placed on the Approved List of Broker/Dealers and Financial Institutions;
3. Brokers/dealers in the State of California approved by the County Treasurer based on the reputation and expertise of the company and individuals employed.

Broker/dealers and financial institutions which have exceeded the political contribution limits as contained in Rule G-37 of the Municipal Securities Rulemaking Board within a four year period to the County Treasurer or an member of the governing board of a local agency or any candidate for those offices, are prohibited from the Approval List of Broker/Dealers and Financial Institutions.

9.2 Qualifications: All financial institutions and broker/dealers who desire to become qualified for investment transactions must complete Contra Costa County Treasurer's Office Broker/Dealer Due Diligence Questionnaire which can be obtained at www.cctax.us. An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Treasurer's Office.

9.3 List of Approved Financial Institutions, Security Brokers and Dealers
A list will be maintained of financial institutions authorized to provide investment services. In addition, a list also will be maintained of approved security broker/dealers selected by creditworthiness and qualifications stated in section 9.2. However, the County Treasury will not be limited to the financial institutions and brokers/dealers on the list. Others will be included as long as conditions for authorized financial institutions and brokers/dealers set forth in this Policy are met. Additionally, deletions and additions are based on the maintenance of required credit quality as rated by a nationally recognized statistical-rating organization (NRSRO) or reliable financial sources.

10.0 SUITABLE AND AUTHORIZED INVESTMENTS

10.1 Authorized Investment Types: (Gov't Code §53601 et seq.) The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

10.1.a **Bonds issued by the local agencies**, including bonds payable solely out of the revenues from a revenue-producing property, owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.

10.1.b **United States Treasury notes, bonds, bills or certificates of indebtedness**, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

10.1.c **Registered state warrants or treasury notes or bonds of this state**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency or authority of the state.

10.1.d **Registered treasury notes or bonds of any of the other 49 states** in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

10.1.e **Bonds, notes, warrants or other evidences of indebtedness of any local agency within this state**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency, or by a department, board, agency or authority of the local agency.

10.1.f **Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments**, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

10.1.g **Bankers acceptances otherwise known as bills of exchange or time drafts** drawn on and accepted by a commercial bank. Purchases of banker's acceptances may not exceed 180 days' maturity or 40 percent of the agency's money that may be invested pursuant to this section. However, no more than 30 percent of the agency's money may be invested in the banker's acceptances of any one commercial bank pursuant to this section. This subdivision does not preclude a municipal utility district from investing any money in its treasury in any manner authorized by the Municipal Utility District Act (Division 6, commencing with Section 11501, of the Public Utilities Code).

10.1.h **Commercial paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

1. The entity meets the following criteria:

A. Is organized and operating in the United States as a general corporation.

B. Has total assets in excess of five hundred million dollars ($500,000,000).

C. Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).

2. The entity meets the following criteria:

A. Is organized within the United States as a special purpose corporation, trust, or limited liability company.

B. Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.

C. Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635:

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

ii. Not more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.

10.1.i **Negotiable certificates of deposit** issued by a nationally- or state-chartered bank or a savings association or federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's money that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposits do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the money are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or any person with investment decision making authority in the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

10.1.j **Repurchase and reverse repurchase agreements**

1. Investments in ***repurchase agreements*** or ***reverse repurchase agreements*** of any securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

2. Investments in repurchase agreements may be made on any investment authorized in this section when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

3. Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

   A. The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

   B. The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

   C. The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

   D. Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

4. Prior approval of the governing body; only with primary dealers:

   A. Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

   B. For purposes of this policy, "significant banking relationship" means any of the following activities of a bank:

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

      ii. Financing of a local agency's activities.

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

5. Definitions and terms of repos, securities and securities lending:

A. "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

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

C. "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

D. "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

E. For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

F. For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

10.1.k **Medium-term notes**, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

10.1.l **Shares of beneficial interest**

1. Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

2. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (l5 U.S.C. Sec. 80a-1 et seq.).

3. If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

   A. Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

   B. Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and with assets under management in excess of five hundred million dollars ($500,000,000).

4. If investment is in shares issued pursuant to paragraph (2), the company shall have met the following criteria:

   A. Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

   B. Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and with assets under management in excess of five hundred million dollars ($500,000,000).

5. The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency's money that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

10.1.m **Moneys held by a trustee or fiscal agent** and pledged to the payment of security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are not specific statutory provision, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

10.1.n **Notes, bonds, or other obligations that are at all times secured by a valid first-priority security interest** in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

10.1.o **Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond** of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.

10.1.p **Shares of beneficial interest issued by a joint power authority** organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (n), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing shares shall have retained an investment adviser that meets all of the following criteria:

1. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
2. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (n) inclusive.
3. The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

10.1.q **United States dollars denominated senior unsecured unsubordinated obligations** issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA" or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

11.0 RESTRICTIONS AND PROHIBITIONS

11.1 Restrictions set by the Treasurer

11.1.a All investments purchased by the Treasurer's Office shall be of investment grade. The minimum credit rating of purchased investments shall be as defined by Government Code 53600 et. seq.

11.1.b All legal securities issued by a tobacco-related company are prohibited. A tobacco-related company is defined as 1) an entity that makes smoking products from tobacco used in cigarettes, cigars and/or snuff, or for smoking in pipes or 2) a company that has total revenues of 15 percent or more from the sale of such tobacco products. The tobacco-related issuers restricted from any investment are Alliance One, Altria Group, Inc., Auri Inc., British American Tobacco PLC, Imperial Tobacco Group PLC, Kirin International Holding Inc., Lorillard, Philip Morris International, Reynolds American, Inc., Schweitzer-Mauduit International Inc., Smokefree Innotec Inc., Star Scientific Inc., Universal Corp., and Vector Group, Ltd. Annually the Treasury staff will update the list of tobacco-related companies.

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

11.1.d Reverse repurchase agreements will be used strictly for the purpose of supplementing income with a limit of 10 percent of the total portfolio with prior approval of the Treasurer.

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

11.1.f Securities purchased through brokers will be held in safekeeping at The Bank of New York Trust Company, N.A. or as designated by the specific contract(s) for government securities and tri-party repurchase agreements.

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

11.1.h Bank CDs or non-negotiable CDs will be collateralized at 110 percent by government securities or 150 percent by current mortgages. There will be <u>no</u> waiver of the first $100,000 collateral except by special arrangement with the Treasurer.

11.2 Prohibitions by Government Code (§53601.6)

11.2.a A local agency shall not invest any funds pursuant to this Article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes or interest-only strips that are derived from a pool of mortgages.

11.2.b A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1,et seq.) that are authorized for investment pursuant to subdivision (l) of Section 53601.

12.0 INVESTMENT PARAMETERS

12.1 Diversification: Investments shall be diversified so as to minimize the risk of loss and to maximize the rate of return by:

1. Limiting investment to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
2. Limiting investment in securities that have higher credit risks,
3. Investing in securities with varying maturities, and
4. Continuously investing a portion of the portfolio in readily available funds such as investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

12.2 Maximum Maturities: To the extent possible, the County Treasurer shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances. The Treasurer shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as LAIF, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

12.3 Exception to Maximum Maturity: In accordance with Government Code §53601 the County Treasurer retains the right to petition the Board of Supervisors for approval to invest in securities with a final maturity in excess of five years. The Board of Supervisors adoption of any resolution allowing maturities beyond five years shall be considered an allowed modification to this policy and any investments made in accordance with the modification shall be allowable under this policy.

12.4 Investment Criteria[1]: All limitations set forth in this Policy are applicable only at the time of purchase. The County Treasurer has the full discretion to rebalance the portfolio when it is out of compliance owing to various reasons, such as market fluctuation.

