NEW ISSUE — BOOK-ENTRY ONLY

INSURED RATINGS: Moody's: "Aaa"
Standard & Poor's: "AAA"
UNDERLYING RATINGS: Moody's: "Aa2"
Standard & Poor's: "AA-"
(See "MISCELLANEOUS — Ratings" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the San Ramon Valley Unified School 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 with respect to the 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 with respect to the 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 federal corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest with respect to, the Bonds. See ***"TAX MATTERS"*** *herein.*

$88,000,000
SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
General Obligation Bonds, Election of 2002, Series 2006

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

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 General Obligation Bonds, Election of 2002, Series 2006 (the "Bonds") are issued by the County of Contra Costa (the "County") on behalf of the San Ramon Valley Unified School District (the "District") (i) to finance specific construction and modernization projects approved by the voters and (ii) to pay costs of issuance of the Bonds. The Board of Supervisors of Contra Costa County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein.

Interest on the Bonds is payable on each February 1 and August 1 of each year commencing on February 1, 2007. Principal is payable on August 1 in each of the years and in the amounts set forth below. Payments of principal of and interest on the Bonds will be made by the Paying Agent, initially BNY Western Trust Company, to The Depository Trust Company, New York, New York ("DTC"), for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS — Payment of Principal and Interest."

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interests in the Bonds. See "THE BONDS — Form and Registration".

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See "THE BONDS — Redemption" herein.

The Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of such banks, are prudent for the investment of funds of depositors, and are eligible securities for deposits of public money in California. See "OTHER LEGAL MATTERS — Legality for Investment in the State of California" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by MBIA INSURANCE CORPORATION.

MBIA

MATURITY SCHEDULE
(Base CUSIP Number[1] 799408)

Maturity (August 1)	Principal Amount	Interest Rate	Price/ Yield*	CUSIP Number[1]	Maturity (August 1)	Principal Amount	Interest Rate	Price/ Yield*	CUSIP Number[1]
2011	$2,000,000	4.500%	3.830%	K24	2017	$3,500,000	5.000%	4.250%	K81
2012	2,750,000	4.500	3.900	K32	2018	3,670,000	5.000	4.280	K99
2013	3,500,000	4.500	3.950	K40	2019	4,635,000	5.000	4.370	L23
2014	3,500,000	4.500	4.040	K57	2020	4,175,000	5.000	4.420	L31
2015	3,450,000	4.500	4.100	K65	2021	4,790,000	5.000	4.480	L49
2016	3,250,000	4.500	4.150	K73					

$19,215,000 5.000% Term Bonds due August 1, 2025 — Yield 4.530% CUSIP Number[1]: L80
$14,770,000 5.000% Term Bonds due August 1, 2028 — Yield 4.580% CUSIP Number[1]: M30
$14,795,000 5.000% Term Bonds due August 1, 2031 — Yield 4.630% CUSIP Number[1]: M55

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of their legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York on or about August 2, 2006.

ALTURA, NELSON & CO.
Incorporated

Dated: July 20, 2006

* Reoffering prices/yields furnished by the Underwriter. The District takes no responsibility for the accuracy thereof.

[1] Copyright 2003, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies Inc. CUSIP data is included solely for the convenience of the owners of the Bonds. The District and the Underwriter assume no responsibility for the accuracy thereof.

This Official Statement does not constitute an offering of any security other than the original offering of the 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 issuance and sale of the Bonds have not been registered under the Securities Act of 1933 in reliance upon an exemption under Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

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 opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriters have provided the following statement 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 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.

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

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

Board of Education

Bill Clarkson
President

Nancy Petsuch
Vice President

Paul Gardner
Clerk

Greg Marvel
Member

Joan Buchanan
Member

Robert Kessler
Superintendent

Michael Bush
Assistant Superintendent-Business Services

Peggy Perry
Director, Fiscal Services

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Paying Agent

BNY Western Trust Company
San Francisco, California

Underwriter

Altura, Nelson & Co. Incorporated
San Ramon, California

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TABLE OF CONTENTS

Page

INTRODUCTION	1
The District	1
THE BONDS	1
Authority for Issuance; Purpose	1
Form and Registration	2
Payment of Principal and Interest	2
Redemption	2
Defeasance of Bonds	4
Unclaimed Moneys	4
Annual Debt Service	5
APPLICATION AND INVESTMENT OF BOND PROCEEDS	6
Estimated Sources and Uses of Funds	6
SECURITY AND SOURCE OF PAYMENT FOR THE BONDS	6
General	6
Property Taxation System	7
Assessed Valuation of Property Within the District	7
Tax Rate	11
Tax Collections and Delinquencies	12
BOND INSURANCE	15
TAX MATTERS	17
OTHER LEGAL MATTERS	19
Legal Opinion	19
Legality for Investment in the State of California	19
Continuing Disclosure	19
No Litigation	19
MISCELLANEOUS	20
Rating	20
Professionals Involved in the Offering	20
Underwriting	20
Additional Information	21

APPENDICES

APPENDIX A – DISTRICT FINANCIAL AND OPERATING INFORMATION	A-1
APPENDIX B – FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2005	B-1
APPENDIX C – PROPOSED FORM OF OPINION OF BOND COUNSEL	C-1
APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE	D-1
APPENDIX E – COUNTY OF CONTRA COSTA INVESTMENT POLICIES AND PRACTICES DESCRIPTION OF INVESTMENT POOL	E-1
APPENDIX F – BOOK-ENTRY ONLY SYSTEM	F-1
APPENDIX G – SPECIMEN BOND INSURANCE POLICY	G-1

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$88,000,000
SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
(County of Contra Costa, California)
General Obligation Bonds, Election of 2002, Series 2006

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of $88,000,000 aggregate principal amount of bonds of the San Ramon Valley Unified School District (the "Bonds"), as described more fully herein.

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" herein.

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the resolutions and agreements providing for the issuance and payment of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for the complete provisions thereof. Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the Assistant Superintendent-Business Services, 699 Old Orchard Road, Danville, CA 94526. The District may impose a charge for copying, mailing and handling.

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 Underwriter or owners of any of the Bonds.

The District

The District, located in central Contra Costa County, California, encompasses an area of approximately 104 square miles, and serves students from the incorporated City of San Ramon, the Town of Danville, and the communities of Alamo, Diablo, and Blackhawk.

The District operates 19 elementary schools, seven middle schools, three high schools, an independent study program, and a continuation high school program. Approximately 24,442 students are served in grades kindergarten through 12. The District has adopted a 2006-07 general fund budget reflecting expenditures of approximately $174 million. Total assessed valuation of taxable property in the District in Fiscal Year 2005-06 was approximately $28 billion. In Fiscal Year 2006-07, total local assessed valuation (excluding State-assessed property) is $31.5 billion. The District operates under the jurisdiction of the Superintendent of Schools of Contra Costa County, although the District has attained "fiscal accountability" status under the State Education Code.

The District is governed by a Board of Education consisting of five members and one nonvoting student member. The voting members are elected to four-year terms in staggered years. The day-to-day operations are managed by a board-appointed Superintendent of Schools. Robert Kessler has served as Superintendent since 1994.

For additional information about the District's operations and finances, see APPENDIX A: "DISTRICT FINANCIAL AND OPERATING INFORMATION."

THE BONDS

Authority for Issuance; Purpose

The Bonds are issued pursuant to the Constitution and laws of the State of California (the "State"), including the provisions of Chapters 1 and 1.5 of Part 10 of the Education Code of the State and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Education of the District on June 27, 2006 (the "Resolution") and by a resolution of the Board of Supervisors of the County of Contra Costa (the "County") adopted on July 11, 2006.

The District received authorization at an election held on November 5, 2002, by more than 55% of the votes cast by eligible voters within the District, 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, summarized as follows: "To renovate, upgrade and expand local schools; provide safe, modern classrooms; relieve overcrowding; replace substandard electrical, heating and cooling systems; add new science and technology labs; replace portable classrooms with permanent classrooms; and to qualify for State matching funds". The voters authorized a specific list of projects (the "Project List") eligible to be funded from the proceeds of the Bonds. The District makes no representations as to the specific application of the proceeds of the Bonds, the estimated completion date of any of the projects on the Project List, or whether the authorized bonds will provide sufficient funds to complete all of the projects, or any particular project, on the Project List. The Bonds are the third series of the authorized bonds to be issued. The District has previously issued $172,000,000 of the authorized bonds.

Form and Registration

The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 principal amount or integral multiples thereof. The 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 Bonds. Purchases of Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in 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 Bonds, beneficial owners will not receive physical certificates representing their ownership interests. See APPENDIX F: "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

The Bonds will be dated as of the date of their delivery and bear interest at the rates set forth on the cover page hereof on February 1 and August 1 of each year (each, an "Interest Date") to maturity or prior redemption, commencing on February 1, 2007, computed using a year of 360 days comprising twelve 30-day months. Bonds authenticated and registered on any date prior to the close of business on January 15, 2007, shall bear interest from the date of their delivery. Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Date (the "Record Date") and the close of business on that Interest Date shall bear interest from that Interest Date. Any other Bond shall bear interest from the Interest Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond shall bear interest from the Interest Date to which interest has previously been paid or made available for payment thereon.

The principal of the Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of the Paying Agent at the maturity thereof or upon redemption prior to maturity. Interest on the Bonds is payable in lawful money of the United States of America by check mailed on each Interest Date (if a business day, or on the next business day if the Interest Date does not fall on a business day) to the bond 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 in immediately available funds (e.g., by wire transfer) to any owner of at least $1,000,000 of outstanding 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 Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX F: "BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2016, are not subject to redemption prior to their respective stated maturity dates. Bonds maturing on and after August 1, 2017, 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, 2016, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date of redemption.

Mandatory Sinking Fund Redemption. The $19,215,000 Term Bond maturing on August 1, 2025, is subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date 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 (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date	Principal Amount to be Redeemed
August 1, 2022	$6,205,000
August 1, 2023	4,430,000
August 1, 2024	4,165,000
August 1, 2025†	4,415,000

† Maturity.

The $14,770,000 Term Bond maturing on August 1, 2028, is subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date 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 (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date	Principal Amount to be Redeemed
August 1, 2026	$6,675,000
August 1, 2027	4,055,000
August 1, 2028†	4,040,000

† Maturity.

The $14,795,000 Term Bond maturing on August 1, 2031, is subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date 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 (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date	Principal Amount to be Redeemed
August 1, 2029	$6,945,000
August 1, 2030	4,065,000
August 1, 2031†	3,785,000

† Maturity.

The principal amount to be redeemed in each year shown in the tables above will be reduced proportionately, in integral multiples of $5,000, by any portion of the Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

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

Notice of Redemption. Notice of redemption of any 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 respective owners of any Bond designated for redemption at their addresses appearing on the bond registration books; (ii) by secured mail to all organizations registered with the Securities and Exchange Commission as securities depositories; (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities; and (iv) as may be further required in accordance with the Continuing Disclosure Certificate of the District. See APPENDIX D: "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 Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity of the Bonds to be redeemed; (vi) if less than all of the then outstanding Bonds are to be called for redemption, the distinctive serial numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the owners at the principal corporate trust office of the Paying Agent; and (x) notice that further interest on such Bonds will not accrue after the designated redemption date. The actual receipt by the owner of any 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 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 provided for, and when the redemption price of the Bonds called for redemption is set aside for the purpose, as described in the Resolution, the 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 Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The owners of Bonds so called for redemption after such redemption date shall look for the payment of such 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 or the escrow fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Rescission of Notice of Redemption. 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 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 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 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 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 Bonds

The District may pay and discharge any or all of the 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, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund of the District, will be fully sufficient, in the opinion of a certified public accountant, to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Moneys

Any money held in any fund created pursuant to the Resolution, or by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for two years after the principal of all of the 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.

Annual Debt Service

Upon issuance of the Bonds, scheduled debt service obligations for all outstanding bonds of the District will be as shown in the following table. The District has previously issued its General Obligation Bonds Election of 1998, Series A and its General Obligation Bonds Election of 2002, Series 2003 and Series 2004. For more detailed information regarding the District's obligations, see APPENDIX A: "DISTRICT FINANCIAL AND OPERATING INFORMATION—FINANCIAL INFORMATION—District Debt Structure" herein.

San Ramon Valley Unified School District
General Obligation Bonds
Annual Debt Service
Bond Year Basis

		Series 2006 Bonds			
Year Ending August 1	Combined Outstanding G.O. Bonds Annual Debt Service	Principal	Interest	Total	Total Debt Service
2006	$ 16,543,465.00				$ 16,543,465.00
2007	17,148,465.00		$4,295,784.03	$4,295,784.03	21,444,249.03
2008	15,437,715.00		4,307,750.00	4,307,750.00	19,745,465.00
2009	15,471,715.00		4,307,750.00	4,307,750.00	19,779,465.00
2010	17,044,215.00		4,307,750.00	4,307,750.00	21,351,965.00
2011	16,457,365.00	$2,000,000.00	4,307,750.00	6,307,750.00	22,765,115.00
2012	16,899,315.00	2,750,000.00	4,217,750.00	6,967,750.00	23,867,065.00
2013	17,671,440.00	3,500,000.00	4,094,000.00	7,594,000.00	25,265,440.00
2014	19,462,377.50	3,500,000.00	3,936,500.00	7,436,500.00	26,898,877.50
2015	21,673,127.50	3,450,000.00	3,779,000.00	7,229,000.00	28,902,127.50
2016	23,307,627.50	3,250,000.00	3,623,750.00	6,873,750.00	30,181,377.50
2017	24,820,302.50	3,500,000.00	3,477,500.00	6,977,500.00	31,797,802.50
2018	25,646,040.00	3,670,000.00	3,302,500.00	6,972,500.00	32,618,540.00
2019	16,399,290.00	4,635,000.00	3,119,000.00	7,754,000.00	24,153,290.00
2020	16,417,640.00	4,175,000.00	2,887,250.00	7,062,250.00	23,479,890.00
2021	16,895,140.00	4,790,000.00	2,678,500.00	7,468,500.00	24,363,640.00
2022	16,528,640.00	6,205,000.00	2,439,000.00	8,644,000.00	25,172,640.00
2023	17,361,140.00	4,430,000.00	2,128,750.00	6,558,750.00	23,919,890.00
2024	15,887,140.00	4,165,000.00	1,907,250.00	6,072,250.00	21,959,390.00
2025	15,217,430.00	4,415,000.00	1,699,000.00	6,114,000.00	21,331,430.00
2026	13,557,460.00	6,675,000.00	1,478,250.00	8,153,250.00	21,710,710.00
2027	12,482,230.00	4,055,000.00	1,144,500.00	5,199,500.00	17,681,730.00
2028	11,072,750.00	4,040,000.00	941,750.00	4,981,750.00	16,054,500.00
2029	6,252,750.00	6,945,000.00	739,750.00	7,684,750.00	13,937,500.00
2030		4,065,000.00	392,500.00	4,457,500.00	4,457,500.00
2031		3,785,000.00	189,250.00	3,974,250.00	3,974,250.00
Total	$405,654,780.00	$88,000,000.00	$69,702,534.03	$157,702,534.03	$563,357,314.03

APPLICATION AND INVESTMENT OF BOND PROCEEDS

Deposit and Investment of Proceeds. Proceeds from the sale of the Bonds (net of premium and accrued interest, if any) will be deposited in the County treasury to the credit of the Building Fund of the District. Any premium or accrued interest received will be deposited in the Interest and Sinking Fund of the District in the County treasury. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on outstanding bonds of the District.

Amounts deposited into the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Bonds, will be invested at the County Treasurer's discretion pursuant to law and the investment policy of the County, unless otherwise directed in writing by the District. At the written direction of the District, all or any portion of the Building Fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State of California, or may be invested on behalf of the District in investment agreements, including guaranteed investment agreements, which comply with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds. See Appendix E: "COUNTY OF CONTRA COSTA INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL." Investment of District funds are further described in APPENDIX B: "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2005", Note 2.

Estimated Sources and Uses of Funds

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

San Ramon Valley Unified School District
General Obligation Bonds, Election of 2002, Series 2006
Estimated Sources and Uses of Funds

Sources of Funds	
Principal Amount of Bonds	$88,000,000.00
Original Issue Premium	3,267,900.35
Total Sources	$91,267,900.35
Uses of Funds	
Deposit to Building Fund	$88,000,000.00
Deposit to Debt Service Fund[1]	2,329,820.35
Underwriter's Discount	660,602.47
Costs of Issuance paid by the Underwriter[2]	277,477.53
Total Uses	$91,267,900.35

(1) Consists of premium received by the District.
(2) Includes bond counsel fees, disclosure counsel fees, bond insurance premium, rating agency fees, printing fees and other miscellaneous expenses.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the County Board of Supervisors is empowered and is obligated to levy an *ad valorem* tax upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which may be taxed at limited rates). Such tax is in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the revenues from the tax will be deposited by the County 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.

Timely payment of principal and interest with respect to the Bond when due will be insured by a financial guaranty insurance policy to be issued by MBIA INSURANCE CORPORATION, coincident with the delivery of the Bonds. See "BOND INSURANCE" below.

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 levy property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well. The District receives approximately 53% of its total operating revenues from local property taxes.

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-Tax Collector, as *ex officio* treasurer of each school district located in the County, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The **State Board of Equalization** also assesses certain special classes of property, as described later in this section.