INVESTMENT TYPE	MAXIMUM % of PORTFOLIO	MAXIMUM MATURITY	MAXIMUM % of ISSUE	OTHER RESTRICTIONS
Bonds issued by local agencies, §53601 (a)	100%	5 years	100%	
U.S. Treasury Obligations, §53601 (b)	100%	5 years	100%	
Registered State Warrants, and CA Treasury Notes and bonds, §53601 (c)	100%	5 years	100%	
Registered Treasury Notes or Bonds of any of the other 49 state in addition to CA, §53601 (d)	100%	5 years	100%	
Bonds and Notes issued by other local agencies in California, §53601 (e)	100%	5 years	100%	
Obligations of U.S. Agencies or government sponsored enterprises, §53601 (f) U.S. Agencies Callables	100% 100%	5 years 5 years	100% 25%	
Bankers Acceptances), §53601 (g) *Domestic: ($5B min. assets) *Foreign: ($5B min. assets)	40% 40%	180 days 180 days	30% Aggregate 5% Aggregate	
Commercial paper, §53601 (h) and §53635 (a)	40%	270 days or less	10% Aggregate	No more than 10 % of the local agency's money may be invested in the outstanding commercial paper of any single issuer.
Negotiable Certificates of Deposit ($5 billion minimum assets), §53601 (i)	30%	5 years	10% Aggregate	
Repurchase Agreements secured by U.S. Treasury or agency obligation (102% collateral), §53601 (j)	100%	1 year	See limitations for Treasuries and Agencies above	Generally limited to Wells Fargo Bank, Bank of America or other institutions with whom the County treasury has executed tri-party agreements. Collateral will be held by a third party to the transaction that may include the trust department of particular banks. Collateral will be only securities that comply with Government Code 53601.
Reverse Repurchase Agreements and Securities Lending Agreements, §53601 (j)	20%	92 days	See limitations for Treasuries and Agencies above	

[1] The rating requirement for each investment type is referenced in the relevant sections of California Government Code.

INVESTMENT TYPE	MAXIMUM % of PORTFOLIO	MAXIMUM MATURITY	MAXIMUM % of ISSUE	OTHER RESTRICTIONS
Corporate bonds, Medium Term Notes & Covered, §53601 (k)	30%	5 years	5% Aggregate	
Shares of beneficial interest issued by diversified mgt. companies §53601 (l)	20%	N/A	10% Aggregate	
Moneys held by a trustee or fiscal agent, §53601 (m)	20%	N/A		
Collateralized Notes, Bonds, Time Deposits, or other obligations, §53601 (n)	15%	5 years	5% Aggregate	Collateralized by the eligible securities at a percentage specified in Government Code 53652.
Mrtg Backed Securities/CMO's: Asset Backed Securities §53601 (o)	20% 20%	5 Years 5 Years	5% Aggregate	No Inverse Floaters No Range Notes No Interest only strips derived from a pool of mortgages
Joint Powers Authority, CalTRUST, §53601 (p)	As limited by CalTRUST	N/A	As limited by CalTRUST	
Supranational obligations §53601 (q)	30%	5 Years	100%	Rated "AA" or better by an NRSRO
Local Agency Investment Fund (LAIF), §16429.1	As Limited by LAIF	N/A	As limited by LAIF	

13.0 CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF)

13.1 General Information (Gov't Code §16305.9).

13.1.a All money in the Local Agency Investment Fund shall be held in trust in the custody of the State Treasurer.

13.1.b All money in the Local Agency Investment Fund is nonstate money. That money shall be held in a trust account or accounts. The Controller shall be responsible for maintaining those accounts to record the Treasurer's accountability, and shall maintain a separate account for each trust deposit in the Local Agency Investment Fund.

13.1.c That money shall be subject to audit by the Department of Finance and to cash count as provided for in Sections 13297, 13298, and 13299. It may be withdrawn only upon the order of the depositing entity or its disbursing officers. The system that the Director of Finance has established for the handling, receiving, holding, and disbursing of state agency money shall also be used for the money in the Local Agency Investment Fund.

13.1.d All money in the Local Agency Investment Fund shall be deposited, invested, and reinvested in the same manner and to the same extent as if it were state money in the State Treasury.

13.2 Investment and Distribution of Deposits (§16429.1).

13.2.a There is in trust in the custody of the Treasurer the Local Agency Investment Fund, which fund is hereby created. The Controller shall maintain a separate account for each governmental unit having deposits in this fund.

13.2.b Notwithstanding any other provisions of law, a local governmental official, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

13.2.c Notwithstanding any other provisions of law, an officer of any nonprofit corporation whose membership is confined to public agencies or public officials, or an officer of a qualified quasi-governmental agency, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

13.2.d Notwithstanding any other provision of law or of this section, a local agency, with the approval of its governing body, may deposit in the Local Agency Investment Fund proceeds of the issuance of bonds, notes, certificates of participation, or other evidences of indebtedness of the agency pending expenditure of the proceeds for the authorized purpose of their issuance. In connection with these deposits of proceeds, the Local Agency Investment Fund is authorized to receive and disburse moneys, and to provide information, directly with or to an authorized officer of a trustee or fiscal agency engaged by the local agency, the Local Agency Investment Fund is authorized to hold investments in the name and for the account of that trustee or fiscal agent, and the Controller shall maintain a separate account for each deposit of proceeds.

13.2.e The local governmental unit, the nonprofit corporation, or the quasi-governmental agency has the exclusive determination of the length of time its money will be on deposit with the Treasurer.

13.2.f The trustee or fiscal agent of the local governmental unit has the exclusive determination of the length of time proceeds from the issuance of bonds will be on deposit with the Treasurer.

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

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

13.2.i The Treasurer may invest the money of the fund in securities prescribed in Section 16430. The Treasurer may elect to have the money of the fund invested through the Surplus Money Investment Fund as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2.

13.2.j Money in the fund shall be invested to achieve the objective of the fund, that is to realize the maximum return consistent with safe and prudent treasury management.

13.2.k All instruments of title of all investments of the fund shall remain in the Treasurer's vault or be held in safekeeping under control of the Treasurer in any federal reserve bank, or any branch thereof, or the Federal Home Loan Bank of San Francisco, with any trust company, or the trust department of any state or national bank.

13.2.l Immediately at the conclusion of each calendar quarter, all interest earned and other increment derived from investments shall be distributed by the Controller to the contributing governmental units or trustees or fiscal agents, nonprofit corporations, and quasi-governmental agencies in amounts directly proportionate to the respective amounts deposited in the Local Agency Investment fund and the length of time the amounts remained therein. An amount equal to the reasonable costs incurred in carrying out the provisions of this section, not to exceed a maximum of one-half of one percent of the earnings of this fund, shall be deducted from the earnings prior to distribution. The amount of this deduction shall be credited as reimbursements to the state agencies having incurred costs in carrying out the provisions of this section.

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

14.0 PORTFOLIO MANAGEMENT ACTIVITY

14.1 Passive Portfolio Management:

(See Section 6.0., General Strategy)

14.2 Competitive Bidding:

Investments will be purchased in the most cost effective and efficient manner by using a competitive bidding process for the purchase of securities. Competitive bidding is required from a pre-approved list of broker/dealers on all investment transactions except for new issue securities.

14.3 Reviewing and Monitoring of the Portfolio:

Monthly reports will review portfolio investments to ensure they are kept track of in a timely manner. The reports will also monitor the County Treasurer's investment practices and the results of such practices.

14.4 Portfolio Adjustments:

Certain actions may be taken if the portfolio becomes out of compliance. For instance, should a concentration limitation be exceeded due to an incident such as a fluctuation in portfolio size, the affected securities may be held to maturity to avoid losses; however, the County Treasurer may choose to rebalance the portfolio earlier to bring it back into compliance if the portfolio will not suffer any losses for selling the investment prior to maturity.

14.5 Performance Standards:

The investment portfolio will be managed in accordance with the parameters specified within this Policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis.

15.0 REPORTING

15.1 Methodology: The County Treasurer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the County Treasurer to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report shall be provided to the Chief Administrative Officer, the County Auditor, the Board of Supervisors, Treasury Oversight Committee and any pool participants [Government Code 27133(e), and 53646(b)]. The report will include the following:

1. The type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the County Treasurer
2. A description of any of the local agency's funds, investments, or programs that are under the management of contracted parties, including lending programs.

3. A current market value as of the date of the report of all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, and the source of this same valuation.