Assessed Valuation of Property Within the District

Taxable property located in the District had a 2005-06 assessed value of $28 billion. 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. Although 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 under the heading, "State-Assessed Property". In Fiscal Year 2006-07, total local assessed valuation (excluding State-assessed property) is $31.5 billion.

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 their 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.

State-Assessed Property. Under the 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". 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 in recent years.

San Ramon Valley Unified School District
Summary of Assessed Valuation

Fiscal Year	Local Secured	Utility	Unsecured	Total
1996-97	$12,639,442,745	$ 8,378,517	$387,986,913	$13,035,808,175
1997-98	13,219,377,895	3,486,111	400,455,808	13,623,319,614
1998-99	14,289,384,208	12,032,571	414,173,083	14,715,589,860
1999-00	15,560,485,260	359,772	389,604,370	15,950,449,402
2000-01	17,044,335,109	359,772	432,459,995	17,477,154,876
2001-02	18,973,640,814	381,584	513,646,741	19,487,287,555
2002-03	20,591,112,709	381,584	495,773,772	21,087,268,065
2003-04	22,564,175,791	381,584	509,592,471	23,074,149,846
2004-05	24,481,694,419	381,584	458,881,022	24,940,957,025
2005-06	27,477,540,099	488,365	447,158,445	27,925,186,909

Sources: County of Contra Costa, Office of the Auditor-Controller for Fiscal Years 1996-97 through 2002-03 and California Municipal Statistics, Inc. for Fiscal Years 2003-04, 2004-05 and 2005-06. According to the County Assessor, Fiscal Year 2006-07 total local secured and unsecured assessed valuation is $31.5 billion.

Bonding Capacity. As a unified school district, the District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries (computed as of August 20 each year). The District's gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is estimated at $698 million and its net bonding capacity is approximately $485 million (taking into account current outstanding debt before issuance of the 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 Land Use. The following table gives a distribution of taxable real property located in the District 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
Assessed Valuation and Parcels by Land Use

	2005-06 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$2,482,148,871	9.03%	544	1.13%
Industrial	180,302,878	0.66	52	0.11
Recreational	147,470,723	0.54	169	0.35
Government/Social/Institutional	77,484,504	0.28	555	1.15
Agricultural	68,442,141	0.25	127	0.26
Vacant Commercial	47,140,172	0.17	132	0.27
Miscellaneous	10,476,936	0.04	94	0.19
Subtotal Non-Residential	$3,013,466,225	10.97%	1,673	3.46%
Residential:				
Single Family Residence	$20,630,913,160	75.08%	35,142	72.71%
Condominium/Townhouse	2,224,134,826	8.09	7,115	14.72
Vacant Residential	846,160,833	3.08	3,777	7.82
5+ Residential Units/Apartments	450,466,633	1.64	118	0.24
Rural Residential	150,574,584	0.55	215	0.44
2-4 Residential Units	147,277,312	0.54	211	0.44
Miscellaneous Residential	13,097,863	0.05	47	0.10
Subtotal Residential	$24,462,625,211	89.03%	46,625	96.47%
Unknown Use	$1,448,663	0.01%	32	0.07%
Total	$27,477,540,099	100.00%	48,330	100.00%

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

Assessed Valuation of Single-Family Residential Properties. The following table focuses on single-family residential properties only, which comprise approximately 75% of the assessed value of taxable property in the District. The table gives a distribution of single-family residences in the District by assessed value. The average assessed value is $587,073, and the median assessed value is $516,230.

San Ramon Valley Unified School District
Assessed Valuation and Parcels by Land Use

Per Parcel 2005-06 Assessed Valuation of Single Family Homes

	No. of Parcels	2005-06 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	35,142	$20,630,913,160	$587,073	$516,230

2004-05 Assessed Valuation	No. of Parcels [1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	1,628	4.633%	4.633%	$ 123,938,809	0.601%	0.601%
$100,000 - $199,999	2,663	7.578	12.210	390,401,666	1.892	2.493
$200,000 - $299,999	2,976	8.468	20.679	752,498,031	3.647	6.140
$300,000 - $399,999	4,394	12.504	33.183	1,546,430,312	7.496	13.636
$400,000 - $499,999	5,120	14.569	47.752	2,305,677,247	11.176	24.812
$500,000 - $599,999	4,270	12.151	59.903	2,340,204,408	11.343	36.155
$600,000 - $699,999	3,687	10.492	70.394	2,390,643,151	11.588	47.743
$700,000 - $799,999	3,138	8.929	79.324	2,347,194,122	11.377	59.120
$800,000 - $899,999	2,201	6.263	85.587	1,862,749,013	9.029	68.149
$900,000 - $999,999	1,452	4.132	89.719	1,374,117,971	6.660	74.809
$1,000,000 - $1,099,999	900	2.561	92.280	940,832,005	4.560	79.370
$1,100,000 - $1,199,999	605	1.722	94.001	693,893,756	3.363	82.733
$1,200,000 - $1,299,999	475	1.352	95.353	592,612,450	2.872	85.605
$1,300,000 - $1,399,999	349	0.993	96.346	469,794,161	2.277	87.883
$1,400,000 - $1,499,999	291	0.828	97.174	420,738,381	2.039	89.922
$1,500,000 - $1,599,999	185	0.526	97.701	286,438,289	1.388	91.310
$1,600,000 - $1,699,999	143	0.407	98.108	235,572,701	1.142	92.452
$1,700,000 - $1,799,999	130	0.370	98.478	226,990,375	1.100	93.552
$1,800,000 - $1,899,999	108	0.307	98.785	199,758,243	0.968	94.521
$1,900,000 - $1,999,999	67	0.191	98.976	130,568,740	0.633	95.154
$2,000,000 and greater	360	1.024	100.000	999,859,329	4.846	100.000
Total	35,142	100.000%		$20,630,913,160	100.000%	

[1] Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Assessed Valuation of Combined Holdings of Largest Taxpayers. The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the 2005-06 tax roll, and the assessed valuations thereof, are shown below.

San Ramon Valley Unified School District
Largest 2005-06 Local Secured Taxpayers

	Property Owner	Primary Land Use	2005-06 Assessed Valuation	Percent of Total (1)
1.	Shapell Industries Inc.	Residential Properties	$380,746,584	1.39%
2.	Chevron USA Inc.	Office Building	331,438,620	1.21
3.	Sunset Building Company LLC Sunset Land Company LLC	Office Building	326,442,226	1.19
4.	SDC 7	Office Building	144,985,364	0.53
5.	Windemere BLC Land Co. LLC	Residential Properties	142,604,288	0.52
6.	Annabel Investment Co.	Office Building	140,753,749	0.51
7.	Centex Homes	Residential Properties	125,448,051	0.46
8.	Essex Portfolio LP / Essex San Ramon	Apartments	91,636,944	0.33
9.	Alexander Properties Co.	Office Building	86,046,202	0.31
10.	BRE Properties Inc.	Apartments	72,965,039	0.27
11.	Danville Tassajara Partners	Residential Properties	64,000,000	0.23
12.	Toll Land XXII LP	Residential Properties	62,915,281	0.23
13.	ASN Multifamily LP	Apartments	61,021,814	0.22
14.	NME Hospitals Inc.	Hospital	50,546,791	0.18
15.	Ardenwood Development Association	Residential Properties	46,998,475	0.17
16.	Regency Centers LP	Shopping Center	46,805,591	0.17
17.	Gateway Crescent Inc.	Apartments	44,537,873	0.16
18.	Fairfield San Ramon South	Apartments	44,419,600	0.16
19.	Cedar Grove Apartments	Apartments	44,394,175	0.16
20.	230 Alamo Plaza Inc.	Shopping Center	42,432,619	0.15
	Total		$2,351,139,286	8.56%

(1) 2005-06 Local Secured Assessed Valuation: $27,477,540,099
Source: California Municipal Statistics, Inc.

Tax Rate

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 Bonds in a given year depends on the assessed value of taxable property in that year. (Unsecured property is taxed at the secured property tax rate from the prior year.) 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 Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

The following table shows *ad valorem* property tax rates for the last several years in a typical Tax Rate Area of the District (TRA 16-002). TRA 16-002 comprises approximately 17% of the total assessed value of taxable property in the District:

San Ramon Valley Unified School District
Summary of Ad Valorem Tax Rates
Typical Total Tax Rate (TRA 16-002)

	2001-02	2002-03	2003-04	2004-05	2005-06
General	1.0000	1.0000	1.0000	1.0000	1.0000
Bay Area Rapid Transit	--	--	--	--	.0048
East Bay Regional Park	.0072	.0065	.0057	.0057	.0057
San Ramon Valley Unified School District	.0470	.0001	.0361	.0517	.0514
Contra Costa Community College District	--	.0040	.0038	.0042	.0047
Total Tax Rate	1.0542	1.0106	1.0456	1.00616	1.0666

Source: California Municipal Statistics, Inc.

In accordance with the law which permitted the Bonds to be approved by a 55% popular vote, bonds approved by the District's voters at the November 5, 2002, election may not be issued unless the District projects that repayment of all outstanding bonds approved at the election will require a tax rate no greater than $60.00 per $100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Bonds, the District projects that the maximum tax rate required to repay the Bonds and all other outstanding bonds approved at the November 5, 2002, 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 Bonds in each year.

Tax Collections 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 complex web of statutory modifications enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the 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 ten percent penalty attaches. If taxes remain unpaid by June 30, the tax is deemed to be in default. Penalties then begin 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.

Annual bills for property taxes on the unsecured roll are generally issued in July, are due in a single payment within 30 days, and become delinquent after August 31. A ten percent penalty attaches 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 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 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 recent history of real property tax collections and delinquencies in the District.

San Ramon Valley Unified School District
Secured Tax Charges and Delinquencies

	Secured Tax Charge[1]	Amount Delinquent June 30	Percent Delinquent June 30
1995-96	$148,175,028.40	$2,908,135.07	1.96%
1996-97	152,970,889.69	2,825,734.96	1.85
1997-98	159,480,505.64	1,928,166.95	1.21
1998-99	170,730,161.56	2,107,216.03	1.23
1999-00	181,518,445.25	2,138,974.73	1.18
2000-01	197,013,915.13	2,313,017.60	1.17
2001-02	226,937,987.14	2,372,673.09	1.05
2002-03	244,490,274.16	2,800,917.48	1.15
2003-04	274,728,841.14	2,753,472.87	1.00
2004-05	305,292,015.80	2,916,621.47	0.96

[1] All taxes collected by the County within the District.
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, the County distributes to each participating local tax-levying agency, including school districts, the amount *levied* on the secured and supplemental tax rolls, instead of the amount actually collected. In return, the County receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency in the absence of the Teeter Plan.

The County's policy is that any new taxing entity that includes its levy on the County tax roll is qualified to be included in the Teeter Plan. The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the procedures 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 three percent of the total of all taxes and assessments levied on the secured rolls in that agency. The County of Contra Costa applies the Teeter Plan to taxes levied on the secured roll for repayment of school district bonds.

Direct and Overlapping Debt. Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. 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 July 1, 2006, and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public credit markets by the public agencies listed. 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
Direct and Overlapping Bonded Debt

2006-07 Assessed Valuation:	$30,713,337,899
Redevelopment Incremental Valuation:	915,984,536
Adjusted Assessed Valuation:	$29,797,353,363

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable [(1)]	Debt 7/1/06
Bay Area Rapid Transit District	7.468%	$ 7,468,000
Chabot-Las Positas Community College District	0.256	228,546
Contra Costa Community College District	23.483	27,005,450
San Ramon Valley Unified School District	**100.**	**212,860,607** [(2)]
East Bay Municipal Water District	19.141	401,961
East Bay Regional Park District	10.925	15,004,395
Contra Costa County Community Facilities District No. 2001-1	100.	6,875,000
Association of Bay Area Governments Community Facilities District No. 2004-2	100.	30,000,000
Town of Danville 1915 Act Bonds	100.	10,430,000
City of San Ramon 1915 Act Bonds	100.	523,300
County and Special District 1915 Act Bonds	2.781-100.	119,687,720
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$430,484,979
Less: East Bay Municipal Utility District (100% self-supporting)		401,961
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$430,083,018
OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	23.588%	$ 71,181,508
Contra Costa County Pension Obligations	23.588	126,668,739
Contra Costa County Board of Education Certificates of Participation	23.588	309,003
Chabot-Las Positas Community College District Certificates of Participation	0.256	20,019
Contra Costa Community College District Certificates of Participation	23.483	285,318
Town of Danville Certificates of Participation	100.	11,505,000
City of San Ramon Certificates of Participation	100.	19,610,000
City of Walnut Creek General Fund Obligations	1.837	25,994
San Ramon Valley Fire Protection District Certificates of Participation	99.822	17,528,743
Contra Costa Fire Protection District Pension Obligations	0.367	476,733
TOTAL OVERLAPPING GENERAL FUND DEBT		$247,611,057
GROSS COMBINED TOTAL DEBT		$678,096,036 [(3)]
NET COMBINED TOTAL DEBT		$677,694,075

(1) Based on 2005-06 ratios.
(2) Excludes $88,000,000 general obligation bonds to be sold.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2006-07 Assessed Valuation:
Direct Debt ($212,860,607)..0.69%
Total Gross Direct and Overlapping Tax and Assessment Debt1.40%
Total Net Direct and Overlapping Tax and Assessment Debt...1.40%

Ratios to Adjusted Assessed Valuation:
Gross Combined Total Debt..2.28%
Net Combined Total Debt..2.27%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/05: $0

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

Timely payment of principal and interest with respect to the Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA INSURANCE CORPORATION ("MBIA"), coincident with the delivery of the Bonds. Reference is made to Appendix G for a specimen of MBIA's policy. The information in the following sections and in Appendix G was provided by MBIA for use in securities disclosure documents. The District makes no representations regarding the accuracy or completeness thereof.

BOND INSURANCE

The MBIA Insurance Corporation Insurance Policy

The following information has been furnished by MBIA Insurance Corporation ("MBIA") for use in this Official Statement. Reference is made to Appendix G for a specimen of MBIA's policy (the "Policy").

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and MBIA set forth under the heading "BOND INSURANCE". Additionally, MBIA makes no representation regarding the Bonds or the advisability of investing in the Bonds.

The MBIA Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the District to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bonds. MBIA's Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's Policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA Insurance Corporation

MBIA Insurance Corporation ("MBIA") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

Regulation

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. MBIA does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

MBIA Financial Information

As of December 31, 2005, MBIA had admitted assets of $11.0 billion (unaudited), total liabilities of $7.2 billion (unaudited), and total capital and surplus of $3.8 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2006, MBIA had admitted assets of $11.2 billion (unaudited), total liabilities of $7.5 billion (unaudited), and total capital and surplus of $3.8 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2005 and December 31, 2004 and for each of the three years in the period ended

December 31, 2005, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2005 and the consolidated financial statements of MBIA and its subsidiaries as of March 31, 2006 and for the three month period ended March 31, 2006 and March 31, 2005 included in the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2006, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at http://www.mbia.com and at no cost, upon request to MBIA at its principal executive offices.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Official Statement:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 2005; and

(2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2005, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 are available (i) over the Internet at the SEC's web site at http://www.sec.gov; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at http://www.mbia.com; and (iv) at no cost, upon request to MBIA at its principal executive offices.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

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 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. Bond Counsel is of the further opinion that interest on the 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 contained in Appendix C hereto.

To the extent the issue price of any maturity of the Bonds of any given maturity date is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 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 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 Bonds is the first price at which a substantial amount of such maturity of the 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 Bonds accrues daily over the term to maturity of such 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 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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 bonds, 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 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 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 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 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 Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Resolution, the Tax Certificate of the District dated the date of issuance of the Bonds, and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

Although Bond Counsel is of the opinion that interest on the 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 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.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses 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 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service 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 Bonds ends with the issuance of the 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 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 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 Bonds, and may cause the District or the beneficial owners to incur significant expense.

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. A complete copy of the proposed form of Bond Counsel opinion is set forth in Appendix C hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Legality for Investment in the State of California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (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 2005-06 Fiscal Year (which is due no later than April 1, 2007) and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the District with each Nationally Recognized Municipal Securities Information Repository, and with the State information repository, if any. The notices of material events will be filed by the District with each Nationally Recognized Municipal Securities Information Repository or with the Municipal Securities Rulemaking Board, and with the State information repository, if any. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D: "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The District has complied in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events in the most recent five fiscal years.

No Litigation

No litigation is pending or threatened concerning the validity of the 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 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 District or County officials who will sign the Bonds and other certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to purchasers at the time of the original delivery of the Bonds.

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

MISCELLANEOUS

Rating

The Bonds have received the rating of "AAA" by Standard & Poors Rating Services, a division of the McGraw-Hill Companies, Inc. ("Standard & Poors") and "Aaa" by Moody's Investors Service ("Moody's") based upon the issuance by MBIA Insurance Corporation, of a financial guaranty insurance policy with respect to the Bonds at the time of delivery to the Bonds. Standard & Poors and Moody's have assigned their underlying ratings "AA-" and "Aa2", respectively to the Bonds. Rating agencies generally base their ratings on their own investigations, studies and assumptions. The District has provided certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement). The rating reflects only the current views of the rating agencies, and any explanation of the significance of such rating may be obtained only from Standard & Poor's at 55 Water Street, New York, NY 10041, (212) 208-1022 and from Moody's Investors Service at 99 Church Street, New York, NY 10007, (212) 553-0882. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP, San Francisco, California is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Underwriting

The Bonds are being purchased by Altura, Nelson & Co. (the "Underwriter") pursuant to a bond purchase contract by and among the District, the County and the Underwriter, dated July 20, 2006, at a price of $90,329,820.35 (calculated as the aggregate principal amount of the Bonds of $88,000,000.00, plus net original issue premium of $3,267,900.35, less underwriting compensation ("spread") of $660,602.47, less the premium for a policy of municipal bond insurance of $157,700.00 and less $119,777.53 to be retained by the Underwriter and used to pay costs of issuing the Bonds. Pursuant to the purchase contract, the Underwriter will purchase all of the Bonds if any are purchased, the obligation of the Underwriter to purchase the Bonds being subject to certain terms and conditions to be satisfied by the District and the County.

The Underwriter has furnished the re-offering prices or yields set forth on the cover page hereof. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriter.

Additional Information

Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the 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.

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

By: /s/ Robert Kessler
Superintendent

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APPENDIX A

DISTRICT FINANCIAL AND OPERATING INFORMATION

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

FINANCIAL INFORMATION

General

The District provides educational services to approximately 24,442 students in grades kindergarten through 12. As of July 1, 2006 the District employed 2,002 full-time employees ("FTES") including certificated (credentialed teaching) staff, classified (non-teaching) staff, and management personnel. The District has adopted a 2006-07 general fund budget reflecting expenditures of approximately $174 million. Total assessed valuation of taxable property in the District in Fiscal Year 2005-06 was approximately $28 billion. In Fiscal Year 2006-07, total local assessed valuation (excluding State-assessed property) is $31.5 billion. The District operates under the jurisdiction of the Contra Costa County Superintendent of Schools.

The District has attained "fiscal accountability status" under Section 42650 of the State Education Code. Generally, this means that the District can order payment of its expenses directly from District funds held by the Treasurer-Tax Collector of the County instead of obtaining approval for each payment warrant from the Contra Costa County Superintendent of Schools.

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, and a local portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the State Constitution. In addition, school districts may be eligible for other special categorical funding, including for State and federal programs. The District receives approximately 30% of its revenues from State funds, budgeted at approximately $54 million in Fiscal Year 2006-07. As a result, decreases in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations.

According to the State Constitution, the Governor of the State is required to propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted by a two-thirds vote of each house of the Legislature no later than June 15, although this deadline is routinely breached. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. 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 2006-07 Budget Act on June 30, 2006.

On May 29, 2002, the State Court of Appeal held in *White v. Davis* (also referred to as *Jarvis v. Connell*) that the State Controller cannot disburse State funds after the beginning of the fiscal year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is (i) authorized by a continuing appropriation found in statute, or (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 court specifically held that the State Constitution does not mandate or otherwise provide for appropriations for school districts without an adopted budget. Nevertheless, the Controller believes that statutory implementation of the constitutional school funding formula provides for a continuing appropriation of State funding for schools, and has indicated that payment of such amounts would continue during a budget impasse. Special and categorical funds would not be appropriated until a budget or emergency appropriation is adopted. The Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: **www.sco.ca.gov**. Should the Legislature fail to pass the 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* 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* decision to have any long-term effect on its operating budgets.

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Because funding for education is closely related to overall State income, as described in this section, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. A brief description of the adopted State budget for 2005-06 is included below; however, the District cannot predict how State income or State education funding will vary over the entire term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to any such annual fluctuations. 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.

Aggregate State Education Funding. 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 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.

The guaranteed funding 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, as the various factors change. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow. On average, about 40 percent of State general fund tax proceeds are currently spent on the State's share of Proposition 98 funding.

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 may be suspended for one year at a time by enactment of an urgency statute. In subsequent years in which State general fund revenues are growing faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount.

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. The State has also sought to avoid 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 permanently deferring year-end apportionments of

Proposition 98 funds from June 30 to July 2, to reduce the ending fiscal year's base. In 2004-05, the State suspended Proposition 98.

Existing settle-up obligations are estimated by the Legislative Analyst to total $4.3 billion, consisting of $1.3 billion for 2005-06, $1.6 billion for 2004-05, and $1.4 billion for prior years. Under current law, the obligations for the prior years, 1995-96 through 2003-04, will be repaid to the education budget at $150 million per year beginning in 2006-07. The California Teachers' Association filed a lawsuit against Governor Schwarzenegger in 2005 seeking to force the State to fund schools the full amount of the outstanding obligations. The parties have agreed to a settlement of this dispute through additional annual funding of $400 million for seven years, commencing in 2007-08. Funding of this settlement has not yet been approved by the Legislature.

Recent State Budget Difficulties and Initiative Responses. Since early 2001, structural imbalances in State revenues versus expenditures have created significant financial challenges. The three main traditional sources of State tax revenues, personal income taxes, sales and use taxes, and corporate taxes, suffered disproportionately in the most recent economic downturn, revealing inherent weakness in the State's reliance thereon. Meanwhile, large portions of the State's budget are relatively fixed, causing a perennial shortfall and an accumulated deficit in the tens of billions of dollars. Two measures intended to address the existing cumulative budget deficit and to implement structural reform were approved at the March 2, 2004 statewide primary election. The California Economic Recovery Bond Act (Proposition 57) authorized the issuance of up to $15 billion of bonds to finance the State negative general fund reserve balance as of June 30, 2004 and other general fund obligations undertaken prior to June 30, 2004. The Balanced Budget Amendment (Proposition 58) requires the State to adopt and maintain a balanced budget and establish a reserve, and restricts future long-term deficit-related borrowing. The State has issued $10.896 billion of the authorized Economic Recovery Bonds.

2006-07 Governor's Budget. The Governor signed the State's 2006-07 Fiscal Year budget on June 30, 2006, although subsequent legislation may affect final budget totals. The following information relating to the funding of K-12 education is adapted from the budget summary prepared by Legislative Analyst's Office. The budget includes Proposition 98 funding for K-12 schools and community colleges of approximately $55.1 billion, an increase of about 10.3% from the enacted 2005-06 spending level, and approximately $600 million more than the Proposition 98 minimum guarantee. New, ongoing enhancements to K-12 expenditures total $4.5 billion, including $2.6 billion in both statutory and discretionary cost-of-living adjustments (5.92%) to district revenue limits and most categorical programs; an increase of $426 million to implement Proposition 49 (After-School Education and Safety Program); $350 million to address the inequities in revenue limit funding levels across school districts; $350 million to the Economic Impact Aid Program to educate economically disadvantaged and English learner students; $309 million to eliminate the revenue limit "deficit factor" for school districts and county offices of education; $200 million for school counselors; $105 million for a new arts and music block grant; $67 million for additional subsidized child care; $50 million to expand preschool programs, and $50 million for supplemental instruction for 11th- and 12th-grade students who have not passed the High School Exit Exam. The budget also includes an additional $2.5 billion for K-12 schools in one-time funds, including $927 million for mandated State reimbursements to school districts deferred from prior years; $584 million in discretionary block grants for instructional materials, maintenance, professional development and fiscal obligations; $500 million in grants for supplies and equipment for art, music and physical education; $137 million of *Williams v. State of California* settlement funds for emergency facilities repairs to the State's neediest schools, and $100 million in grants for instructional materials, library materials, or one-time educational costs.

The budget does not include an appropriation for settlement of the *California Teachers' Association* lawsuit concerning suspension of Proposition 98, which the Governor has negotiated with the teachers' union. While the funding of the settlement (approximately $400 million per year for seven years beginning in 2007-08) is not included in the budget, the 2006-07 Proposition 98 spending level reflects upward adjustments to prior-year spending as if the settlement had been finalized.

Proposition 1A. Beginning in 1992-93, the State has satisfied a portion of its Proposition 98 obligations by shifting part of the 1% local *ad valorem* property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. In response to a statewide ballot initiative sponsored by affected local agencies, the Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election.

Proposition 1A is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Beginning in Fiscal Year 2008-09, the State will be able to divert up to eight percent of local property tax revenues for State purposes (including, but not limited to, funding K-12 education) only if: (i) the Governor declares such action to be necessary due to a State fiscal emergency; (ii) two-thirds of both houses of the Legislature approve the action; (iii) the amount diverted is required by statute to be repaid within three years; (iv) the State does not owe any repayment to local agencies for past property tax or Vehicle License Fee diversions to local agencies; and (v) such property tax diversions do not occur in more than two of any ten consecutive fiscal years. Because ERAF shifts will be capped and limited in frequency, school and college districts that receive Proposition 98 funding from the State will be more directly dependent upon the State's general fund.

District Revenues

Under Education Code Section 42238 and following, each school district is 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 ("A.D.A.").

The base revenue limit is 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 is 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 increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State's contribution.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the district to make adjustments in fixed operating costs.

For 2006-07, statewide Proposition 98 funding per pupil is budgeted at $8,244, an increase of $842 or 11.4% over the previous year's enacted budget. The District's base revenue limit per A.D.A. is budgeted to be $5,409 for 2006-07, compared to $5,100 for 2005-06. The District's recent history of A.D.A. in kindergarten through grade 12 ("K-12") including special education for recent years is set forth in the table below:

San Ramon Valley Unified School District
Total K-12 Average Daily Attendance (P-2)

Fiscal Year	Average Daily Attendance
1997-98	19,337
1998-99	19,098
1999-00	19,506
2000-01	19,963
2001-02	20,371
2002-03	20,842
2003-04	21,334
2004-05	22,147
2005-06[1]	23,119
2006-07[2]	23,645

[1] Estimated Actuals.
[2] Budgeted.

The principal component of local revenues is the school district's property tax revenues, i.e., the 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. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. The more local property taxes a district receives, the less State equalization aid it is entitled to; ultimately, a school district whose local property tax revenues exceed its base revenue limit is entitled to receive no State equalization aid, and receives 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 are known colloquially as "basic aid districts". Districts that receive some equalization aid may be referred to as "revenue limit districts."

The District is currently not a "basic aid district". Local property tax revenues account for approximately 74% of the District's aggregate revenue limit income, and are budgeted to be approximately $96 million, or 53% of total general fund revenue in 2006-07. The County is a "Teeter Plan" county, which means that the District is made whole for any delinquencies in payment of property taxes by local property owners. Property tax levy and collection procedures (including the Teeter Plan) are discussed under "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Tax Rates, Levies, Collection and Delinquencies" in the front portion of this Official Statement. 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" herein.

Changes in local property tax income and student enrollment (or A.D.A.) affect revenue limit districts and basic aid districts differently. In a revenue limit district, increasing enrollment increases the total revenue limit and thus generally increases a district's entitlement to State equalization aid, assuming property tax revenues are unchanged. Operating costs increase disproportionately slowly—and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on revenue limit 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 basic aid districts, the opposite is generally true: increasing enrollment does increase the revenue limit, but since all revenue limit 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. Meanwhile, as new students impose increased operating costs, the fixed 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 is financially beneficial to a basic aid district.

For revenue limit districts, any loss of local property taxes is made up by an increase in State equalization aid, until the base revenue limit is reached. For basic aid districts, the loss of tax revenues is not reimbursed by the State.

In its 2006-07 adopted budget, the District estimates that it will receive $129 million in aggregate revenue limit income, or approximately 72% of its general fund revenues. This amount represents an increase of approximately 9% over the $118 million that it received in 2005-06. State funds for special programs are budgeted to be $20 million. The District also expects to receive a small portion of its budget ($3.6 million or about 2% of the total general fund revenue) 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 adopted its own 2006-07 budget prior to the adoption of the State budget. Certain adjustments may have to made throughout the year based on actual State funding and actual attendance. The District cannot make any predictions regarding the disposition of additional pending budget legislation or its effect on school finance, or whether the State will make additional cuts or enhancements to education funding during Fiscal Year 2006-07. In addition, the District's budgeted A.D.A. is an estimate used for planning purposes only, and does not represent a prediction as to the actual attendance or the District's actual funding level for 2006-07.

Effect of Redevelopment Project Area. Under California law, a city or county can create a redevelopment agency in territory within one or more school districts. Upon formation of a "project area" of a redevelopment agency, all property tax revenues attributable to the growth in assessed value of taxable property within the project area (known as "tax increment") belong to the redevelopment agency, causing a loss of tax revenues to other local taxing agencies, including school districts, from that time forward. Taxes collected for payment of debt service on school bonds are not affected or diverted by the operation of a redevelopment agency project area. Some school districts have negotiated "pass-through agreements" with their local redevelopment agencies, entitling the district to receive a portion of the tax increment revenue that would otherwise belong to the redevelopment agency (provided such revenue is not pledged and needed to pay debt service on redevelopment agency tax-increment bonds). In some cases the pass-through is mandated by statute (in which case it cannot be pledged to pay redevelopment agency bonds).

The Town of Danville and the City of San Ramon have each created redevelopment project areas overlapping the District's boundaries, and have negotiated pass-through agreements with the District, pursuant to which the District received pass-through payments in Fiscal Year 2005-06 of $462,463, and expects to receive $493,089 in Fiscal Year 2006-07. A revenue limit district is made whole by the State "backfill" for any loss of local property taxes to a redevelopment agency, but is allowed to keep the pass-through payments as other local income. Thus, the existence of redevelopment project areas results in a net increase in the District's income by the amount of the pass-through payments.

District Expenditures

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

In its 2006-07 budget, the District projects that it will expend $150 million in salaries and benefits, or approximately 86% of its general fund expenditures. This amount represents an increase of approximately 5% from the $143 million the District expended in 2005-06.

Labor Relations. Of the District's 2,228 employees, 2,167 are represented by various labor organizations as shown in the table below. The remainder are not represented by any formal bargaining unit.

San Ramon Valley Unified School District
Labor Organizations

Labor Organization	Number of Employees	Contract Expiration
San Ramon Valley Education Assoc.	1,272	6/30/08
Calif. School Employees Assoc., Unit III	439	6/30/07(1)
Calif. School Employees Assoc., Unit II	299	6/30/07(1)
Service Employees International Union	157	6/30/07(1)

(1) Subject to salary re-opener; salaries for 2006-07 under negotiation.

Retirement Programs. The District participates in the State Teachers' Retirement System ("STRS") for all full-time and most part-time certificated employees. Each school district is required by statute to contribute 8.25% of eligible employees' salaries to STRS on a monthly basis. Employees are required to contribute 8% of eligible salary. The State is required to contribute as well, such that annual STRS obligations are met. The District's employer contribution to STRS was $7.2 million for fiscal year 2005-06 and is budgeted at approximately $7.5 million in Fiscal Year 2006-07.

The District also participates in the California Public Employees' Retirement System ("CalPERS") for all full-time and some part-time classified employees. Districts are required to contribute toward CalPERS at a State-determined percentage of CalPERS-eligible salaries. In the current budget year, the total contribution is budgeted at $2.1 million, equal to the Fiscal Year 2005-06 expense of $2 million.

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. STRS and CalPERS are more fully described in APPENDIX B: – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2005", Note 12.

Post-Employment Benefits. The District provides post-employment health care benefits, in accordance with District employment contracts, to certain employees who retire from the District on or after attaining age 55 with at least 10 years of service. Currently 462 employees receive some form of post-employment benefits. District contributions for retiree benefits range from an amount equal to 100% of the amount of premiums incurred by retirees and their dependents to $100.00 per month and the retiree contributes the remainder. Expenditures for post-employment benefits are recognized on an actuarial basis. The District funds such benefits through a combination of District, current employee and retiree contributions. Fiscal Year 2005-06 expenditures were $1.6 million.

In anticipation of proposed changes in accounting by the Governmental Accounting Standards Board Statement No. 45 ("GASB"), the District established a separate Trust Fund (Retirees Health Care Benefits) to accumulate funds for this future liability. An actuarial study is required to be completed every three years for those benefits that extend beyond five years or age 65. The District had an actuarial study completed in December, 2004. The accumulated future liability as of July, 2004 amounted to $45,682,000 as determined by the actuarial study. The Trust Fund's Fiscal Year 2005-06 ending balance available for future retirement benefits increased $1.10 million in 2005-06 to $7,368,426, reflecting District transfers and earned interest, less expenditures. The District expects Fiscal Year 2006-07 transfers and earned interest, less expenditures, to contribute a net addition of approximately $1.16 million to the Trust Fund.

Accrued Vacation and other Obligations: As of June 30, 2005, the accrued vacation unfunded liability was approximately $1.6 million. Unused sick leave, while not recognized as a liability since benefits do not vest, is added to the creditable service period for calculation of retirement benefits.

Summary of District Revenues and Expenditures

The following table summarizes the District's actual, unaudited or budgeted general fund revenues, expenditures and fund balances for Fiscal Years 2002-03 through 2005-06. See "SCHOOL DISTRICT BUDGET PROCEDURES AND REQUIREMENTS – District Budget Process and County Review" herein for a general description of the annual budget process for California school districts. The District's audited financial statements for the year ending June 30, 2005, are reproduced in APPENDIX B. The final (unaudited) statement of receipts and expenditures for each fiscal year ending June 30 is required by State law to be approved by the District's Board of Education by September 15, and the audit report must be filed with the Contra Costa County Superintendent of Schools and State officials by December 15 of each year.