4. A statement that the portfolio is in compliance with the investment policy, or the manner in which the portfolio is not in compliance.

5. A statement denoting the ability of the County Treasurer to meet its pool's expenditure requirements for the next six months, or an explanation as to why sufficient money shall, or may, not be available.

6. Listing of individual securities by type and maturity date held at the end of the reporting period.

   A. PLEDGE REPORT: Any securities that are pledged or loaned for any purpose shall be reported in the Quarterly Investment Report. The transaction detail will be provided, including purpose, beginning and termination dates and all parties to the contract. The security descriptions as to type, name, maturity date, coupon rate, CUSIP and other material information will be included.

   B. REVERSE REPURCHASE AGREEMENTS REPORT: All reverse repurchase agreements entered into, whether active or inactive by the end of each quarter, shall be reported in the Treasurer's Quarterly Investment Report.

7. Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity.

8. Average maturity and duration of portfolio on investments as well as the yield to maturity of the portfolio as compared to applicable benchmarks.

9. Percentage of the total portfolio which each type of investment represents.

10. Whatever additional information or data may be required by the legislative body of the local agency.

15.2 Marking to Market: The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed on a regular basis.

16.0 COMPENSATION

In accordance with Government Code §§27013 and 53684, the County Treasurer will charge all pool participants for administrative and overhead costs. Costs include, but are not limited to, employee salaries and benefits, portfolio management, bank and custodial fees, software maintenance fees and other indirect costs incurred from handling and managing funds. In addition, when applicable, the costs associated with the Treasury Oversight provisions of Government Code §§ 27130-27137 shall be included as administrative costs. Costs will be deducted from interest earnings on the pool prior to apportioning and payment of interest. The County Treasurer shall annually prepare a proposed budget providing a detailed itemization of all estimated costs which comprise the administrative fee charged in accordance with Government Code §27013. The administrative fee will be subject to change. Fees will be deducted from interest earnings.

16.1 Deduction of Costs: The County Treasurer deducts actual costs and makes any adjustments from the interest earning and apportions the remaining earnings to all participants based on the positive average daily balance.

17.0 CALCULATING AND APPORTIONING POOL EARNINGS

The Investment Pool Fund is comprised of monies from multiple units of the County, agencies, school districts and special districts. Each entity has unique cash flow demands, which dictate the type of investments the Treasurer's Office may purchase. To ensure parity among the pool members when apportioning interest earnings, the following procedures have been developed:

1. Interest is apportioned on at least a quarterly basis in accordance with Government Code §53684.
2. Interest is apportioned to pool participants based on the participant's average daily fund balance and the total average daily balance of deposits in the investment pool.
3. Interest is calculated on an accrual basis for all investments in the County Treasurer's investment pool and reported to the Auditor-Controller for distribution into the funds of the participants.
4. Specific fee schedules are as follow:

   A. Regular and Routine Investments[2]

   $20 per investment transaction; i.e., $20 at placement and $20 at maturity.

   .00333 of interest income; i.e., $3.33 per $1,000 of interest income.

   The above is charged quarterly by journal entry.

   B. Special Reports and Research: Actual staff time and materials.

   C. Special Bank Transactions: Actual bank fee schedule, staff time and materials.

5. Negative average daily fund balance will be charged interest at the rate of interest that is being apportioned.

18.0 DEPOSITS AND WITHDRAWALS IN THE TREASURY

18.1 Deposit by Voluntary Participants

Following are the terms and conditions for deposit of funds for investment purposes by voluntary participants, i.e. entities that are not legally required to deposit their funds in the County Treasury.

18.1.a Resolution by the County Board of Supervisors authorizing the acceptance of outside participants by the County Treasury.

18.1.b Resolution by the legislative or governing body of the local agency (voluntary participant) authorizing the investment of funds pursuant to Government Code 53684.

18.1.c Treasury investments will be directed transactions. For each transaction, the local agency (voluntary participant) must indicate the fund source, the amount to be invested and the duration of the investment.

18.2 Withdrawal Request

The Treasurer's Office has established the Withdrawal of Funds Policy for all Treasury Investment Pool participants who seek to withdraw funds from the County Treasury Investment

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[2] Applies to directed investments as described in Section 6.2 of the Policy.

Pool for various purposes. In accordance with California State Government Code Section 27136, all participants having funds on deposit in the Pool and seeking to withdraw their funds, shall first submit a formal written request to the County Treasurer. The County Treasurer shall evaluate the withdrawal proposals of all Pool participants upon receipt of the written requests. The evaluation process may take up to 30 days. The County Treasurer reserves the right to reject any request for withdrawal if it is in the Treasurer's opinion after thorough evaluation, that the withdrawal will violate applicable laws and/or governing documents, compromise Treasurer's fiduciary responsibility, adversely impact the stability of the Pool, or harm the interests of any Pool Participant. Such rejection shall prevent the withdrawal of the funds.

Typically, participants make withdrawals for the following two reasons: a) regular operations and b) investing or depositing funds outside the Pool in accordance with California State Government Code Section 27136 (a). The County Treasurer seeks to honor all written withdrawal requests for regular operating purposes that are approved by the County Auditor-Controller's Office in a timely fashion. However, the County Treasurer recognizes that occasionally the Pool participants may request large amounts in withdrawals to cover unexpected operational needs. To accommodate such withdrawals and allow for adequate time for adjustments to the liquidity position of the Pool, the County Treasurer expects all Pool Participants to submit their written requests within the following timeframes:

i) Withdrawals of Up to $1 million – prior to 8:00 a.m. for same day disbursement

ii) Withdrawals of between $1 million to $10 million – 1 business day in advance of disbursement

iii) Withdrawals of more than $10 million – 3 business day in advance of disbursement

Withdrawals of investment deposits from the County Treasury Investment Pool by any Pool participant shall coincide with investment maturities and/or authorized sale of securities by authorized personnel of the Pool Participant. Except for funds in the California State Local Agency Investment Fund, a five-business-days notification may be required when authorized sale of securities is involved. In the event that the Treasurer must liquidate investments in order to honor the withdrawal request, the Participant who requests the withdrawal shall be subject to all expenses associated with the liquidation, including, but not limited to loss of principal and interest income, withdrawal penalties, and associated fees.

To maintain full fiduciary responsibility for investment and administration of the Pool, the County Treasurer shall NOT permit statutory participants to withdraw funds from and subsequently deposit the funds outside the Pool for the purpose of investments without prior approval of the County Treasurer. As permitted by the Government Code Section 53635, upon request the County Treasurer may enter into an investment agreement with a third party investment manager on behalf of statutory participants. However, the funds shall remain in the Pool during the entire agreement period under the care of the custodian bank retained by the County Treasurer.

Voluntary participants may withdraw funds from and subsequently deposit the funds outside the Pool for investment purposes upon the County Treasurer's approval. However, such withdrawals shall be made for the entire amount of the participant's funds deposited in the Pool. Upon completion of such withdrawals, the voluntary participants will no longer be able to participate in the Pool or receive further services from the County Treasurer's Office. NO partial withdrawals from the Pool for investment purposes are permitted.

Please refer to Withdrawal of Funds Policy, which is maintained as a separate document, for detailed guidelines and procedures.

19.0 TEMPORARY BORROWING OF POOL FUNDS

Section 6 of Article XVI of the California Constitution provides in part that "the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office."

The County Auditor-Controller and the County Treasurer shall make a temporary transfer of funds to the requesting agency, not to exceed 85% of the amount of money which will accrue to the agency during the fiscal year, provided that the amount of such transfer has been determined by the County Auditor-Controller to be transferable under the constitutional and statutory provisions cited in Article XVI and has been certified by the County Treasurer-Tax Collector to be available. Such temporary transfer of funds shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year.

20.0 INVESTMENT OF BOND PROCEEDS

The County Treasurer shall invest bond proceeds using the standards of this Investment Policy. The bond proceeds will be invested in securities permitted by the bond documents. If the bond documents are silent, the bond proceeds will be invested in securities permitted by this Policy.