Commencing with Fiscal Year 2003-04, the District implemented Governmental Accounting Standards Board ("GASB") Procedure No. 34 which resulted, among other things, in a change in the financial statements of the District to reflect expenditures by function rather than by object. The District's outside auditor no longer audits the District's object-oriented financial statements, making it difficult to compare years before and after the change. To facilitate comparisons, the immediately following table presents unaudited actual figures organized by object for years before and after implementation of GASB Procedure No. 34. In the second table following, only audited figures are presented in the new format, as excerpted from the District's more recent audited financial statements.

The District is required by State law and regulation to maintain a reserve for economic uncertainties in the amount of 3% of its total general fund expenditures, based on total student attendance. In 2006-07, the District has budgeted an unrestricted general fund reserve of $5.3 million, or 3%.

San Ramon Valley Unified School District
2002-03 through 2005-06 General Fund
Revenues, Expenditures and Fund Balances
(audited and unaudited)

	2002-03 Actual[1]	2003-04 Unaudited Actual[2]	2004-05 Unaudited Actual[3]	2005-06 Estimated Actual[4]	2006-07 Adopted Budget[4]
Revenue/Receipts					
Revenue Limit Sources:					
State Aid	$14,377,588	$10,652,667	$20,588,171	$22,128,773	$32,891,355
Property Taxes	83,475,450	88,563,993	87,083,605	96,191,467	96,191,467
Federal Revenue	3,489,172	3,444,755	3,845,777	4,085,493	3,820,024
Other State Revenue	16,810,872	16,338,076	18,356,368	20,645,868	20,276,808
Other Local Revenue	19,537,282	19,450,954	25,259,997	27,720,118	26,944,071
TOTAL	$137,690,364	$138,450,445	$155,133,918	$170,771,719	$180,123,725
Expenditures/Disbursements					
Certificated Salaries	$71,162,122	$71,169,097	$76,315,076	$85,380,905	$88,785,061
Classified Salaries	21,481,678	21,127,441	22,794,392	25,542,212	27,169,539
Employee Benefits	24,744,977	25,384,154	27,837,583	31,719,849	34,329,673
Books and Supplies	6,580,749	6,631,855	7,751,449	9,249,431	7,811,231
Services/Other Operating Expenditures	11,576,437	13,515,827	13,801,478	17,038,502	15,872,505
Capital Outlay	328,838	249,612	630,826	1,826,122	139,371
Other Outgo	26,124	19,417	23,178	77,146	222,953
Direct Support/Indirect Cost	(250,056)	(286,631)	(208,505)	(236,018)	(240,302)
TOTAL	$135,650,869	$137,810,771	$148,945,477	$170,598,149	$174,090,031
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,039,495	639,675	6,188,442	173,156	6,033,694
Other Financing Sources/ (Uses)					
Transfers In/ Other Sources	300,000	21,375	283,822	834,312	0
Transfers Out/ Other Uses	(2,353,358)	(3,167,719)	(2,544,515)	(1,444,280)	(1,619,776)
TOTAL	($2,053,358)	($3,146,344)	($2,260,693)	($609,968)	($1,619,776)
Revenues/Other Financing Sources Over (Under) Expenditures/Other Uses	(13,863)	(2,506,669)	3,927,748	(436,398)	4,413,918
FUND BALANCE, BEGINNING OF YEAR	14,152,083	14,138,220	11,594,116	15,521,864	15,085,466
FUND BALANCE, END OF YEAR	$14,138,220	$11,594,116	$15,521,864	$15,085,466	$19,499,384

Source:
[1] Excerpted from the District's 2002-03 audited Financial Statements.
[2] Excerpted from the District's Unaudited Actuals, dated September 7, 2004.
[3] Excerpted from the District's Unaudited Actuals, dated September 13, 2005.
[4] Excerpted from the District's 2006-07 Annual Budget, adopted June 27, 2006.

San Ramon Valley Unified School District
General Fund Revenues, Expenditures and Fund Balances
2003-04 and 2004-05
(audited, *post*-GASB 34)

	2003-04 Actual[1]	2004-05 Actual[1]
REVENUES		
Revenue limit sources	$99,216,661	$107,671,776
Federal sources	3,444,755	3,845,777
Other state sources	17,959,316	21,796,238
Other local sources	19,450,955	25,259,997
Total	$140,071,687	$158,573,788
EXPENDITURES/DISBURSEMENTS		
Instruction	$92,600,161	$102,376,970
Instruction related activities:		
Supervision of Instruction	4,105,217	4,260,347
Instructional library, media and technology	2,373,357	2,275,255
School site administration	10,464,845	11,412,924
Pupil Services:		
Home-to-school transportation	1,776,488	2,048,389
Food services	--	--
All other pupil services	4,420,470	5,298,575
General administration:		
Data processing services	1,424,034	1,538,635
All other general administration	5,535,783	5,855,764
Plant Services	14,516,915	15,061,032
Facility acquisition and construction	37,437	448,319
Ancillary Services	1,498,665	1,497,055
Community Services	238,480	209,905
Debt Service: Principal	24,708	20,318
Debt Service: Interest and other	259,959	81,859
Total Expenditures	$139,476,155	$153,019,530
Excess (deficiency) of revenues over expenditures	595,532	5,554,258
OTHER FINANCING SOURCES/ (USES)		
Transfers In	21,375	84,000
Transfers Out	(3,167,719)	(1,910,332)
Other uses	6,707	199,822
Net Financing Sources/(Uses)	(3,139,637)	(1,626,510)
NET CHANGE IN FUND BALANCES	(2,544,105)	3,927,748
Fund Balance, Beginning of Year	14,138,221	11,594,116
Fund Balance, End of Year	$11,594,116	$15,521,864

(1) Excerpted from the District's audited Financial Statements, 2003-04 and 2004-05.

Parcel Tax

In April, 2004, over 2/3 of the voters of the District approved a qualified special tax (usually referred to as a "parcel tax") of not more than $90.00 per parcel per year for five years, ending June 30, 2009. An exemption is provided to parcels owned and occupied by taxpayers aged 65 and older, upon proper application. In 2005-06, the District received approximately $3.8 million in parcel tax revenues, which the parcel tax measure dictates may be used to retain teachers and employees, retain class size reduction and maintain music, library and counseling programs. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS - Limitations on Revenues - Article XIIIC and Article XIIID of the California Constitution".

District Debt Structure

Tax and Revenue Anticipation Notes. The District has issued tax and revenue anticipation notes in each recent year as 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 does not plan to issue tax and revenue anticipation notes for fiscal year 2006-07.

Issuance Date	Principal Amount	Interest Rate	Yield	Due Date
11/18/03	$18,700,000	1.205%	1.48%	11/17/04
10/18/05	23,920,000	4.25	2.965	10/25/06

Capital Lease Obligations. The District has entered into various capital lease arrangements described in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2005", Note 8. Future minimum lease payments under these leases are as shown in the following table:

Year Ending June 30	Total Lease Payments
2006	$498,404
2007	498,404
2008	475,226
2009	426,826
2010	426,826
2011	426,826
Total	$2,752,512
Less: Amount Representing Interest	(295,160)
Present Value of Minimum Lease Payments	$2,457,352

In addition, in July 2004, the District entered into a financing lease with Municipal Finance Corporation for provision of 10 vehicles to the District, in the principal amount of $199,821, for a term of three years, at a quarterly interest rate of 1.125%, with title vesting in the District at that time. Quarterly payments under this lease are $17,894. The rental payments are payable from the general fund.

In May 2006, the District entered into a financing lease with Municipal Services Group, Inc., for provision of 10 school busses. The principal amount of the lease is $689,773, with scheduled annual payments of approximately $145,000 commencing September 1, 2006 through September 1, 2010. The lease is a general fund obligation of the District.

Operating Leases. The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. One 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 and of the agreements prior to the expiration date. Payments made during fiscal year 2004-05 were $72,958. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2006	$80,651
2007	80,651
2008	80,651
2009	80,651
2010	8,127
Total	$330,731

Certificates of Participation. In February 2004, the District prepaid all then outstanding certificates of participation.

Bonds. On April 14, 1998, the voters of the District approved a bond proposition authorizing the issuance of $70 million of bonds of the District for the acquisition, construction and improvement of real property, including the authorized school purposes specified in the proposition, as recommended by the District's Citizens' Advisory Committee on District Facilities, and for additional projects to the extent of available funds. The bonds were issued on July 9, 1998, as capital appreciation bonds. The bonds are currently outstanding in an aggregate principal amount of $45,485,606.65. Total remaining scheduled payments of principal and interest through July 1, 2018 are $100,130,000.

On November 5, 2002, the District's voters approved a second bond measure in the amount of $260 million for specific school construction and modernization projects listed in the ballot measure. The first series of bonds under the 2002 measure were issued on March 20, 2003 in the aggregate principal amount of $72,000,000, of which $67,375,000 remains outstanding, with a final maturity in 2028. The second series of bonds under the 2002 measure were issued on October 28, 2004 in the aggregate principal amount of $100,000,000, all of which currently remains outstanding, with a final maturity in 2029.

All such bonds of the District are payable from an *ad valorem* tax which the County is required to levy and collect in an amount sufficient in each year to pay all principal and interest coming due in such year.

Capital Financing Plan

The District's current capital facilities needs are estimated to total $297 million through 2011, including projected inflation in construction costs. In addition to funds provided from the $260 million bond measure approved by voters on November 5, 2002, the District expects that State matching grants for eligible projects, remaining proceeds of the April 1998 bond measure, and interest earnings on bond funds, will be sufficient to finance these projects. The District also expects to enter into joint use agreements with local jurisdictions, where appropriate, to leverage funding and enhance projects for both school and community uses.

Capital Facilities Funding

Source	Amount ($ millions)
2002 Bond Election	$260.00
State Facility Grants	17.81
1998 Bond Election	15.09
Interest earnings	7.59
Total	$300.49

The District also collects fees from developers of housing units, calculated upon the square footage of new construction. Developer fees are not general fund revenues, but are required by law to be applied to finance school building projects necessitated by the new development. The District currently projects $1.5 million in developer fee revenues during fiscal year 2006-07, though no assurance can be given that developer fees will be received at the level projected.

The Dougherty Valley development will eventually include 11,000 new houses by 2014 and is expected to generate an additional 7,600 students. Seven new developer-built schools are planned to serve the Dougherty Valley. These schools are being built in lieu of paying developer fees. Four have opened, with two or more opening in the 2007-08 school year and the final school scheduled to open in the 2008-09 school year. Additionally, a developer-built elementary school, not part of the Dougherty Valley, is scheduled to open in the 2008-09 school year.

As a condition to receiving State modernization or construction funds, the District also agrees to fund a restricted maintenance reserve account in the general fund each year for 20 years of at least 3% of its general fund budget. In 2006-07, the District has budgeted a maintenance reserve contribution of $5,274,264 or 3%.

Insurance, Risk Pooling and Joint Powers Arrangements

The District participates in joint ventures under joint powers agreements in the County and Northern California to provide workers' compensation, property and liability insurance. The District purchases comprehensive workers compensation coverage from Contra Costa County Schools Insurance Group (CCCSIG), in coverage amounts as required by the California Workers Compensation Act and comparable to other school districts participating in CCCSIG. For property damage, the District has a deductible of $50,000 per occurrence, covers damage up to $250,000 via a self-insured retention, and purchases excess property insurance in the commercial market to a policy limit of $150 million per occurrence through Northern California Regional Excess Liability Fund (NorCal ReLiEF), a joint powers authority of which the District is a participating member. For liability insurance, the District has a deductible of $50,000 per occurrence, NorCal ReLiEF covers liability up to $1 million via a self-insured retention, the District purchases excess general liability coverage through Schools Association for Excess Risk (SAFER) to a policy limit of $4 million per occurrence, and purchases additional excess liability coverage to $15 million per occurrence through Schools Excess Liability Fund (SELF) for a total of $20 million per occurrence.

The District's potential liabilities under its arrangement with CCCSIG are described in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2005", Notes 11 and 14. The District does not directly bear liability for the losses of other members of CCCSIG; however in the event of numerous large local losses, CCCSIG's self-insured retention fund could be exhausted, and member districts such as the District could be required to make further contributions to cover member claims.

The District is not a member of any other joint powers agencies or authorities.

Charter Schools

There are currently no charter schools operating within the District. Charter schools would receive revenues from the State and from the District for each student enrolled, and thus effectively reduce revenues available for students enrolled in District schools. The District is required to accommodate charter school students originating in the District in facilities comparable to those provided to regular District students. The District cannot predict if any charter schools may be formed in the future.

SCHOOL DISTRICT BUDGET PROCEDURES AND REQUIREMENTS

District Budget Process and County Review

State law requires school districts to maintain 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 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 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 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 ("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 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.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California School Accounting Manual, as required by the State Education Code. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Vavrinek, Trine, Day & Co., LLP, Rancho Cucamonga, California, serves as independent auditor to the District and its report for Fiscal Year Ended June 30, 2005, are attached hereto as APPENDIX B. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit excerpts herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to adopt its audited financial statements following a public meeting to be conducted no later than January 31 following the close of each fiscal year.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

Article XIIIA of the California Constitution. Article XIIIA of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the one-percent limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (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. The tax for payment of the District's bonds approved at the 1996 election falls within the exception for bonds approved by two-thirds vote. The tax for payment of the District's bonds approved at the 2002 election falls within the exception for bonds approved by a 55% vote.

Section 2 of Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. 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 two percent, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

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

Article XIIIC and Article XIIID of the California Constitution. On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIIC also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a duty on the county treasurer-tax collector to levy a property tax sufficient to pay debt service on school bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes or to otherwise interfere with performance of the duty of the County with respect to such taxes. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

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

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Expenditures and Appropriations

Article XIIIB of the California Constitution. In addition to the limits Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual "appropriations limit" or "Gann Limit" imposed by Article XIIIB of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" exclude tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district's revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceed the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years. If the State's aggregate "proceeds of taxes" for the preceding two-year period exceed the aggregate limit, 50% of the excess is transferred to fund the State's contribution to school and college districts.

In Fiscal Year 2004-05, the District had an appropriations limit of $96,900,831 and appropriations subject to the limit of $96,900,831.

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.

APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT JUNE 30, 2005

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

OF CONTRA COSTA COUNTY

DANVILLE, CALIFORNIA

JUNE 30, 2005

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Joan Buchanan	President	2006
Nancy Petsuch	Vice President	2006
Bill Clarkson	Clerk	2006
Greg Marvel	Member	2008
Paul Gardner	Member	2008

ADMINISTRATION

Robert Kessler	Superintendent
Jim Cerreta	Assistant Superintendent, Business Services
Roberta Silverstein	Assistant Superintendent, Human Resources
Christine Williams	Assistant Superintendent, Educational Services
Margaret Brown	Assistant Superintendent, Facilities Development

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2005

FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements	
Governmental Funds - Balance Sheet	13
Governmental Funds - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	14
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the District-Wide Statement of Activities	16
Proprietary Funds - Statement of Net Assets	17
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Fund Net Assets	18
Proprietary Funds - Statement of Cash Flows	19
Fiduciary Funds - Statement of Net Assets	20
Fiduciary Funds - Statement of Changes in Net Assets	21
Notes to Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - Budgetary Comparison Schedule	46
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	47
Schedule of Average Daily Attendance	48
Schedule of Instructional Time	49
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	50
Schedule of Financial Trends and Analysis	51
Note to Supplementary Information	52
SUPPLEMENTARY INFORMATION - UNAUDITED	
Combining Statements – Non Major Governmental Funds	
Combining Balance Sheet – Unaudited	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Unaudited	55
Assessed Valuation of Taxable Properties and Secured Tax Charges and Delinquencies Within the San Ramon Valley Unified School District Boundaries - Unaudited	57
Note to Unaudited Supplementary Information – Unaudited	58
INDEPENDENT AUDITORS' REPORTS	
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*	59
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	61
Report on State Compliance	63
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
Summary of Auditors' Results	65
Financial Statement Findings	66
Federal Award Findings and Questioned Costs	66
State Award Findings and Questioned Costs	66
Summary Schedule of Prior Audit Findings	67

FINANCIAL SECTION

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants & Consultants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Governing Board
San Ramon Valley Unified School District
Danville, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 2004-05 *Standards and Procedures for Audits of California K-12 Local Educational Agencies*, prescribed in the California Code of Regulations, Title 5, Section 19810 and following. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the San Ramon Valley Unified School District, as of June 30, 2005, and the respective changes in financial positions and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2005, on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA

The required supplementary information, such as management's discussion and analysis on pages 3 through 10 and budgetary comparison information on page 46 are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The unaudited supplementary information listed in the table of contents, including the Combining Statements - Non-Major Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
September 23, 2005

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

699 Old Orchard Drive, Danville, California 94526
(510) 552-2905 -- FAX (510) 831-9314

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

This section of San Ramon Valley Unified School District's 2005 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2005. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the San Ramon Valley Unified School District (the District) and its component units 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 as well as all liabilities (including long-term debt). 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 any business type activities.

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

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

The fiduciary activities are trust and agency funds, which only report a balance sheet and do not have a measurement focus.