21.0 DISASTER RECOVERY PLAN

The Contra Costa County Treasurer's Disaster Recovery Plan includes critical phone numbers and addresses of key personnel as well as active bankers and brokers/dealers. Laptops, tablets, smart phones, and other equivalent electronic devices shall be issued to key personnel for communicating between staff, bank and broker/dealers. Copies of the plan shall be distributed to the investment staff: Assistant County Treasurer, the Treasurer's Investment Officer, and the Investment Operations Analyst. The investment staff shall interact with one another by home phone, cell phone, or e-mail to decide an alternate location from which to conduct daily operations.

In the event investment staff is unable to conduct normal business operations, the custodial bank will automatically sweep all uninvested cash into an interest bearing account at the end of the business day. Until normal business operations have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this investment policy.

22.0 POLICY CONSIDERATIONS

22.1 Exemption

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

22.2 Amendments

This policy shall be reviewed on an annual basis. Any changes must be approved by the County Treasurer and any other appropriate authority.

C.67

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA

and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 04/03/2012 by the following vote:

AYES:	4	**John Gioia** **Mary N. Piepho** **Karen Mitchoff** **Federal D. Glover**
NOES:		
ABSENT:	1	**Gayle B. Uilkema**
ABSTAIN:		
RECUSE:		

Resolution No. 2012/129

Resolution of Contra Costa County an in accordance with California Government Code Section 16429.1 Authorizing Investment of Monies in the Local Agency Investment Fund (Account #99-07-000)

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Supervisors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein as in the best interests of the CONTRA COSTA COUNTY.

NOW THEREFORE, BE IT RESOLVED, that the Board of Supervisors does hereby authorize the deposit and withdrawal of CONTRA COSTA COUNTY monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following CONTRA COSTA COUNTY officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

Russell V. Watts, Treasurer-Tax Collector	Brice Bins, Chief Deputy Treasurer-Tax Collector	Belinda Zhu, Assistant Treasurer
(SIGNATURE)	(SIGNATURE)	(SIGNATURE)

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

Contact: Brice Bins, 925-957-2848

ATTESTED: April 3, 2012
David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

cc:

APPROVED BROKERS

ABN AMRO, Incorporated
Alamo Capital
Bank of America Merrill Lynch
Bank of the West
Barclays Capital, Incorporated
California Arbitrage Management Program
Citigroup Global Markets
Credit Suisse
Daiwa Capital Markets America Inc.
Goldman, Sachs & Company
Government Perspectives
JP Morgan Securities LLC
Penserra Securities LLC
Prudential Securities, Incorporated
Public Financial Management, Incorporated
RBC Capital Markets, LLC
UBS Financial Services, Inc.
UnionBanc Investment Services
Wells Fargo Securities

Note: The County Treasury will not be limited to the above list. Others will be included as long as all conditions for authorized brokers and/or dealers set forth in this policy are met. Additionally, deletions and additions are based on many factors including the maintenance of required credit quality as rated by Standard and Poor's, Moody's and other recognized rating services and reliable financial sources.

APPROVED ISSUERS

Abbey National NA
American Honda Finance
Australia & New Zealand Banking Group
Bank of Montreal
Bank of Nova Scotia
BNP Paribas
Chevron
Coca-Cola Co
Commonwealth Bank of Australia
Credit Agricole SA
Deere & Company
Deutsche Bank Financial LLC
Exxon Mobil
General Electric Capital Corp
General Electric Co
JPMorgan Chase & Co
John Deere Capital Corporation
Johnson & Johnson
McDonald's Corporation
National Australia Bank
Nestle Capital Corp
Nordea Bank AB
PepsiCo, Inc.
PNC Bank NA
Prudential
Procter & Gamble Company
Rabobank Nederland New York
Royal Bank of Canada
Societe Generale North America
Standard Chartered Bank
State Street Bank & Trust Co
Svenska Handelsbanken AB
Toronto-Dominion Bank
Toyota Motor Credit Corp
UBS Financial
Union Bank
US Bankcorp
Walmart
Walt Disney Company
Wells Fargo Bank NA
Westpac Banking Corp
Westamerica Bank

Note: The County Treasury will not be limited to the above list in making investments. Other issuers may be considered as the County Treasury will perform additional due diligence on each investment decision. The list does not reflect the actual portfolio holdings managed by the County Treasury.

APPROVED PRIMARY DEALERS

Bank of Nova Scotia, New York Agency
BMO Capital Markets Corp.
BNP Paribas Securities Corp.
Barclays Capital Inc.
Cantor Fitzgerald & Co.
Citigroup Global Markets, Inc.
Credit Suisse Securities (USA) LLC
Daiwa Capital Markets America Inc.
Deutsche Bank Securities Inc.
Goldman, Sachs & Co.
HSBC Securities (USA) Inc.
Jefferies & Company, Inc.
J.P. Morgan Securities, Inc.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Mizuho Securities USA Inc.
Morgan Stanley & Co. Incorporated
Nomura Securities Inc.
RBC Capital Markets, LLC
RBS Securities Inc.
SG Americas Securities, LLC
TD Securities (USA) LLC
UBS Securities LLC.

Note: The above list consists of primary dealers that serve as trading counterparties of the Federal Reserve Bank of New York in its implementation of monetary policy. These primary dealers are required to participate in all auctions of U.S. government debt. Treasury Staff will perform additional due diligence on each investment decision, and hence, may or may not use the primary dealers listed above.

GLOSSARY OF TERMS

ACCRUED INTEREST The accumulated interest due on a bond as of the last interest payment made by the issuer.

AGENCY A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

AMORTIZATION The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

AVERAGE LIFE The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

BANKERS ACCEPTANCES A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank "accepts" such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. The commercial bank assumes primary liability once the draft is accepted.

BASIS POINT A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of one percent of yield. For example, if interest rates increase from 8.25% to 8.50%, the difference is referred to as a 25-basis-point increase.

BENCHMARK A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investment.

BID The indicated price at which a buyer is willing to purchase a security or commodity.

BLUE SKY LAWS Common term for state securities law, which vary from state to state. Generally refers to provision related to prohibitions against fraud, dealer and broker regulations and securities registration.

BOND A bond is essentially a loan made by an investor to a division of the government, a government agency or a corporation. The bond is a promissory note to repay the loan in full at the end of a fixed time period. The date on which the principal must be repaid is called the maturity date or maturity. In addition, the issuer of the bond, that is the agency or corporation receiving the loan proceeds and issuing the promissory note, agrees to make regular payments of interest at a rate initially stated on the bond. Bonds are rated according to many factors, including cost, degree of risk and rate of income.

BOOK VALUE Refers to value of a held security as carried in the records of an investor. May differ from current market value of the security.

BROKER/DEALER Any person engaged in the business of effecting transaction in securities in this state for the account of others or for her/his own account. Broker/dealer also includes a person engaged in the regular business of issuing or guaranteeing options with regard to securities not of her/his own issue.

CALLABLE BOND A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CALL PRICE The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for the loss of income and ownership.

CALL RISK The risk to the bondholder that a bond may be redeemed prior to maturity.

CASH SALE/PURCHASE A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

CERTIFICATES OF DEPOSIT (CD) Certificates issued against funds deposited in a commercial bank for a definite period of time and earning a specified rate of return. They are issued in two forms, negotiable and non-negotiable.

CLEAN UP CALL An action of a debt instrument issuer requiring early redemption of the instrument to reduce its own administrative expenses. This normally occurs when the principal outstanding is significantly reduced to a small amount, e.g., less than 10% of the original issue.

COLLATERALIZATION Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

COMMERCIAL PAPER Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

CONVEXITY A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

COUPON RATE The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

CREDIT QUALITY The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

CREDIT RISK The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CURRENT YIELD (CURRENT RETURN) A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

CUSIP NUMBERS CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

DELIVERY VERSUS PAYMENT (DVP) A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

DERIVATIVE SECURITY Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

DISCOUNT The amount by which the par value of a security exceeds the price paid for the security.

DIVERSIFICATION A process of investing assets among a range of security types by sector, maturity, and quality rating.