The primary unit of the government is the San Ramon Valley Unified School District. The District also has two component units, the San Ramon Valley Unified School District Financing Corporation and the San Ramon Valley Unified School District Educational Facilities Corporation. The educational facilities corporation is inactive and has no assets or liabilities. Separately issued financial statements for the financing corporation are available at the District Office.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

REPORTING THE DISTRCT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

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

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

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

Governmental activities - Most of the District's services are reported in this category. This includes the education of 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 and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a 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 of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

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 Assets* and the *Statement of Revenues, Expenses and Changes in Fund Net Assets*. We use internal service funds (a 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, employee retiree benefits and pensions. The District's fiduciary activities are reported in separate *Statements of Fiduciary Net Assets*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were $344,892,457 and $310,001,086 for the fiscal years ended 2005, and 2004, respectively. Of this amount, $17,411,863 and $12.754,303 as unrestricted for the fiscal years ended 2005, and 2004. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

Table 1

	2005 Governmental Activities	2004 Governmental Activities
Current and other assets	$ 211,367,116	$ 141,406,226
Capital assets	415,568,486	360,435,544
Total Assets	**626,935,602**	**501,841,770**
Current liabilities	29,435,582	41,587,429
Long-term debt	252,607,563	150,253,255
Total Liabilities	**282,043,145**	**191,840,684**
Net assets		
Invested in capital assets, net of related debt	303,202,925	200,802,926
Restricted	24,277,669	96,443,857
Unrestricted	17,411,863	12,754,303
Total Net Assets	**$ 344,892,457**	**$ 310,001,086**

The $17,411,863 unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. It means that if we had to pay off all of our bills today including all of our non-capital liabilities (compensated absences as an example) we would have $17,411,863 left.

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 12. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	2005 Governmental Activities	2004 Governmental Activities
Revenues		
Program revenues		
Charges for services	$ 5,143,144	$ 6,111,808
Operating grants and contributions	21,610,207	18,093,440
Capital grants and contributions	19,522,087	28,036,705
General revenues:		
Federal and State aid not restricted	20,901,666	20,901,666
Property taxes	104,397,714	97,382,364
Other general revenues	44,956,073	56,312,473
Total Revenues	**216,530,891**	**226,838,456**
Expenses		
Instruction related	130,915,883	118,162,072
Student support services	11,043,904	9,936,225
Administration	7,668,431	7,558,442
Maintenance and operations	17,184,685	16,027,143
Other	15,143,813	13,951,112
Total Expenses	**181,956,716**	**165,634,994**
Change in Net Assets	**$ 34,574,175**	**$ 61,203,462**

Governmental Activities

As reported in the *Statement of Activities* on page 12, the cost of all of our governmental activities this year were $181,956,716 and $165,634,994 for the fiscal years ended 2005, and 2004, respectively. However, the amount that our taxpayers ultimately financed for these activities through local taxes were $104,397,714 and $97,382,364 for the fiscal years ended 2005, and 2004. The cost paid by those who benefited from the programs were $5,143,144 and $6,111,808, or by other governments and organizations who subsidized certain programs with grants and contributions $41,132,294 and $46,130,145, for the fiscal years ended 2005, and 2004, respectively. We paid for the remaining "public benefit" portion of our governmental activities with $104,397,714 and $97,382,364 in taxes, $73,114,150 and $70,850,498 in State funds and with other revenues, such as interest and general entitlements for the fiscal years ended 2005, and 2004, respectively.

In Table 3, we have presented the net cost (total cost less revenues generated by the activities) of each of the District's 5 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

	2005 Net Cost of Services	2004 Net Cost of Services
Instruction related	$ 92,357,719	$ 71,752,515
Student support services	4,868,708	4,749,585
Administration	7,189,835	7,084,716
Maintenance and operations	16,204,365	15,876,491
Other	15,060,651	13,929,734
Net Cost	**$ 135,681,278**	**$ 113,393,041**

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $193,303,938, which is an increase of $93,577,782 from the prior year.

The primary changes are:

a. Our General Fund is our principal operating fund. The fund balance in the General Fund increased approximately $3,928,000 due to the holding of reserves for the opening of new schools and one-time board allocations.
b. Our special revenue funds increased approximately $1,545,000. This was due to an increase in State Revenue in the Deferred Maintenance Fund, a reserve for technology costs in the Cafeteria fund and the establishment of a Special Reserve Fund for $1,359,000.
c. The debt service funds showed an increase of approximately $9,546,000 as cash on reserve for future bond payments increased.
d. The Capital Facilities Fund balance increased by approximately $78,559,000 due to the issuance of the second series of general obligation bonds and developer fee collections exceeding expectations.

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 September 20, 2005. (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 47).

- ✓ Revenue revisions were made to the 2005-06 Budget as the result of actual ADA growth exceeding projected ADA growth.
- ✓ Budgeted expenditures increased due to receipt of additional federal and state grants and local donations, as well as the allocation of the carryover of unspent funds from the prior year.

The District originally projected an increase in general fund net assets of $1,660,427 and a decrease of $3,345,877 for the fiscal years ended 2005, and 2004. Revenues were $12,977,591 and $3,262,089 more than expected in 2005 and 2004, respectively. However, expenditures were $10,710,270 and $2,460,317 more than originally projected for both 2005 and 2004.

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had $415,568,487 and $360,435,544 in a broad range of capital assets, including land, buildings, and furniture and equipment for the fiscal years ended 2005, and 2004. The current amount represents a net increase (including additions, deductions and depreciation) of $55,132,943 or 15.3 percent greater than the prior year.

Table 4

	2005 Governmental Activities	2004 Governmental Activities
Land	$ 188,312,954	$ 165,418,297
Land improvements	11,347,182	13,225,633
Buildings and improvements	172,998,130	135,580,927
Equipment	2,604,685	1,906,372
Construction in progress	40,305,536	44,304,315
Totals	**$ 415,568,487**	**$ 360,435,544**

The years' major additions to fixed assets (costs may include several years):

Neil Armstrong Modernization	$ 7,234,290.00	
Hidden Hills - New School	12,826,503	
Walt Disney	7,062,276	
Montair Elementary	8,247,045	
Pine Valley Middle School - Gym	3,378,195	
Monte Vista High School - Gym	943,734	
Monte Vista High School - Weight Room	823,426	
Iron Horse - Gym	4,594,741	
California High School - Stadium	419,779	
Monte Vista Parking Lot/Soccer Field	4,744,657	
Diablo Vista Parking Lot	18,150,000	
Pine Valley Alarm System		$ 308,918
California High School Portable		100,685
Charlotte Wood Middle School Flood Control		169,568
Hidden Hills Elementary School Land	-	15,601,500
Windemere Middle School Land	-	34,500,000
Totals	$ 68,424,646	$ 50,680,671

Several capital projects are planned for the 2005-06 year. We anticipate capital additions to be approximately $29.7 million for the 2005-06 year (See page 44). We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Debt

At the end of this year, the District had $262,121,546 in long-term debt versus $156,883,431 last year, an increase of 67 percent. This debt consisted of:

Table 5

	2005 Governmental Activities		2004 Governmental Activities	
General obligation bonds	$	249,688,614	$	150,599,423
Capitalized lease obligations		2,457,352		3,046,610
Other		9,975,580		3,237,398
Totals	**$**	**262,121,546**	**$**	**156,883,431**

The District's general obligation bond rating continues to be Standard & Poor's: "AAA." The State limits the amount of general obligation debt that District's can issue to 5 percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $248,458,792 is significantly below this $1.2 billion statutorily -imposed limit.

Other obligations include compensated absences payable, and premium on general obligation bonds. We present more detailed information regarding our long-term liabilities in Note 8 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2004-05 ARE NOTED BELOW:

This was the first year the District used funds from the parcel tax passed in 2003-04. The parcel tax provides funding for class size reduction, music, library and counseling programs. The parcel tax will continue for an additional four years.

A $260 million facilities bond measure known as Measure A was approved by the voters in November 2002. The first series of bonds for $72 million was issued in March 2003. In October of 2004, the second series for $100 million was issued. This will allow the district's school modernization and/or expansion projects to continue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2005-06 year, the District Board and management used the following criteria:

The key assumptions in our revenue projections are:

- A 4.23% Cost of Living Adjustment provided by the State of California for Revenue Limits
- A Revenue Limit deficit of 1.129% implemented by the State of California
- Student enrollment growth will approximate 2%, or about 483 students, over 2004-05 enrollment
- The parcel tax will pay for class size reduction, music, librarians and counselors
- Certificated and Classified positions will be added for growth to bring staffing to the appropriate allocations per the staffing formulas
- State categorical programs will be increased by 4.23% Cost of Living Adjustment

Certificated staffing expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten through third	20: 1	6,975
Grades four and five	30: 1	3,466
Grades six through eight	29: 1	5,098
Grades nine through twelve	28. 1	6,992

The key assumptions in our expenditure forecast are:

1. Teacher staffing will be provided at the above ratios
2. Health benefit rates will increase approximately 10% for the Kaiser Plan
3. Workers compensation insurance rates will increase approximately 20.5%
4. Property and liability insurance rates will increase 15%
5. Maintaining the Routine Restricted Maintenance Program budget at 3% of General Fund expenditures
6. Maintaining a 3% Reserve for Economic Uncertainties and creation of a $3,000,000 Board Reserve.

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 Assistant Superintendent, Business Services, at San Ramon Valley Unified School District, 699 Old Orchard Drive, Danville, California, 94526, or e-mail at pperry@srvusd.net.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities
Assets	
Deposits and investments	$ 190,532,508
Receivables	18,357,897
Prepaid expenses	279,535
Deferred charges	1,936,468
Stores inventories	260,708
Capital assets not depreciated	228,618,490
Capital assets depreciated	285,123,489
Less: Accumulated depreciation	(98,173,492)
Total assets	626,731,580
Liabilities	
Overdrafts	567,145
Accounts payable	9,816,426
Accrued interest	8,031,053
Deferred revenue	1,506,975
Current portion of long-term obligations	9,513,983
Noncurrent portion of long-term obligations	252,607,563
Total liabilities	281,839,122
Net Assets	
Invested in capital assets, net of related debt	303,202,925
Restricted for:	
Debt service	10,210,763
Capital projects	9,121,254
Educational programs	1,619,648
Other activities	3,326,004
Unrestricted	17,411,864
Total net assets	$ 344,892,458

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, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
Governmental activities:					
Instruction	$ 111,589,885	$ 966,758	$ 14,938,971	$ 19,522,087	$ (76,162,069)
Instruction related activities:					
Supervision of instruction	4,155,908		2,165,375	-	(1,990,533)
Instructional library, media and technology	2,981,163	-	831,932	-	(2,149,231)
School site administration	12,188,927		133,041	-	(12,055,886)
Pupil services:					
Home-to-school transportation	2,024,994	242,838	556,351	-	(1,225,805)
Food services	3,726,455	3,609,393	621,474	-	504,412
All other pupil services	5,292,455	-	1,145,140	-	(4,147,315)
General administration:					
Data processing	1,527,748		-	-	(1,527,748)
All other general administration	6,140,683	217,105	261,491	-	(5,662,087)
Plant services	17,184,685	30,525	949,795	-	(16,204,365)
Ancillary services	1,487,109	660	207	-	(1,486,242)
Community services	212,017		-	-	(212,017)
Enterprise services	785,459				(785,459)
Interest on long-term debt	11,797,698		-	-	(11,797,698)
Other (outgo)	861,530	75,865	6,430	-	(779,235)
Total governmental-type activities	$ 181,956,716	$ 5,143,144	$ 21,610,207	$ 19,522,087	(135,681,278)
	General revenues and subventions:				
	Property taxes, levied for general purposes				87,082,364
	Property taxes, levied for debt service				13,625,103
	Taxes levied for other specific purposes				3,690,247
	Federal and State aid not restricted to specific purposes				20,901,666
	Interest and investment earnings				1,855,279
	Miscellaneous				43,100,794
	Subtotal, general revenues				170,255,453
	Change in net assets				34,574,175
	Net assets - beginning				310,001,087
	Restatement				317,196
	Net assets - ending				$ 344,892,458

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005

	General Fund	Building Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 11,232,004	$ 147,511,571	$ 27,870,791	$ 186,614,366
Receivables	8,979,046	8,243,896	293,061	17,516,003
Due from other funds	287,775	283,579	1,637,513	2,208,867
Prepaid expenses	271,051	6,783	1,680	279,514
Stores inventories	235,961	-	24,747	260,708
Total assets	$ 21,005,837	$ 156,045,829	$ 29,827,792	$ 206,879,458
LIABILITIES AND FUND BALANCES				
Liabilities:				
Overdrafts	$ -	$ 504,813	$ 62,332	$ 567,145
Accounts payable	2,550,562	6,921,318	177,256	9,649,136
Due to other funds	1,426,436	78,533	347,295	1,852,264
Deferred revenue	1,506,975	-	-	1,506,975
Total liabilities	5,483,973	7,504,664	586,883	13,575,520
Fund Balances:				
Reserved for:				
Stores inventories	235,961	-	24,748	260,709
Other reservations	1,950,426	6,783	1,680	1,958,889
Unreserved:			-	-
Designated	12,483,497	-	1,380,463	13,863,960
Undesignated, reported in:			-	-
General fund	851,980	-	-	851,980
Special revenue funds	-	-	305,338	305,338
Debt service funds	-	-	18,409,106	18,409,106
Capital projects funds	-	148,534,382	9,119,574	157,653,956
Total fund balance	15,521,864	148,541,165	29,240,909	193,303,938
Total Liabilities and Fund Balances	$ 21,005,837	$ 156,045,829	$ 29,827,792	$ 206,879,458

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Total Fund Balance - Governmental Funds		**$ 193,303,938**
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	$ 513,741,978	
Accumulated depreciation is	(98,173,492)	
		415,568,487
Special education settlement receivable not available soon enough to pay for the current period's expenditures, and therefore, are not recorded in the funds.		528,770
Expenditures relating to debt issuance costs were recorded as prepaid expenditures and amortized over the life of the bonds in the government-wide statements, but are expensed in the year debt is issued on the fund statements.		1,936,468
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.		(8,031,053)
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.		3,707,394
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable	250,093,433	
Capital leases payable	2,457,352	
Bond premiums/discounts and arbitrage, net of amortization	8,355,942	
Compensated absences (vacations)	1,214,819	
		(262,121,546)
Total Net Assets - Governmental Activities		$ 344,892,458

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Revenue limit sources	$ 107,671,776	$ -	$ 20,727	107,692,503
Federal sources	3,845,777	-	210,720	4,056,497
Other state sources	21,796,238	-	20,079,084	41,875,322
Other local sources	25,259,997	14,729,271	22,498,811	62,488,079
Total Revenues	158,573,788	14,729,271	42,809,342	216,112,401
EXPENDITURES				
Current				
Instruction	102,376,970	-	20,215	102,397,185
Instruction related activities:				
Supervision of instruction	4,260,347	-	-	4,260,347
Instructional library, media and technology	2,275,255	-	-	2,275,255
School site administration	11,412,924	-	-	11,412,924
Pupil Services:				
Home-to school transportation	2,048,389	-	-	2,048,389
Food services	-	-	3,703,120	3,703,120
All other pupil services	5,298,575	-	-	5,298,575
General administration:				
Data processing	1,538,635	-	-	1,538,635
All other general administration	5,855,764	-	210,410	6,066,174
Plant services	15,061,032	175,866	1,905,240	17,142,138
Facility acquisition and construction	448,319	40,417,606	18,768,113	59,634,038
Ancillary services	1,497,055	-	-	1,497,055
Community services	209,905	-	-	209,905
Other outgo	634,183	227,347	-	861,530
Debt service				
Principal	20,318	768,762	4,348,898	5,137,978
Interest and other	81,859	957,212	5,836,672	6,875,743
Total Expenditures	153,019,530	42,546,793	34,792,668	230,358,991
Excess (deficiency) of revenues over expenditures	5,554,258	(27,817,522)	8,016,674	(14,246,590)
Other Financing Sources (Uses):				
Transfers in	84,000	1,585,410	8,162,240	9,831,650
Other sources	199,822	106,907,354	-	107,107,176
Transfers out	(1,910,332)	(5,851,908)	(1,669,410)	(9,431,650)
Net Financing Sources (Uses)	(1,626,510)	102,640,856	6,492,830	107,507,176
NET CHANGE IN FUND BALANCES	3,927,748	74,823,334	14,509,504	93,260,586
Fund Balance - Beginning	11,594,116	73,400,635	14,731,405	99,726,156
Restatement	-	317,196	-	317,196
Fund Balance - Ending	$ 15,521,864	$ 148,541,165	$ 29,240,909	$ 193,303,938

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

Total Net Change in Fund Balances - Governmental Funds		$ 93,260,586
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statements of activities. This is the amount by which depreciation exceeds capital outlays in the period.		
Depreciation expense	$ 11,203,282	
Capital outlays	59,972,583	
		48,769,301
In the governmental funds, revenue received from long-term receivables are recorded in the year received. These amounts reduce the long-term receivable in the year received on the statement of net assets and do not affect the statement of activities.		(87,997)
In the statement of activities, compensated absences (vacations) are measured by the amounts earned during the year. In the govermental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid). This year, vacation used was more than the amount earned.		202,410
Proceeds received from sale of bonds and new capital leases are revenue in the governmental funds, but increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		(107,107,176)
Payment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		5,137,978
Amortization of discounts on bonds are expenditures in the governmental funds, but increase the liability in the statement of net assets and are amortized over the life of the bond in the statement of activities.		273,520
Payment of issue costs of bonds is an expenditure in the governmental funds, but it should be recorded as prepaid expense and amortized on the statement of net assets.		1,055,447
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due while in the statement of activities interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the net result of these two factors.		(6,250,922)
An internal service fund is used by the District's management to charge the costs of the health and welfare and the property and liability insurance program to the individual funds. The net revenue of the internal service fund is reported with governmental activities.		(678,972)
Change in Net Assets of Governmental Activities		$ 34,574,175