DURATION A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

EARNINGS APPORTIONMENT The quarterly interest distribution of the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool

FAIR VALUE The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL FUNDS (FED FUNDS) Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE Interest rate charged by one institution lending federal funds to the other.

FEDERAL OPEN MARKET COMMITTEE (FOMC) This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FIDUCIARY An individual who holds something in trust for another and bears liability for its safekeeping.

FLOATING RATE NOTE A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g., Treasury bills, LIBOR, etc.).

FUTURES Commodities and other investments sold to be delivered at a future date.

GOVERNMENT SECURITIES An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. *See* "Treasury Bills, Notes and Bonds."

INTEREST RATE *See* "Coupon Rate."

INTERNAL CONTROLS An internal control structure designed to ensure that the assets of the Treasurer's Investment Pool are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. Control of collusion—Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. Separation of transaction authority from accounting and record keeping—By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. Custodial safekeeping—Securities purchased from a bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of physical delivery securities—Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of authority to subordinate staff members—Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. Written confirmation of transactions for investments and wire transfers—Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. Development of a wire transfer agreement with the lead bank and third-party custodian—The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

INVERSE FLOATERS An adjustable interest rate note keyed to various indices such as LIBOR, commercial paper, federal funds, treasuries and derivative structures. The defined interest rate formula is the opposite or inverse of these indices. Interest rates and pay dates may reset daily, weekly, monthly, quarterly, semi-annually or annually.

INVERTED YIELD CURVE A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

INVESTMENT COMPANY ACT OF 1940 Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

INVESTMENT POLICY A concise and clear statement of the objectives and parameters formulated by the investor or investment manager for a portfolio of investment securities.

INVESTMENT-GRADE OBLIGATIONS An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

LIQUIDITY Usually refers to the ability to convert assets (such as investments) into cash.

LOCAL AGENCY INVESTMENT FUND (LAIF) The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

MAKE WHOLE CALL A type of call provision on a bond allowing the borrower to pay off remaining debt early. The borrower has to make a lump sum payment derived from a formula based on the net present value of future coupon payments that will not be paid because of the call.

MARK TO MARKET Valuing the inventory of held securities at its current market value.

MARKET RISK The risk that the value of a security will rise or decline as a result of changes in market conditions.

MARKET VALUE Price at which a security can be traded in the current market.

MASTER REPURCHASE AGREEMENT A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transaction. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY The date upon which the principal of a security becomes due and payable to the holder.

MEDIUM-TERM NOTES (MTNS) Corporate debt obligations continuously offered in a broad range of maturities. MTNs were created to bridge the gap between commercial paper and corporate bonds. The key characteristic of MTNs is that they are issued on a continuous basis.

MONEY MARKET INSTRUMENTS Private and government obligations of one year or less.

MONEY MARKET MUTUAL FUNDS Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, banker's acceptances, repos and federal funds).

MUTUAL FUND An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.

4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

MUTUAL FUND STATISTICAL SERVICES Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services and Morningstar.

NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD) A self-regulatory organization (SRO) of brokers and dealers in the over-the counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

NEGOTIABLE CERTIFICATES OF DEPOSIT May be sold by one holder to another prior to maturity. This is possible because the issuing bank agrees to pay the amount of the deposit plus interest earned to the bearer of the certificate at maturity.

NET ASSET VALUE The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below)

[(Total assets) – (Liabilities]/(Number of shares outstanding)

NO LOAD FUND A mutual fund which does not levy a sales charge on the purchase of its shares.

NOMINAL YIELD The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

NON-NEGOTIABLE CERTIFICATES OF DEPOSIT For public funds, these certificates are collateralized and are not money market instruments since they cannot be traded in the secondary market. They are issued on a fixed-maturity basis and often pay higher interest rates than are permissible on other savings or time-deposit accounts.

OFFER The price of a security at which a person is willing to sell.

OPTION A contract that provides the right, but not the obligation, to buy or to sell a specific amount of a specific security within a predetermined time period. A call option provides the right to buy the underlying security. A put option provides the right to sell the underlying security. The seller of the contracts is called the writer.

PAR Face value of principal value of a bond, typically $1,000 per bond.

PAR VALUE The stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

POSITIVE YIELD CURVE A chart formation that illustrates short-term securities having lower yields than long-term securities.

PREMIUM The amount by which the price paid for a security exceeds par value, generally representing the difference between the nominal interest rate and the actual or effective return to the investor.

PRIME RATE A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

PRINCIPAL The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

PROSPECTUS A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

PRUDENT PERSON RULE An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

RANGE NOTES A security whose rate of return is pegged to an index. The note defines the interest rate minimum or floor and the interest rate maximum or cap. An example of an index may be federal funds. The adjustable rate of interest is determined within the defined range of the funds.

RATE OF RETURN The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond and the current income return.

REINVESTMENT RISK The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

REPURCHASE AGREEMENT OR RP OR REPO An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO) An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

RULE 2A-7 OF THE INVESTMENT COMPANY ACT Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar ($1.00).

SAFEKEEPING Holding of assets (e.g., securities) by a financial institution.

SECURITIES LENDING A transaction wherein the Treasurer's Pool transfers its securities to a broker/dealer or other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SERIAL BOND A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

SETTLEMENT DATE The date used in price and interest computations, usually the date of delivery.

SINKING FUND Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

SLUGS An acronym for State and Local Government Series. SLUGS are special United States Government securities sold by the Secretary of the Treasury to states, municipalities and other local government bodies through individual subscription agreements. The interest rates and maturities of SLUGS are arranged to comply with arbitrage restrictions imposed under Section 103 of the Internal Revenue Code. SLUGS are most commonly used for deposit in escrow in connection with the issuance of refunding bonds.

STRIPS US Treasury acronym for "separate trading of registered interest and principal of securities." Certain registered Treasury securities can be divided into separate interest and principal components, which may then be traded as separate entities.

SWAP Generally refers to an exchange of securities, with essentially the same par value, but may vary in coupon rate, type of instrument, name of issuer and number of days to maturity. The purpose of the SWAP may be to enhance yield, to shorten the maturity or any benefit deemed by the contracting parties.

TERM BONDS Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

TOTAL RETURN The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period: (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

TREASURY SECURITIES Debt obligations of the United States Government sold by the Treasury Department in the form of bills, notes and bonds:

1. **Bills** Short-term obligations that mature in one year or less and are sold at a discount in lieu of paying periodic interest.
2. **Notes** Interest-bearing obligations that mature between one year and 10 years.
3. **Bonds** Interest-bearing long-term obligations that generally mature in 10 years or more.

UNIFORM NET CAPITAL RULE SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

U.S. AGENCY OBLIGATIONS Federal agency or United States government-sponsored enterprise obligations, participants, or other instruments. The obligations are issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

U.S. TREASURY OBLIGATIONS Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

VOLATILITY A degree of fluctuation in the price and valuation of securities.

"VOLATILITY RISK" RATING A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bond funds. The ratings for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the returns ("S1+" by S&P) to those that are highly sensitive with currently identifiable market volatility risk ("S6" by S&P).

WEIGHTED AVERAGE MATURITY (WAM) The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

WHEN ISSUED (WI) A conditional transaction in which an authorized new security has not been issued. All "when issued" transactions are settled when the actual security is issued.

YIELD The current rate of return on an investment security generally expressed as a percentage of the security's current price.

YIELD-TO-CALL (YTC) The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

YIELD CURVE A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

YIELD-TO-MATURITY The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

ZERO-COUPON SECURITY A security that makes no periodic interest payments but instead is sold at a discount from its face value.

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CONTRA COSTA COUNTY

TREASURER’S QUARTERLY INVESTMENT REPORT

AS OF DECEMBER 31, 2014

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EXECUTIVE SUMMARY

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

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

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

- As of 12/31/14, the fair value of the Treasurer’s investment portfolio was 99.93% of the cost. More than 83 percent of the portfolio or over $2.16 billion will mature in less than a year. Historical activities combined with future cash flow projections indicate that the County is able to meet its cash flow needs for the next six months.