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets	
Deposits and investments	$ 3,918,142
Receivables	313,124
Due from other funds	143,397
Prepaid expenses	21
Total Current Assets	4,374,684
Total Assets	4,374,684
LIABILITIES	
Current Liabilities	
Accounts payable	167,290
Due to other funds	500,000
Total Current Liabilities	667,290
NET ASSETS	
Unrestricted	3,707,394
Total Net Assets	$ 3,707,394

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 FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Local and intermediate sources	$ 2,961,712
Total Operating Revenues	2,961,712
OPERATING EXPENSES	
Salaries and benefits	5,972
Professional and contract services	2,765,593
Supplies and materials	22,604
Repairs and rentals	2,958
Other operating cost	550,044
Total Operating Expenses	3,347,171
Operating Income (Loss)	(385,459)
NONOPERATING REVENUES (EXPENSES)	
Interest income	106,487
Total Nonoperating Revenues (Expenses)	106,487
Income (Loss) Before Other Financing Sources (Uses)	(278,972)
Other Financing Sources (Uses):	
Transfers in	100,000
Transfers out	(500,000)
Net Financing Sources (Uses)	(400,000)
Change in net assets	(678,972)
Total Net Assets - Beginning	4,386,366
Total Net Assets - Ending	$ 3,707,394

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, 2005

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges and fund transfers	$ 4,895,751
Cash payments for insurance claims	(2,778,819)
Cash payments to suppliers for goods and services	(612,459)
Net Cash Provided for Operating Activities	1,504,473
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	106,487
Net Cash Provided from Investing Activities	106,487
Net increase in cash and cash equivalents	1,610,960
Cash and cash equivalents - Beginning	2,307,182
Cash and cash equivalents - Ending	$ 3,918,142
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	$ (385,459)
Changes in assets and liabilities:	
Receivables	(2,424)
Due from other fund	1,936,463
Prepaid	(21)
Accrued liabilities	(44,086)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,504,473

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

	Retiree Benefits Trust	Agency Funds	
		Warrant Clearing	ASB Funds
ASSETS			
Deposits and investments	$ 6,021,050	$ 8,820,755	$ 2,378,067
Receivables	251,746	439,682	-
Due from other funds	-	-	-
Stores inventories	-	-	-
Total assets	$ 6,272,796	$ 9,260,437	$ 2,378,067
LIABILITIES			
Due to student groups	$ -	$ -	$ 2,378,067
Due to others	-	9,260,437	-
Total liabilities	-	$ 9,260,437	$ 2,378,067
NET ASSETS			
Unreserved	6,272,796		
Total Net Assets	$ 6,272,796		

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

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

		Retiree Benefits Trust
ADDITIONS		
District contributions	$	1,742,704
Interest		127,558
Total Additions		2,143,392
DEDUCTIONS		
Other expenditures		1,477,415
Total Deductions		1,477,415
Other Financing Sources (Uses):		
Transfers in		361,054
Change in Net Assets		1,027,031
Net Assets - Beginning		5,245,765
Net Assets - Ending	$	6,272,796

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 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 eighteen elementary, six middle, three 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. For financial reporting purposes, the component units discussed below are reported in the District's financial statements because of their relationship with the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing boards of the component units are essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the benefit of the District.

The San Ramon Valley Unified School District Educational Facilities Corporation's financial activity is presented in the financial statements as the Tax Override and part of the Building Fund. The San Ramon Valley Unified School District Educational Facilities Corporation has repaid the certificates of participation issued in its name and is currently inactive.

The San Ramon Valley Unified School District Financing Corporation's financial activity is presented in the financial statements as the Capital Facilities Fund. Certificates of participation issued by the Corporation were repaid during 2004-05 and the funds closed out during the year ended June 30, 2005. Individually prepared financial statements of the San Ramon Valley Unified School District Financing Corporation may be obtained through the business office of the District.

Other Related Entities

Joint Powers Agencies and Public Entity Risk Pools The District is associated with three public entity risk pools. These organizations do not meet the criteria for inclusion as component units of the District. Summarized audited financial information is presented in Note 14 to the financial statements. These organizations are:

The Contra Costa County School Insurance Group
Northern California Regional Excess Liability Fund
School Excess Liability Fund

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 governmental funds:

General Fund The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California.

Building Fund The building fund capital projects fund accumulates proceeds from bond issuance to be used for the acquisition, construction, or improvements of major capital facilities.

The following are the District's non-major governmental funds:

Special Revenue Funds The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following special revenue funds:

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

Cafeteria Fund The Cafeteria Fund is used to account for the financial transactions related to the food service operations of the District.

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

Special Reserve Fund for Other than Capital Outlay The Special Reserve Fund for Other than Capital Outlay is used to provide for the accumulation of General Fund monies for general operating purposes.

Debt Service Funds The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District maintains the following debt service funds:

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, district bonds, interest, and related costs.

Tax Override Fund The Tax Override Fund is used for the repayment of voted indebtedness tax levies to be financed from ad valorem tax levies.

Capital Projects Funds The Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental fixed assets. The District maintains the following capital projects funds:

Capital Facilities Fund The capital facilities fund Capital Projects Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition for approving a development. The authority for the levies may be county/city ordinances (*Governmental Code* sections 65970–65981), or private agreements between the Local Education Agency and the developer. In addition, this fund includes the activity of the San Ramon Valley Unified School District Financing Corporation component unit.

County School Facilities Fund. The county school facilities fund capital projects fund is used primarily to account separately for state apportionments as provided in *Education Code* sections 17009.5 and 17070.10–17076.10.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has no enterprise funds and has the following proprietary funds:

Internal Service Fund Internal service funds may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates two self insurance programs that are accounted for in the internal service fund for health and welfare and property and liability.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: retiree benefit trust funds and agency funds.

Trust funds are used to account for the assets held by the District under a trust agreement for retiree benefits for individuals and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. 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 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 program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. 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.

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

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor 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 a 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 statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Proprietary Funds Proprietary funds are accounted for using a 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 assets. The statement of changes in fund net assets 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.

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. For the District, available means expected to be received within 90 days of fiscal year-end.

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 requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, 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.

Deferred Revenue Deferred 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 deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

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

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2005, 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.

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 cash and cash equivalents 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 when incurred.

Stores Inventory

Inventories consist of expendable food and supplies held for consumption and unused donated commodities. Inventories are stated at cost, on the average cost purchase method. The costs of inventory items are recorded as expenditures in the governmental type funds and expenses in the proprietary type 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. General capital assets are long-lived assets of the District as a whole. 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.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are 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 are the same as those used for the general capital assets.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 7 to 30 years; equipment, 5 to 20 years.

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide 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 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 fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as a liability on the fund financial statements when due.

Fund Balance Reserves and Designations

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

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

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

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

Interfund Activity

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 on 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 purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

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

Changes in Accounting Principles

In March 2003, the Governmental Accounting Standards Board (GASB) issued GASBS No. 40, *Deposit and Investment Risk Disclosures an amendment of GASB Statement No. 3*. This Statement addressed common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in the Statement also should be disclosed. As such, the District has made the applicable required disclosures.

New Accounting Pronouncements

In November 2003, GASB issued GASBS No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement establishes guidance for accounting and reporting for impairment of capital assets and for insurance recoveries, whether associated with an impaired capital asset or not. This Statement is effective for periods beginning after December 31, 2004, or during the 2005-06 fiscal year. The implementation of this statement is not expected to have an impact on the District's financial statements.

In July 2004, GASB issued GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

This Statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2008. The District is in the process of determining the impact the implementation of this Statement will have on the government-wide statement of net assets and activities.

In December 2004, GASB issued GASBS No. 46, *Net Assets Restricted by Enabling Legislation*. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government - such as citizens, public interest groups, or the judiciary - can compel a government to honor. The Statement states that the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration. Although the determination that a particular restriction is not legally enforceable may cause a government to review the enforceability of other restrictions, it should not necessarily lead a government to the same conclusion for all enabling legislation restrictions.

This Statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2005. The implementation of this statement is not expected to have an impact on the District's financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2005, are classified in the accompanying financial statements as follows:

Governmental funds	$ 186,614,366
Less: overdrafts	567,145
Total governmental activities	$ 186,047,221
Proprietary funds	3,918,142
Fiduciary funds	17,219,872
Total Deposits and Investments	$ 207,185,235

Deposits and investments as of June 30, 2005, consists of the following:

Cash on hand and in banks		$ 8,386,747
Cash in revolving		54,750
Investments	199,310,883	
Less: overdrafts	567,145	
Total investments		198,743,738
Total Deposits and Investments		$ 207,185,235

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%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	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 changes in market interest rates.

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: The investments listed below all have weighted average maturities of less than one year:

Investment Type	Fair Value
County Pool	$ 45,327,167
State Investment Pool (LAIF)	5,905,000
IXIS Funding Corp., Guaranteed Investment	46,886,571
Trinity Funding Company, LLC, Guaranteed Investment	100,625,000
Total	$ 198,743,738

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the Districts' investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	Unrated	Rating as of Year End AA
County Pool	$ 45,327,167	None	$45,327,167	$ -
State Investment Pool (LAIF)	5,905,000	None	5,905,000	-
IXIS Funding Corp., Guaranteed Investment	46,886,571	AA	-	46,886,571
Trinity Funding Company, LLC, Guaranteed Investment	100,625,000	AA	-	100,625,000
Total	$ 198,743,738		$51,232,167	$ 147,511,571

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. Investments in any one issuer that represent five percent (5%) or more of the total investments are as follows:

Investment Type	Issuer	Reported Amount
Guaranteed Investment Agreement	IXIS Funding Corp.	$ 46,886,571
Guaranteed Investment Agreement	Trinity Funding Company, LLC	100,625,000
Total		$ 147,511,571

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% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2005, the District's bank balance for deposits totaled $9,562,508 at June 30, 2005. Of this amount $8,340,090 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.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District has guaranteed investments with IXIS Funding Corp. (IXIS) and Trinity Funding Company (Trinity) in the amount of $46,886,571 and $100,625,000 respectively. The investments with IXIS are not insured or collateralized so long as the funding companies meet certain ratings. At June 30, 2005, IXIS met those ratings requirements. The investments with Trinity are collateralized at June 30, 2005, but not with investments in the name of the District. The District does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2005, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General	Building	Nonmajor Funds	Total	Proprietary
Federal Government					
Categorical aid	$ 860,494	$ -	$ 37,354	$ 897,848	$ -
State Government					
Apportionment	1,266,687	-	1,349	1,268,036	-
Categorical aid	2,133,391	-	866	2,134,257	-
Lottery	1,317,167	-	-	1,317,167	-
Local Government					
Interest	-	196,203	79,011	275,214	-
Other Local Sources	3,232,252	8,047,693	174,481	11,454,426	313,124
Total	$8,979,046	$8,243,896	$293,061	$ 17,516,003	$313,124

Additional long term receivables include $528,770 for a special education settlement with payments expected to be received annually over the next six years.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 165,418,297	$ 22,894,657	$ -	$ 188,312,954
Construction in progress	44,304,315	28,929,667	32,928,446	40,305,536
Total Capital Assets-Not Being Depreciated	209,722,612	51,824,324	32,928,446	228,618,490
Capital Assets being depreciated				
Land improvements	35,590,580	717,690	-	36,308,270
Buildings and improvements	194,786,108	45,480,377	-	240,266,485
Furniture and equipment	7,325,231	1,242,280	18,777	8,548,734
Total Capital Assets-Being Depreciated	237,701,919	47,440,347	18,777	285,123,489
Less Accumulated Depreciation				
Land improvements	22,364,947	2,596,141	-	24,961,088
Buildings and improvements	59,205,181	8,063,174	-	67,268,355
Furniture and equipment	5,418,859	543,967	18,777	5,944,049
Total Accumulated Depreciation	86,988,987	11,203,282	18,777	98,173,492
Governmental Activities Capital Assets, Net	$ 360,435,544	$ 88,061,389	$ 32,928,446	$ 415,568,487

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 9,259,905
Supervision of instruction	88
Instructional library, media, and technology	729,196
School site administration	772,485
Home-to-school transportation	3,383
Food services	19,895
All other pupil services	1,460
Ancillary services	1,075
Data processing	2,310
All other general administration	158,099
Plant services	255,386
Total Depreciation Expenses Governmental Activities	$ 11,203,282

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2005, between major and nonmajor governmental funds, internal service funds, and fiduciary funds are as follows:

	Due From				
Due To	General	Building	Nonmajor Governmental	Proprietary	Total
General	$ -	$ 78,533	$ 209,242	$ -	$ 287,775
Building	145,527	-	138,053	-	283,580
Nonmajor Governmental	1,137,513	-	-	500,000	1,637,513
Proprietary	143,397	-	-	-	143,397
Total	$ 1,426,437	$ 78,533	$ 347,295	$ 500,000	$ 2,352,265

All 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, 2005, consisted of the following:

	Transfer From				
Transfer To	General	Building	Nonmajor Governmental	Proprietary	Total Governmental
General	$ -	$ -	$ 84,000	$ -	$ 84,000
Building	-		1,585,410	-	1,585,410
Nonmajor governmental	1,810,332	5,851,908	-	500,000	8,162,240
Proprietary	100,000		-	-	100,000
Total	$ 1,910,332	$ 5,851,908	$ 1,669,410	$ 500,000	$ 9,931,650

The General Fund transferred to the Special Reserve Fund to establish fund and transfer parcel tax reserve	$ 859,148
The General Fund transferred to the Proprietary Fund for additional expenses	100,000
The General Fund transferred to the Deferred Maintenance fund for match	856,646
The General Fund transferred to the Cafeteria Fund for equipment and to cover deficit	94,538
The Cafeteria Fund transferred to the General Fund to reimburse for deficit coverage	84,000
The Building Fund transferred to Bond Interest and Redemption for premium on bond sale	5,851,908
The Capital Facilities Fund transferred to the Building Fund for capital lease payment	245,337
The County School Facilities Fund transferred to the Building Fund for interest earnings and construction projects	1,340,073
The Proprietary Fund transferred to the Sepcial Reserve Fund to establish fund	500,000
	$ 9,931,650

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2005, consisted of the following:

	General	Building	Nonmajor Governmental	Total	Proprietary
Vendor payables	$ 1,768,582	$ 6,900,684	$ 115,115	$ 8,784,381	$ 167,290
State apportionment	409,571	-	-	409,571	-
Salaries and benefits	330,628	18,183	60,044	408,855	-
Other significant payables	-	-	-	-	-
Other	41,781	2,451	2,097	46,329	-
Total	$ 2,550,562	$ 6,921,318	$ 177,256	$ 9,649,136	$ 167,290

NOTE 7 – DEFERRED REVENUE

Deferred revenue at June 30, 2005, consists of the following:

	General
Federal financial assistance	$ 440,113
State categorical aid	1,066,862
Total	$ 1,506,975

NOTE 8 – LONG-TERM OBLIGATIONS

Long-Term Obligation Summary

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

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005	Due in One Year
General obligation bonds	$ 150,599,423	$ 103,438,089	$ 4,348,898	$ 249,688,614	$ 8,532,107
Capital leases	3,046,610	199,822	789,080	2,457,352	410,295
Accumulated vacation - net	1,417,229	202,409	-	1,619,638	200,000
	155,063,262	103,840,320	5,137,978	253,765,604	9,142,402
Premiums/(discounts), net of amortization	1,820,169	6,907,354	371,581	8,355,942	371,581
	$ 156,883,431	$ 110,747,674	$ 5,509,559	$ 262,121,546	$ 9,513,983

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2004	Additions/ Accretion	Redeemed	Bonds Outstanding June 30, 2005
12/1/99	2018	4.15-5.25%	$ 70,000,000	$ 78,599,423	$ 3,438,089	$ 4,073,898	$ 77,963,614
3/1/03	2028	2.0-5.4%	72,000,000	72,000,000	-	275,000	71,725,000
10/13/04	2029	5-5.25%	100,000,000	-	100,000,000	-	100,000,000
				$ 150,599,423	$103,438,089	$ 4,348,898	$ 249,688,614

Payments for general obligation bonds are made by the Bond Interest and Redemption fund. Capital leases payments are made by the General and Building funds.