- Treasurer’s Investment Portfolio Characteristics

Par	$2,604,735,337.18
Cost	$2,607,529,604.08
Market Value	$2,605,701,782.54
Weighted Yield to Maturity	0.39%
Weighted Average Days to Maturity	196 days
Weighted Duration	0.54 year

CONTRA COSTA COUNTY INVESTMENT POOL
As of December 31, 2014

TYPE	PAR VALUE	COST	FAIR VALUE	PERCENT OF TOTAL COST
A. Investments Managed by Treasurer's Office				
1. U.S. Treasuries (STRIPS, Bills, Notes)	$33,860,000.00	$34,484,594.89	$34,195,845.20	1.32%
2. U.S. Agencies				
Federal Agriculture Mortgage Corporation	0.00	0.00	0.00	0.00%
Federal Home Loan Banks	103,787,857.14	103,962,381.27	103,700,307.80	3.99%
Federal National Mortgage Association	88,575,000.00	90,078,506.65	89,013,449.92	3.45%
Federal Farm Credit Banks	88,085,000.00	88,141,728.57	88,044,852.78	3.38%
Federal Home Loan Mortgage Corporation	76,708,000.00	77,007,402.27	76,637,216.39	2.95%
Municipal Bonds	6,620,000.00	6,888,245.85 [1]	6,888,245.85 [1]	0.26%
Subtotal	363,775,857.14	366,078,264.61	364,284,072.74	14.04%
3. Money Market Instruments				
Bankers Acceptances	0.00	0.00	0.00	0.00%
Repurchase Agreement	0.00	0.00	0.00	0.00%
Commercial Paper	776,274,000.00	775,641,539.41	775,824,841.63	29.75%
Negotiable Certificates of Deposit	598,570,000.00	598,572,855.38	598,730,399.85	22.96%
Medium Term Certificates of Deposit	4,025,000.00	4,021,780.00	4,021,780.00	0.15%
Money Market Accounts	565,318.32	565,318.32	565,318.32	0.02%
Time Deposit	3,335.77	3,335.77	3,335.77	0.00%
Subtotal	1,379,437,654.09	1,378,804,828.88	1,379,145,675.57	52.88%
4. Corporate Notes	108,412,000.00	108,509,761.20	108,537,516.88	4.16%
TOTAL (Section A.)	1,885,485,511.23	1,887,877,449.58	1,886,163,110.39	72.40%
B. Investments Managed by Outside Contractors				
1. Local Agency Investment Fund	206,093,386.67	206,093,386.67	206,089,343.12 [2]	7.90%
2. Other				
a. EBRCS Bond	2,375,175.55	2,375,175.55	2,375,175.55	0.09%
b. Miscellaneous (BNY, CCFCU)	110,502.25	110,502.25	110,502.25	0.00%
c. Wells Capital Management	44,033,348.14	44,435,676.69	44,326,237.89	1.70%
d. CalTRUST (Short-Term Fund)	148,319,571.89	148,319,571.89	148,319,571.89	5.69%
Subtotal	194,838,597.83	195,240,926.38	195,131,487.58	7.49%
TOTAL (Section B.)	400,931,984.50	401,334,313.05	401,220,830.70	15.39%
C. Cash	318,317,841.45	318,317,841.45	318,317,841.45	12.21%
[3]**GRAND TOTAL (FOR A , B, & C)**	$2,604,735,337.18	$2,607,529,604.08	$2,605,701,782.54	100.00%

Notes:

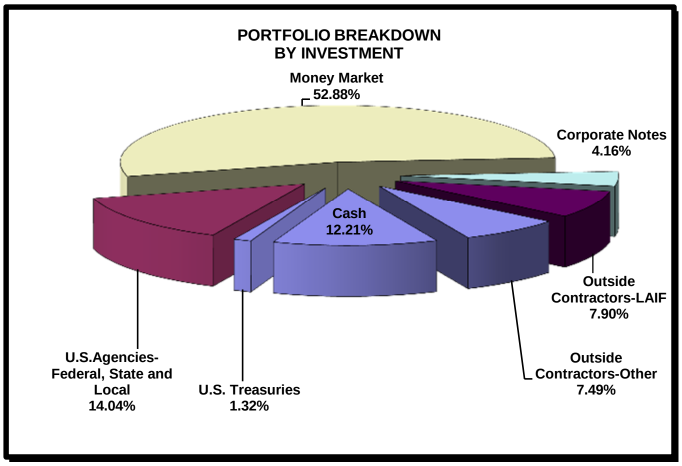
1. Fair Value equals Cost less purchase interest

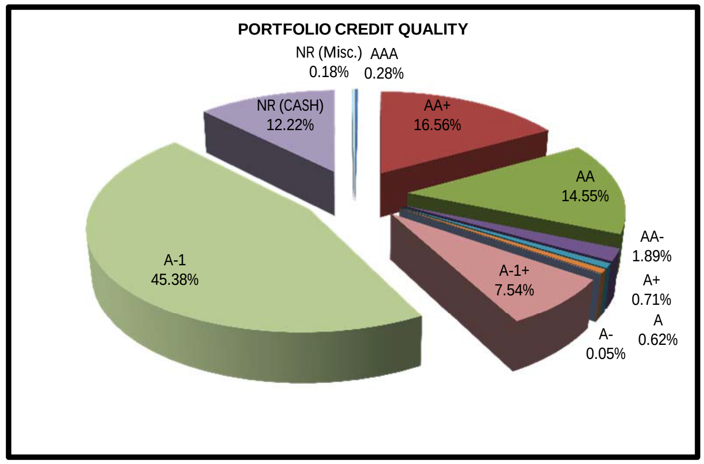
2. Estimated Fair Value

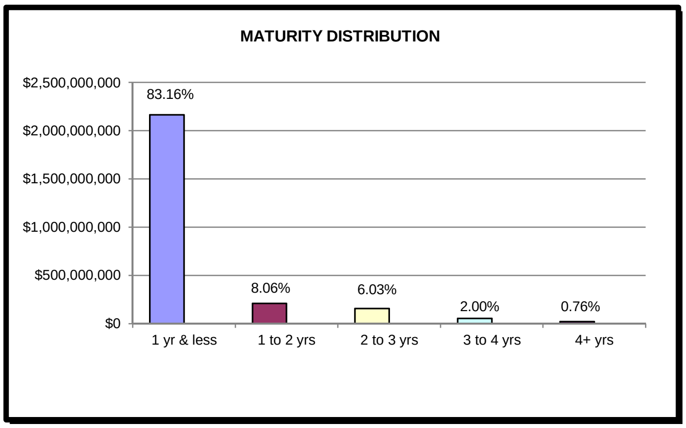
3. Does not include the Futuris Public Entity Trust of the Contra Costa Community College District Retirement Board of Authority

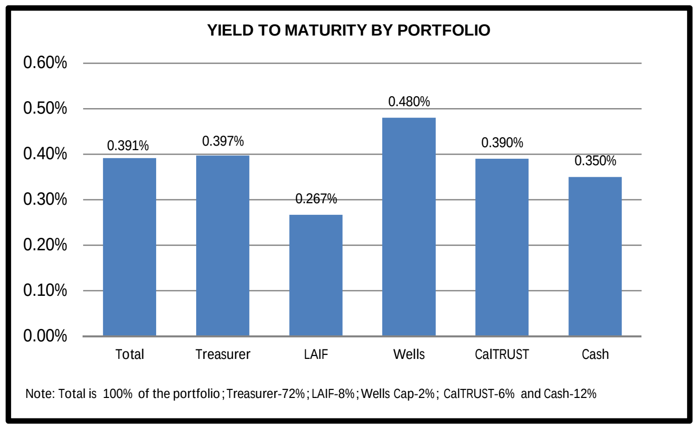
CONTRA COSTA COUNTY
INVESTMENT POOL
AT A GLANCE