Debt Service Requirements to Maturity

The bonds mature through 2029 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2006	$ 8,532,107	$ 12,855,802	$ 21,387,909
2007	6,440,520	14,293,465	20,733,985
2008	6,821,574	14,448,465	21,270,039
2009	4,840,452	14,737,715	19,578,167
2010	4,665,236	14,721,715	19,386,951
2011-2015	28,310,061	78,474,713	106,784,774
2016-2020	54,163,284	71,766,388	125,929,672
2021-2025	60,335,000	20,764,700	81,099,700
2026-2030	50,472,283	7,107,620	57,579,903
Total	224,580,517	$ 249,170,582	$ 473,751,099
Accretions to date	25,108,097		
Total carrying amount	$ 249,688,614		

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2005, amounted to $1,619,638

Capital Leases

The District has entered into the following capital lease arrangements and has recorded capital assets in the amount of $2,838,148 and corresponding accumulated depreciation with the estimated cost assessment of such assets at June 30, 2005. The capital leases had corresponding accumulated depreciation of $327,887 at June 30, 2005. The District's liability on lease agreements with options to purchase are summarized below:

	Cars/Trucks	Swimming Pool	All Weather Track and Synthetic Turf	Total
Balance, July 1, 2004	$ -	$ 435,493	$ 2,611,118	$ 3,046,611
Additions	199,822	-	-	199,822
Payments/deletions	20,318	435,493	33,270	489,081
Balance, June 30, 2005	$ 179,504	$ -	$ 2,577,848	$ 2,757,352

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2006	$ 498,404
2007	498,404
2008	475,226
2009	426,826
2010	426,826
2011	426,826
Total	2,752,512
Less: Amount Representing Interest	295,160
Present Value of Minimum Lease Payments	$ 2,457,352

NOTE 9 – FUND BALANCES AND NET ASSETS

Fund balances are composed of the following elements:

	General	Building	Nonmajor Governmental	Total	Fiduciary Funds
Reserved					
Revolving cash	$ 54,750	$ -	$ -	$ 54,750	$ -
Stores inventory	235,961	-	24,748	260,709	-
Prepaid expenditures	271,051	6,783	1,680	279,514	-
Restricted programs	1,619,648	-	-	1,619,648	-
Total Reserved	2,181,410	6,783	26,428	2,214,621	-
Unreserved					
Designated					
Economic uncertainties	4,757,841	-	-	4,757,841	-
Other designation	7,725,656	-	1,380,463	9,106,119	-
Total Designated	12,483,497	-	1,380,463	13,863,960	-
Undesignated	856,957	148,534,382	27,834,018	177,225,357	6,272,796
Total Unreserved	13,340,454	148,534,382	29,214,481	191,089,317	6,272,796
Total	$ 15,521,864	$ 148,541,165	$ 29,240,909	$ 193,303,938	$ 6,272,796

NOTE 10 – POSTEMPLOYMENT BENEFITS

The District provides postemployment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 10 years of service. Currently, 462 employees meet those eligibility requirements. District contributions for retiree benefits range from an amount equal to $100 per month to 100 percent of the amount of premiums incurred by retirees and their dependents and the retiree contributes the remainder. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis, as premiums are paid. During the year, expenditures of $1,477,415 were recognized for retirees' health care benefits.

In anticipation of proposed changes in accounting by the Governmental Accounting Standards Board (GASB), the District established a separate Trust Fund (Retirees Health Care Benefits) to accumulate funds for this future liability. An actuarial study is required to be completed every three years for those benefits that extend beyond 5 years or age 65. The District had an actuarial study completed in March 2002. The accumulated future liability as of July 2001 amounted to $67,390,000 as determined by the actuarial study. The District transferred a total of $2,376,888 to the Trust Fund during 2004-05 to cover the costs of the benefits and provide additional funding bringing the total balance available for future retirement benefits to $6,272,796.

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, 2005, the District contracted with Schools Excess Liability 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 2005, 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.

Coverage provided by Contra Costa County Schools Insurance Group, Northern California Regional Excess Liability Fund, and Schools Excess Liability Fund for property, liability and workers' compensation is as follows:

Insurance Program / Company Name	Type of Coverage	Limits
Workers' Compensation Program		
The Contra Costa County Schools Insurance Group	Workers' Compensation	State of California Statutory Limitations
Property and Liability Program		
Northern California Regional Excess Liability Fund	Property	\$50,000-\$1,000,000
Schools Association For Excess Risk	Excess Property	\$5,250,000-\$144,750,000
Northern California Regional Excess Liability Fund	Liability	\$50,000-\$150,000,000
Schools Excess Liability Fund	Excess Liability	\$5,000,000-\$10,000,000

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, 2003 to June 30, 2005 (in thousands):

	Health and Welfare	Property and Liability
Liability Balance, July 1, 2003	$ 143,292	$ 434,293
Claims and changes in estimates	3,703,345	666,246
Claims payments	(3,693,568)	(1,042,233)
Liability Balance, June 30, 2004	153,069	58,306
Claims and changes in estimates	3,556,026	500,570
Claims payments	3,338,293	(508,876)
Liability Balance, June 30, 2005	$ 117,285	$ 50,005
Assets available to pay claims at June 30, 2005	$ 3,457,215	$ 417,464

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

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

STRS

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

Funding Policy Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2004-05 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the fiscal years ending June 30, 2005, 2004, and 2003, were $6,285,681, $5,866,325, and $5,802,398, respectively, and equal 100 percent of the required contributions for each year.

PERS

Plan Description The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State 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, CA 95814.

Funding Policy Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2004-05 was 9.952 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2005 and 2004, were $2,129,078 and $2,037,714, respectively, and equaled 100 percent of the required contributions. The District was not required to make contributions during the year ended June 30, 2002.

Social Security

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

On Behalf Payments

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of $3,439,870 (4.517 percent of salaries subject to STRS). No contributions were made for PERS for the year ended June 30, 2005. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts have been recorded in theses financial statements. These amounts have not been included in the budget amounts reported in the General Fund Budgetary Schedule. On behalf payments have been excluded from the calculation of available reserves.

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, 2005.

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, 2005.

The District was awarded and received a settlement amount of approximately $1,980,000 for repair costs associated with the Monte Vista gym and pool projects.

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. Payments made during the year were $72,958.

Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2006	$ 80,651
2007	80,651
2008	80.651
2009	80,651
2010	8,127
Total	$ 330,731

Construction Commitments

As of June 30, 2005, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion	Funding Source
Charlotte Wood HVAC Replacement	$ 1,497,879	October, 2005	Measure A
John Baldwin - Demolition	384,342	August, 2005	Measure A
Bollinger Canyon - Demolition	142,967	August, 2005	Measure A
Greenbrook - Demolition	114,210	August, 2005	Measure A
Baldwin/Bollinger/Greenbrook - Intrm Site Work	221,793	August, 2005	Measure A
Monte Vista HS Day Care	82,116	August, 2005	Measure A
California HS Classroom/Library	17,898,748	July, 2006	Measure A
Diablo Vista/Iron Horse Sci Rm Conver	251,158	August, 2005	Measure A
San Ramon Valley HS Commons/Library	8,816,528	June, 2006	Measure A
Monte Vista HS Concession Bldg	323,311	October, 2005	Local Bldg Fnd
	$ 29,733,052		

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, 2005, the District made payment of $1,685,939, $649,772, and $14,939 to Contra Costa County School Insurance Group, Northern California Regional Excess Liability Fund, and the School Excess Liability Fund, respectively for insurance coverage.

NOTE 15 –SUBSEQUENT EVENTS

Tax And Revenue Anticipation Notes

In October 18, 2005, the District issued $23,920,000 in Tax and Revenue Anticipation Notes for the purpose of supplementing cash flows during the year. The notes mature on October 25, 2006 and bear interest at 4.25 percent. The District has pledged to deposit in a special Repayment fund with the County Treasurer ½ of the principal amount of the notes by May 31, 2006 and the remainder of the principal plus interest by June 30, 2006.

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REQUIRED SUPPLEMENTARY INFORMATION

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts (GAAP Basis)			Variances - Positive (Negative)
	Original[1] Unaudited	Final[1] Unaudited	Actual (GAAP Basis)	Final to Actual
REVENUES				
Revenue limit sources	$ 104,029,090	$ 107,671,776	$ 107,671,776	$ -
Federal sources	3,343,309	3,845,776	3,845,777	1
Other state sources	15,932,704	18,356,369	21,796,238	3,439,869
Other local sources	22,574,916	25,259,997	25,259,997	-
Total Revenues	145,880,019	155,133,918	158,573,788	3,439,870
EXPENDITURES				
Current				
Instruction	93,778,358	98,936,926	102,376,970	(3,440,044)
Instruction related activities:				
Supervision of instruction	4,013,275	4,260,520	4,260,347	173
Instructional library, media, and technology	1,942,781	2,275,202	2,275,255	(53)
School site administration	10,843,064	11,412,773	11,412,924	(151)
Pupil services:				
Home-to-school transportation	1,866,048	2,048,389	2,048,389	-
All other pupil services	5,297,543	5,298,625	5,298,575	50
General administration:				
Data processing	1,469,895	1,538,635	1,538,635	-
All other general administration	5,883,404	5,855,907	5,855,764	143
Plant services	16,077,589	15,038,351	15,061,032	(22,681)
Facility acquisition and construction	25,000	471,011	448,319	22,692
Ancillary services	1,265,995	1,497,056	1,497,055	1
Community services	281,031	209,904	209,905	(1)
Other outgo	-	-	634,183	(634,183)
Debt service				
Principal	-	20,318	20,318	-
Interest and other	265,000	81,859	81,859	-
Total Expenditures	143,008,983	148,945,476	153,019,530	(4,074,054)
Excess (Deficiency) of Revenues Over Expenditures	2,871,036	6,188,442	5,554,258	(634,184)
Other Financing Sources (Uses):				
Transfers in	-	84,000	84,000	-
Other sources		199,822	199,822	-
Transfers out	(1,210,609)	(2,544,516)	(1,910,332)	634,184
Other uses	-	-	-	-
Net Financing Sources (Uses)	(1,210,609)	(2,260,694)	(1,626,510)	634,184
NET CHANGE IN FUND BALANCES	1,660,427	3,927,748	3,927,748	-
Fund Balance - Beginning	11,594,116	11,594,116	11,594,116	-
Fund Balance - Ending	$ 13,254,543	$ 15,521,864	$ 15,521,864	$ -

[1] On behalf payments of $3,439,870 are included in the actual revenues and expenditures, but have not been included in the budget amounts.

SUPPLEMENTARY INFORMATION

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
No Child Left Behind			
Title II- Improving Teacher Quality	84.367	04341	$ 353,400
Title III- Limited English Proficiency	84.365	00084	40,817
Title IV- Drug Free Schools	84.186	04347	61,024
Title IV- Flexibility and Accountability	84.999	14498	6,529
Title V - Innovative Education	84.298A	04354	104,216
Drug Free Community Support	[2]	04362	75,000
Vocational Education	84.048	03573	60,600
Special Education - State Grants [1]			
Local Assistance	84.027	03379	2,684,635
Preschool Staff Development	84.173	03430	120,319
Preschool Local Entitlement	84.027A	03682	219,278
Staff Development	84.027A	03613	119,959
Total U.S. Department of Education			3,845,777
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
National School Lunch	10.555	03755	210,720
Fair Market Value of Commodities	10.553	03396	75,765
Total U.S. Department of Agriculture			286,485
Total Expenditures of Federal Awards			$ 4,132,262

[1] Tested as a major program.
[2] Catalog number not available.

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2005

	Amended Second Period Report	Amended Annual Report
ELEMENTARY		
Kindergarten	1,648	1,652
First through third	4,912	4,932
Fourth through sixth	5,031	5,043
Seventh and eighth	3,404	3,401
Home and hospital	2	3
Special education	163	164
Total Elementary	15,160	15,195
SECONDARY		
Regular classes	6,780	6,755
Continuation education	88	85
Home and hospital	3	3
Special education	116	116
Total Secondary	6,987	6,959
Total K-12	22,147	22,154
CLASSES FOR ADULTS		
Concurrently enrolled	7	7
Not concurrently enrolled	-	-
Continously enrolled students 21 or older in full-time independent study	3	4
Total Classes for Adults	10	11
Grand Total	22,157	22,165

	Hours of Attendance
SUMMER SCHOOL	
Elementary	98,169
High school	81,147
Total Hours	179,316

See accompanying note to supplementary information.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2005

Grade Level	1982-83 Actual Minutes	1986-87 Minutes Requirement	2004-05 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	31,680	36,000	36,000	180	n/a	In compliance
Grades 1 - 3	46,640	50,400	52,350	180	n/a	In compliance
Grades 4 - 6	52,500	54,000	54,120	180	n/a	In compliance
Grades 7 - 8	59,448	54,000	59,474	180	n/a	In compliance
Grades 9 - 12	61,599	64,800	67,920	180	n/a	In compliance

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

There were no adjustments to the Annual Financial and Budget Report Unaudited Actuals, which required reconciliation to the audited financial statements at June 30, 2005.

FORM DEBT	
Total Liabilities, June 30, 2005, Unaudited Actuals	$252,535,782
Increase in:	
Bonds payable	1,229,822
Premium/Discount on bonds payable	8,355,942
Total Liabilities, June 30, 2005, Audited Financial Statement	$262,121,546

FORM ASSET	
Total Assets, June 30, 2005, Unaudited Actuals	$360,435,544
Increase in:	
Land	22,894,657
Work in progress	(3,998,779)
Land improvements	717,690
Buildings	45,480,376
Equipment	1,223,504
Accumulated depreciation	(11,184,505)
Total Assets, June 30, 2005, Audited Financial Statement	$415,568,487

See accompanying note to supplementary information.

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

	(Budget) 2006[1]	2005	2004	2003
GENERAL FUND				
Revenues[2]	$ 161,774,012	$ 158,573,788	$ 140,071,687	$ 140,855,560
Other sources and transfers in	-	283,822	28,082	300,000
Total Revenues and Other Sources	161,774,012	158,857,610	140,099,769	141,155,560
Expenditures[2]	157,879,524	153,019,530	139,476,155	138,816,064
Other uses and transfers out	1,378,312	1,910,332	3,167,719	2,353,358
Total Expenditures and Other Uses	159,257,836	154,929,862	142,643,874	141,169,422
INCREASE (DECREASE) IN FUND BALANCE	$ 2,516,176	$ 3,927,748	$ (2,544,105)	$ (13,862)
ENDING FUND BALANCE	$ 18,038,040	$ 15,521,864	$ 11,594,116	$ 14,138,221
AVAILABLE RESERVES[2,3]	$ 5,020,620	$ 5,614,798	$ 5,270,898	$ 4,717,370
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	3.15%	3.71%	3.74%	3.42%
LONG-TERM DEBT	$ 252,607,000	$ 262,121,546	$ 156,883,431	$ 180,293,599
K-12 AVERAGE DAILY ATTENDANCE AT P-2[4]	22,554	22,147	21,303	20,804

The General Fund balance has increased by $1,383,643 over the past two years. The fiscal year 2005-06 budget projects an increase of $2,516,176 (16.21 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 operating deficits in two of the past three years and anticipates incurring an operating surplus during the 2005-06 fiscal year. Total long-term debt has increased by $81,827,947 over the past two years, which is the net effect from the issuance of new general obligations bonds in the amount of $100,000,000 and payments made on long term debt.

Average daily attendance has increased by 1,343 over the past two years. Additional growth of 1003 ADA is anticipated during fiscal year 2005-06.

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1 Budget 2006 is included for analytical purposes only and has not been subjected to audit.

2 Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.

3 On-behalf payments of $3,439,870, $1,619,638 and $3,165,196 have been excluded from the calculation of available reserves for fiscal years ending June 30, 2005, 2004, and 2003.

4 Excludes Adult Education ADA.

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2005

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.

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 apportionment's 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 schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals 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.

SUPPLEMENTARY INFORMATION - UNAUDITED

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - UNAUDITED
JUNE 30, 2005

	Adult	Cafeteria	Deferred Maintenance
ASSETS			
Deposits and investments	$ 12,130	$ 278,680	$ 469,538
Receivables	1,358	38,679	-
Due from other funds	123	67,645	737
Prepaid expenses	-	-	-
Stores inventories	-	24,747	-
Total assets	$ 13,611	$ 409,751	$ 470,275
LIABILITIES AND FUND BALANCES			
Liabilities:			
Overdrafts	$ -	$ 62,332	$ -
Accounts payable	1,637	93,244	43,050
Due to other funds	1,130	208,112	132,731
Total liabilities	2,767	363,688	175,781
Fund Balances:			
Reserved for:			
Stores inventories	-	24,748	-
Other reservations	-	-	-
Unreserved:			
Designated	-	21,315	-
Undesignated, reported in:			
Special revenue funds	10,844	-	294,494
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total fund balance	10,844	46,063	294,494
Total Liabilities and Fund Balances	$ 13,611	$ 409,751	$ 470,275

See accompanying note to supplementary information.