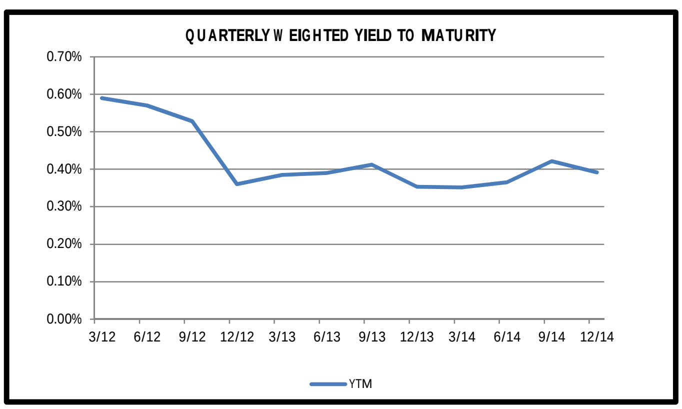
AS OF DECEMBER 31, 2014

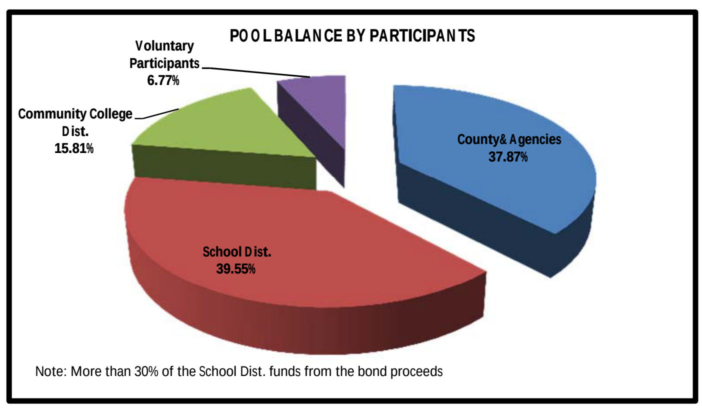










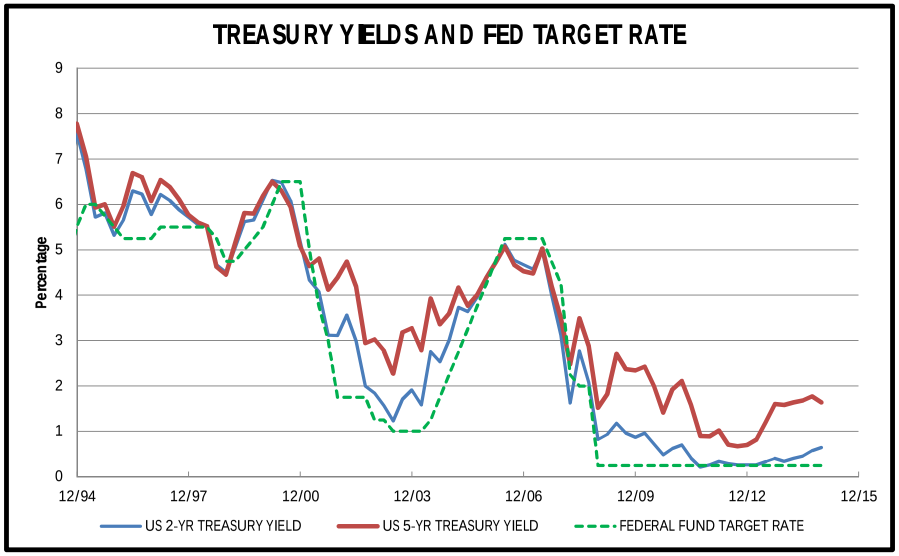


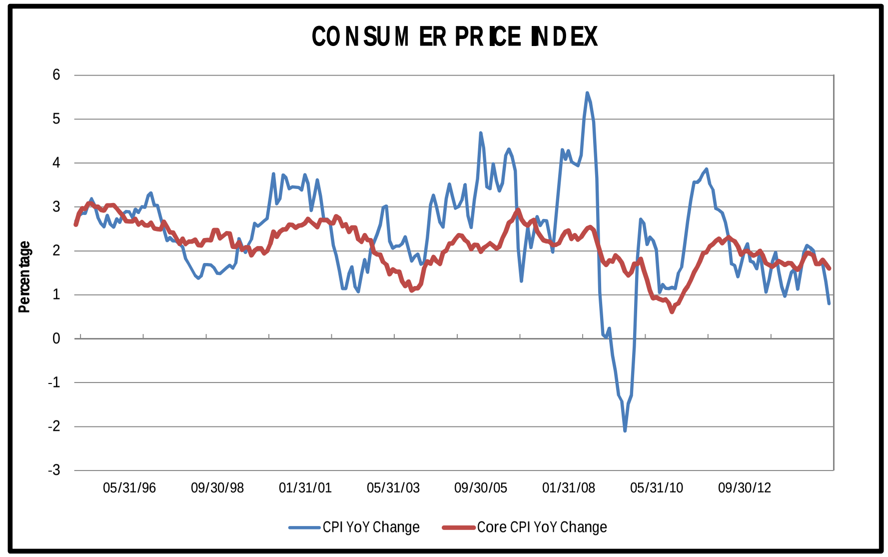
NOTES TO INVESTMENT PORTFOLIO SUMMARY AND AT A GLANCE AS OF DECEMBER 31, 2014

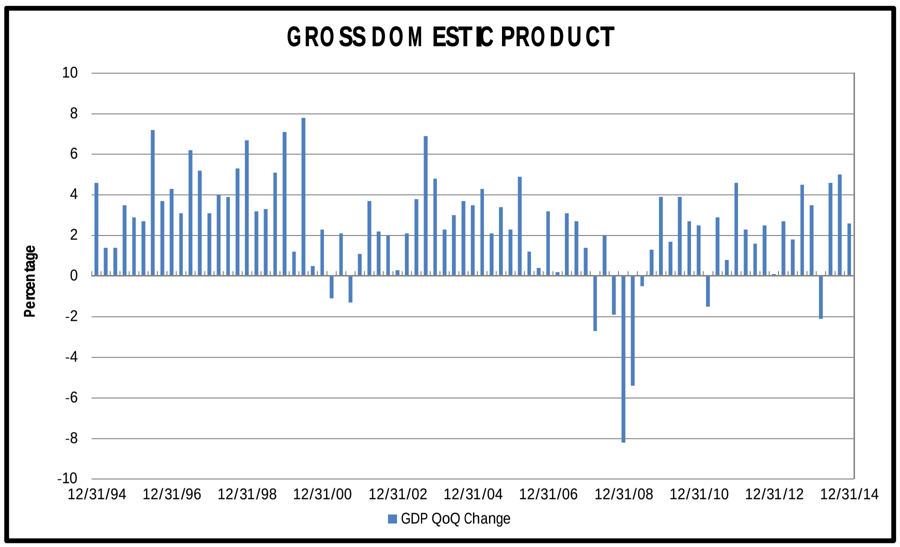
1. All report information is unaudited but due diligence was utilized in its preparation.
2. There may be slight differences between the portfolio summary page and the attached exhibits and statements for investments managed by outside contractors or trustees. The variance is due to the timing difference in recording transactions associated with outside contracted parties during interim periods and later transmitted to the appropriate county agency and/or the Treasurer's Office. In general, the Treasurer's records reflect booked costs at the beginning of a period.
3. All securities and amounts included in the portfolio are denominated in United States Dollars.
4. The Contra Costa County investment portfolio maintains Standard & Poor's highest credit quality rating of AAAf and lowest volatility of S1+. The portfolio consists of a large portion of short-term investments with credit rating of A-1/P-1 or better. The majority of the long-term investments in the portfolio are rated AA or better.
5. In accordance with Contra Costa County's Investment Policy, the Treasurer's Office has constructed a portfolio that safeguards the principal, meets the liquidity needs and achieves a return. As a result, more than 83% of the portfolio will mature in less than a year with a weighted average maturity of 196 days.

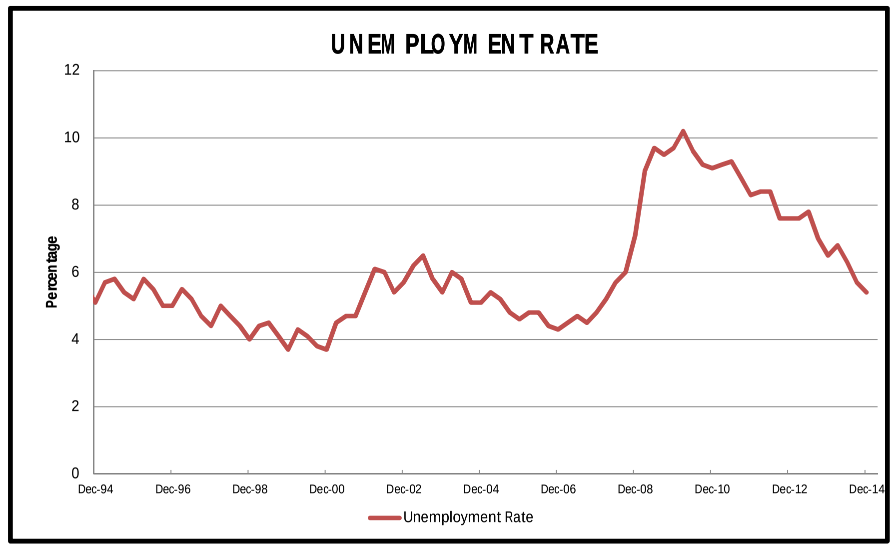
MAJOR MARKET AND ECONOMIC DATA

AS OF DECEMBER 31, 2014









Note:
All data provided by Bloomberg

Inventory by Market Value

As Of Date: 12/31/2014

Date Basis: Settlement

Run: 02/02/2015 12:59:23 PM

Reporting Currency: Local

Contra Costa County

Inv. No.	Description	CUSIP	Purchase / Maturity	Coupon / YTM TR	Current Par / Share / Current Book	Market Value / Market Price	Curr Accr Int / Price Source	Unrealized Gain / Unrealized Loss
Inv Type: 12 TREASURY NOTES								
			Subtotal	1.432392	33,860,000.00	34,195,845.20	68,803.17	4,847.17
				.690087	34,484,594.89	100.991864		-285,929.50
Inv Type: 22 FEDERAL HOME LOAN BANKS								
			Subtotal	.890693	96,867,857.14	96,781,722.08	99,728.55	30,612.52
				.846932	97,044,531.94	99.911080		-281,185.54
Inv Type: 23 FEDERAL NATIONAL MORTGAGE ASSO								
			Subtotal	1.464117	88,575,000.00	89,013,449.92	288,459.92	138,664.64
				1.001444	90,078,506.65	100.495004		-1,199,340.47
Inv Type: 27 FEDERAL FARM CREDIT BANKS								
			Subtotal	.708272	88,085,000.00	88,044,852.78	118,401.24	21,168.60
				.694252	88,141,728.57	99.954422		-115,877.72
Inv Type: 28 FHLMC DISCOUNT NOTES								
			Subtotal	.085000	1,500,000.00	1,499,850.00	425.00	62.50
				.085036	1,499,362.50	99.990000		0.00
Inv Type: 29 FHLMC NOTES								
			Subtotal	1.187005	75,208,000.00	75,137,366.39	289,878.39	40,654.24
				1.076854	75,508,039.77	99.906082		-410,124.16
Inv Type: 31 MUNICIPAL BONDS								
			Subtotal	2.571754	6,620,000.00	6,888,245.85	59,970.35	0.00
				1.213905	6,888,245.85	104.052052		0.00

Inventory by Market Value

As Of Date: 12/31/2014

Date Basis: Settlement

Run: 02/02/2015 12:59:23 PM

Reporting Currency: Local

Contra Costa County

Inv. No.	Description	CUSIP	Purchase / Maturity	Coupon / YTM TR	Current Par /Share / Current Book	Market Value / Market Price	Curr Accr Int / Price Source	Unrealized Gain / Unrealized Loss
Inv Type: 43 FHLB DISCOUNT NOTES								
			Subtotal	.087768	6,920,000.00	6,918,585.72	356.62	379.77
				.087798	6,917,849.33	99.979562		0.00
Inv Type: 70 COMM PAPER INTEREST BEARING								
			Subtotal	.290000	2,250,000.00	2,245,920.00	108.75	0.00
				.290000	2,250,000.00	99.818667		-4,080.00
Inv Type: 71 COMMERCIAL PAPER DISCOUNT								
			Subtotal	.215880	774,024,000.00	773,578,921.63	159,922.46	55,746.27
				.216072	773,391,539.41	99.942498		-28,286.51
Inv Type: 72 NEGOTIABLE CERT OF DEPOSIT								
			Subtotal	.228433	592,170,000.00	592,331,879.65	168,081.66	157,544.47
				.226829	592,174,335.18	100.027337		0.00
Inv Type: 73 CORP NOTE FLTG RT ACT- 360								
			Subtotal	.522411	13,200,000.00	13,214,987.00	15,865.44	62,937.00
				.810742	13,152,450.00	100.113538		-400.00
Inv Type: 74 CERT OF DEPOSIT MEDIUM TERM								
			Subtotal	1.135834	4,025,000.00	4,021,780.00	13,131.92	0.00
				1.163189	4,021,780.00	99.920000		0.00
Inv Type: 75 CORPORATE NOTES								
			Subtotal	1.227675	95,212,000.00	95,322,529.88	294,190.94	201,508.15
				1.129147	95,357,311.20	100.116088		-233,191.30

Inventory by Market Value

As Of Date: 12/31/2014

Date Basis: Settlement

Run: 02/02/2015 12:59:23 PM

Reporting Currency: Local

Contra Costa County

Inv. No.	Description	CUSIP	Purchase / Maturity	Coupon / YTM TR	Current Par / Share / Current Book	Market Value / Market Price	Curr Accr Int / Price Source	Unrealized Gain / Unrealized Loss
Inv Type: 79 YCD/NCD 30/360								
			Subtotal	.716250	2,000,000.00	2,000,000.00	2,188.54	0.00
				.716250	2,000,000.00	100.000000		0.00
Inv Type: 80 YCD / NCD QTR FLTR								
			Subtotal	.413822	4,400,000.00	4,398,520.20	1,000.59	0.00
				.433090	4,398,520.20	99.966368		0.00
Inv Type: 99 MONEY MARKET ACCOUNTS								
			Subtotal	.000000	565,318.32	565,318.32	0.00	0.00
				.000000	565,318.32	100.000000		0.00
Inv Type: 1000 TD WITH CALC CODE OF CSC-00								
			Subtotal	.600000	3,335.77	3,335.77	12.34	0.00
				.600000	3,335.77	100.000000		0.00
Grand Total			**Count 310**	.462355	1,885,485,511.23	1,886,163,110.39	1,580,525.88	714,125.33
				.411167	1,887,877,449.58	100.035938		-2,558,415.20

Note: Grand Total excludes Retirement investments, if any.

Inventory by Market Value

As Of Date: 12/31/2014

Date Basis: Settlement

Run: 02/02/2015 12:59:23 PM

Reporting Currency: Local

Contra Costa County

Assets (000's)	Current Par	Current Book	Market	MKT/Book	Un Gain/Loss	Yield
U.S. TREASURIES	33,860.00	34,484.59	34,195.85	99.16 %	-281.08	0.69 %
U.S. AGENCIES	357,155.86	359,190.02	357,395.83	99.50 %	-1,774.99	0.88 %
MUNICIPALS	6,620.00	6,888.25	6,888.25	100.00 %	0.00	1.21 %
COMMERCIAL PAPER	776,274.00	775,641.54	775,824.84	100.02 %	23.38	0.22 %
NCD/YCD	602,595.00	602,594.64	602,752.18	100.03 %	157.54	0.24 %
CORPORATE NOTES	108,412.00	108,509.76	108,537.52	100.03 %	30.85	1.09 %
TIME DEPOSIT	3.34	3.34	3.34	100.00 %	0.00	0.60 %
Money Market Accounts	565.32	565.32	565.32	100.00 %	0.00	0.00 %
Totals(000's)	**1,885,485.51**	**1,887,877.45**	**1,886,163.11**	**99.91 %**	**-1,844.29**	**0.41 %**

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Series 2015 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2015 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2015 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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

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

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. 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.

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