Special Reserve Non-Capital Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption	Tax Overide	Non Major Governmental
$ -	$ 3,920,300	$ 4,859,828	$ 16,995,729	$ 1,334,586	$ 27,870,791
-	174,038	-	74,187	4,799	293,061
1,359,148	23,386	186,474	-	-	1,637,513
-	1,680	-	-	-	1,680
-	-	-	-	-	24,747
$ 1,359,148	$ 4,119,404	$ 5,046,302	$ 17,069,916	$ 1,339,385	$ 29,827,792
$ -	$ -	$ -	$ -	$ -	$ 62,332
-	39,130	-	195	-	177,256
-	5,322	-	-	-	347,295
-	44,452	-	195	-	586,883
-	-	-	-	-	24,748
-	1,680	-	-	-	1,680
1,359,148	-	-	-	-	1,380,463
-	-	-	-	-	305,338
-	-	-	17,069,721	1,339,385	18,409,106
-	4,073,272	5,046,302	-	-	9,119,574
1,359,148	4,074,952	5,046,302	17,069,721	1,339,385	29,240,909
$ 1,359,148	$ 4,119,404	$ 5,046,302	$ 17,069,916	$ 1,339,385	$ 29,827,792

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - UNAUDITED
JUNE 30, 2005

	Adult	Cafeteria	Deferred Maintenance
REVENUES			
Revenue limit sources	$ 20,727	$ -	$ -
Federal sources	-	210,720	-
Other state sources	-	5,026	796,204
Other local sources	382	3,699,556	-
Total Revenues	21,109	3,915,302	796,204
EXPENDITURES			
Current			
Instruction	20,215	-	-
Instruction related activities:			
Supervision of instruction	-	-	-
Instructional library, media and technology	-	-	-
School site administration	-		-
Pupil Services:			
Home-to school transportation	-	-	-
Food services	-	3,703,120	-
General administration:			
All other general administration	1,130	209,280	-
Plant services	-	-	1,214,494
Facility acquisition and construction	-	-	265,386
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	21,345	3,912,400	1,479,880
Excess (deficiency) of revenues over expenditures	(236)	2,902	(683,676)
Other Financing Sources (Uses):			
Transfers in	-	94,538	856,646
Transfers out	-	(84,000)	-
Net Financing Sources (Uses)	-	10,538	856,646
NET CHANGE IN FUND BALANCES	(236)	13,440	172,970
Fund Balance - Beginning	11,080	32,623	121,524
Fund Balance - Ending	$ 10,844	$ 46,063	$ 294,494

See accompanying note to supplementary information.

Special Reserve Non-Capital Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption	Tax Overide	Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 20,727
-	-	-	-	-	210,720
-	-	19,155,866	121,988	-	20,079,084
-	4,674,766	366,221	13,727,559	30,327	22,498,811
-	4,674,766	19,522,087	13,849,547	30,327	42,809,342
-	-	-	-	-	20,215
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,703,120
-	-	-	-	-	210,410
-	690,746	-	-	-	1,905,240
-	352,727	18,150,000	-	-	18,768,113
-	-	-	4,348,898	-	4,348,898
-	-	-	5,836,672	-	5,836,672
-	1,043,473	18,150,000	10,185,570	-	34,792,668
-	3,631,293	1,372,087	3,663,977	30,327	8,016,674
1,359,148	-	-	5,851,908	-	8,162,240
-	(245,337)	(1,340,073)	-	-	(1,669,410)
1,359,148	(245,337)	(1,340,073)	5,851,908	-	6,492,830
1,359,148	3,385,956	32,014	9,515,885	30,327	14,509,504
-	688,996	5,014,288	7,553,836	1,309,058	14,731,405
$ 1,359,148	$ 4,074,952	$ 5,046,302	$ 17,069,721	$ 1,339,385	$ 29,240,909

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

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, 2005

Assessed Valuation	$ 25,115,817,504
Less: Exemptions	(407,371,079)
Total 2004-05 Assessed Valuation	$ 24,708,446,425

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2005

NOTE 1 - PURPOSE OF SCHEDULES

Non-major Governmental Funds – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Unaudited

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

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 the San Ramon Valley Unified School District 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.

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INDEPENDENT AUDITORS' REPORTS

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants & Consultants

VALUE THE DIFFERENCE

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

Governing Board
San Ramon Valley Unified School District
Danville, California

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 as of and for the year ended June 30, 2005, which collectively comprise the San Ramon Valley Unified School District's basic financial statements and have issued our report thereon dated September 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered San Ramon Valley Unified School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
September 23, 20052005

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants & Consultants

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

Governing Board
San Ramon Valley Unified School District
Danville, California

Compliance

We have audited the compliance of San Ramon Valley Unified School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2005. San Ramon Valley Unified School District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of San Ramon Valley Unified School District's management. Our responsibility is to express an opinion on San Ramon Valley Unified School District's compliance based on our audit.

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

In our opinion, San Ramon Valley Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2005.

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Internal Control Over Compliance

The management of San Ramon Valley Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered San Ramon Valley Unified School District's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
September 23, 2005

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
San Ramon Valley Unified School District
Danville, California

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of San Ramon Valley Unified School District as of and for the year ended June 30, 2005, and have issued our report thereon dated September 23, 2005. 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 2004-05 *Standards and Procedures for Audits of California K-12 Local Educational Agencies* prescribed in the California Code of Regulations, Title V, Section 19810 and following. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of San Ramon Valley Unified School District's management. 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 Title V	Procedures Performed
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Yes
Independent study	22	Yes
Continuation education	10	No
Adult education	9	No
Regional occupational centers and programs	6	Not applicable
Instructional time and staff development reform program	7	Yes
Instructional Time:		
School districts	4	Yes
County offices of education	3	Not applicable
Community day schools	9	Not applicable

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	Procedures in Title V	Procedures Performed
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not applicable
District or charter schools with only one school servicing K-3	4	Not applicable
Instructional Materials:		
General requirements	12	Yes
K-8 only	1	Yes
9-12 only	1	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Early retirement incentive	4	Not applicable
GANN limit calculation	1	Yes
School Construction Funds:		
School District bonds	3	Yes
State school facilities funds	1	Yes
Alternative pension plans	2	Yes
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	Not applicable
School Accountability Report Card	3	Yes

We did not perform testing for continuation and adult education because the ADA was less than the threshold for testing. With respect to the Alternative Pension Plan compliance requirement, the District has represented to us that they have not entered into any such arrangement.

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

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

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
September 23, 2005

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2005

FINANCIAL STATEMENTS	
Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Reporting conditions identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major programs:	
Material weaknesses identified?	No
Reporting conditions identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No
Identification of major programs:	

CFDA Number(s)	Name of Federal Program or Cluster
84.027 - 84.173	Special Education - State Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	Yes
STATE AWARDS	
Internal control over State programs:	
Material weaknesses identified?	No
Reporting conditions identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for State programs:	Unqualified

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

FINANCIAL STATEMENT FINDINGS

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

The following findings represent instances of noncompliance and questioned costs relating to State program laws and regulations. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance

State Awards Findings and Questioned Costs

2004-1 Code (10000)

Criteria or specific requirements

Independent study attendance may be claimed only for those pupils residing in the county in which the apportionment claim is reported or in a contiguous (bordering) county (*Education Code* Section 46300.2).

Condition

During review of independent study attendance we noted three students in the same family whose residency changed from a bordering county to another state in February 2004.

Questioned costs

The average daily attendance received for the period of time after February 1, 2004 when the students no longer resided in a bordering county was $3,412. This amount was calculated by multiplying $14,214.66 (three ADA at $4,738.22 per ADA) times the ratio of days in the second apportionment period where the students no longer qualified (30 days/125 days).

Context

The parents of the students in question moved in February 2004 however since the family actually travels a significant part of the time the students continued their independent study program through the District.

Effect

The District has received $3,412 in revenue limit funding that is in question and may need to be repaid to the state.

Cause

The family moved in February 2004 and this made the students ineligible for independent study apportionment even though the family traveled extensively after February and the students continued submitting work through the District.

Recommendation

We recommend the District refund the excess apportionment received to the state and review the residency rules with the site staff.

Status

Implemented.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

2004-2 Code (10000)

Criteria or specific requirements
Education Code Section 51747 requires that school district or county office of education shall not be eligible to receive apportionment for independent study by pupils unless it has adopted written policies, pursuant to rules and regulations adopted by the Superintendent of Public Instruction, and requires certain documentation including a written master agreement for each student.

Condition
We noted three students at one elementary school in which independent master agreements are either not on file or are not complete.

Questioned costs
The District received $421.17 in average daily attendance for independent study for these students. This amount was calculated by multiplying the three students ADA of .088889 times $4,738.22 per student.

Context
We reviewed 50 independent study students throughout six school sites and noted three exceptions at one elementary school.

Effect
The District received $421 of average daily attendance funding that many need to be returned to the state.

Cause
Independent study master agreements are not consistently on file at one elementary school site.

Recommendation
We recommend that the site personnel receive training on the file documents required for independent study and that the District office emphasize the need for completing these documents.

Status
Implemented.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Delivery Date]

Board of Education
San Ramon Valley Unified School District
Danville, California

San Ramon Valley Unified School District
General Obligation Bonds, Election of 2002, Series 2006
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Contra Costa, California (the "County"), on behalf of the San Ramon Valley Unified School District (the "District"), which is located in the County, of \$88,000,000 aggregate principal amount of bonds designated as "San Ramon Valley Unified School District General Obligation Bonds, Election of 2002, Series 2006" (the "Bonds"), representing part of an issue in the aggregate principal amount of \$260,000,000 authorized at an election held in the District on November 5, 2002. The Bonds are issued under and pursuant to a resolution of the Board of Supervisors of the County adopted on July 11, 2006 (the "County Resolution"), at the request of the District pursuant to a resolution of the Board of Education of the District adopted on June 27, 2006 (the "District Resolution").

In such connection, we have reviewed the District Resolution, the County 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 and matters to the extent we deemed necessary to render the opinions set forth herein.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the 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 and the County. 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 District Resolution, the County 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 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 Bonds, the District Resolution, the County Resolution, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, severability, or waiver provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the 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 Bonds constitute valid and binding obligations of the District.

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

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

4. 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 Bonds and the interest thereon.

5. Interest on the 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 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that interest on the Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the San Ramon Valley Unified School District (the "District") in connection with the issuance of $88,000,000 aggregate principal amount of San Ramon Valley Unified School District General Obligation Bonds, Election of 2002, Series 2006 (the "Bonds"). The Bonds are being issued pursuant to a resolution (the "Resolution") adopted by the Board of Supervisors of the County of Contra Costa (the "County") on July 11, 2006, at the request of the Board of Education of the District by its resolution adopted on June 27, 2006. 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 Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

"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) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth at http://www.sec.gov/info/municipal/nrmsir.htm.

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

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

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

"State Repository" shall mean any public or private repository or entity designated by the State of California as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission, as listed at http://www.sec.gov/info/municipal/nrmsir.htm.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2005-06 Fiscal Year (which is due not later than April 1, 2007), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 15 Business Days prior to said date, 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 Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; 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 pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

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

* 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 filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the District, the Annual Report shall also include the following:

* Adopted budget of the District for the current fiscal year, or a summary thereof.
* District average daily attendance.
* District outstanding debt and long-term lease obligations.
* Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County.
* Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County.

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

SECTION 5. <u>Reporting of Significant Events</u>.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bond holders;
8. Optional, unscheduled or contingent Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds;
11. Rating changes.

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

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with each National Repository or with the Municipal Securities Rulemaking Board, and with the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) 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 Resolution.

SECTION 6. <u>Electronic Filing</u>. Submission of Annual Reports and notices of Listed Events to DisclosureUSA.org or another "Central Post Office" designated and accepted by the S.E.C. shall constitute compliance with the requirement of filing such reports and notices with each National Repository and any State Repository hereunder.

SECTION 7. <u>Termination of Reporting Obligation</u>. 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(c).

SECTION 8. <u>Dissemination Agent</u>. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. 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 9. <u>Amendment; Waiver</u>. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the 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(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any 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 of Contra Costa 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 Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

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

Date: _____________.

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

By ______________________________________
Superintendent

CONTINUING DISCLOSURE EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District:	SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT
Name of Bond Issue:	SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2002, SERIES 2006
Date of Issuance:	______________

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 the Date of Issuance. [The District anticipates that the Annual Report will be filed by ____________.]

Dated:_______________

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

By ___________[to be signed only if filed]___________

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APPENDIX E

COUNTY OF CONTRA COSTA
INVESTMENT POLICIES AND PRACTICES
and
DESCRIPTION OF INVESTMENT POOL

The following information has been furnished by the Office of the Treasurer-Tax Collector, County of Contra Costa. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer-Tax Collector, County Finance Building, 625 Court Street, Room 102, Martinez, CA 94553-1281.

INVESTMENT POLICY
JUNE, 2006

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CONTRA COSTA COUNTY

INVESTMENT POLICY

JUNE 2006

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CONTRA COSTA COUNTY
INVESTMENT POLICY
JUNE, 2006

OBJECTIVES AND STANDARDS

§53600.3.[1] Standard for Governing Bodies or Persons Authorized to Make Investment Decisions for Local Agencies

Governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the ***prudent investor standard***. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part to an overall strategy, investments may be acquired as authorized by law.

§53600.5. Trustee's Objectives Regarding Funds

When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the primary objective of a trustee shall be to ***safeguard the principal*** of the funds under its control. The secondary objective shall be to ***meet the liquidity*** needs of the depositor. The third objective shall be to ***achieve a return*** on the funds under its controls.

[1] Number refers to Government Code number and section.

INSTRUMENTS AUTHORIZED FOR INVESTMENT

§53601. Instruments Authorized for Investment

A. ***Bonds issued by the local agencies***, including bonds payable solely out of the revenues from a revenue-producing property, owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.

B. ***United States Treasury notes, bonds, bills or certificates of indebtedness***, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

C. ***Registered state warrants or treasury notes or bonds of this state***, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency or authority of the state.

D. ***Bonds, notes, warrants or other evidences of indebtedness of any local agency within this state***, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency, or by a department, board, agency or authority of the local agency.

E. ***Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments***, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

F. ***Bankers acceptances otherwise known as bills of exchange or time drafts*** drawn on and accepted by a commercial bank. Purchases of banker's acceptances may not exceed 180 days' maturity or 40 percent of the agency's money that may be invested pursuant to this section. However, no more than 30 percent of the agency's money may be invested in the banker's acceptances of any one commercial bank pursuant to this section. This subdivision does not preclude a municipal utility district from investing any money in its treasury in any manner authorized by the Municipal Utility District Act (Division 6, commencing with Section 11501, of the Public Utilities Code).

G. ***Commercial paper*** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria:
   (A) Is organized and operating in the United States as a general corporation.
   (B) Has total assets in excess of five hundred million dollars ($500,000,000).

(C) Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).

(2) The entity meets the following criteria:
(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their money in eligible commercial paper. 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. Following are the concentration limits (Government Code Section 53635, subdivision (a)):

1. Not more than 40 percent of the local agency's money may be invested in eligible commercial paper.
2. Not more than 10 percent of the local agency's money may be invested pursuant to this may be invested in the outstanding commercial paper of any single issuer.
3. No more than 10 percent of the outstanding commercial paper of any single corporate issuer may be purchased by the local agency.

H. ***Negotiable certificates of deposit*** issued by a nationally- or state-chartered bank or a savings association or federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's money that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposits do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the money are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or any person with investment decision making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

I. Investments in ***repurchase agreements*** or ***reverse repurchase agreements*** of any securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

1. **"Repurchase agreement"** means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

   a. **"Securities,"** for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date and maturity.

   b. Investments in repurchase agreements may be made on any investment authorized in this section when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

2. **"Reverse repurchase agreement"** means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

   Reverse repurchase agreements may be utilized only when all of the following conditions are met:

   The security to be sold on reverse repurchase agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale; the total of all reverse repurchase agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio; the agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.

   Investments in reverse repurchase agreements shall only be made with primary dealers of the Federal Reserve Bank of New York, or with a nationally- or state-chartered bank that has or has had a significant banking relationship with a local agency..."Significant banking relationship" means any of the following activities of a bank:

a. Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, notes, or other evidence of indebtedness.

b. Financing of a local agency's activities.

c. Acceptance of a local agency's securities or funds as deposits.

J. ***Medium-term notes*** of a maximum of five-years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a nationally-recognized rating service. Purchases of medium-term notes may not exceed 30 percent of the agency's money that may be invested pursuant to this section.

K. 1. ***Shares of beneficial interest*** issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (j), inclusive, or subdivision (m) or (n) and that comply with the investment restrictions of this article and Article 2.

2. ***Shares of beneficial interest*** issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the investment Company Act of 1940 (I5 U.S.C. Sec. 80a-1 et seq.).

3. If investment is in shares issued pursuant to paragraph (2), the company shall have met the following criteria:

   a. Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

   b. Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

4. The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency's money that may be invested pursuant to this section. However, no more than 10 percent of the agency's

funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

L. ***Moneys held by a trustee or fiscal agen***t and pledged to the payment of security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are not specific statutory provision, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

M. ***Notes, bonds, or other obligations that are at all times secured by a valid first-priority security interest*** in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

N. ***Any mortgage pass-through security, collaterialized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond*** of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of **"AA"** or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus money that may be invested pursuant to this section.

O. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (n) , inclusive. Each share shall represent an equal proportional interesting the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing shares shall have retained an investment adviser that meets all of the following criteria:

   (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (n) inclusive.
(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

P. *Local Agency Investments – LAIF - (All references in this section to the Treasurer and the Controller pertain to the State Treasurer and the State Controller).*

§16305.9. (a) All money in the Local Agency Investment Fund shall be held in trust in the custody of the Treasurer.

(b) All money in the Local Agency Investment Fund is nonstate money. That money shall be held in a trust account or accounts. The Controller shall be responsible for maintaining those accounts to record the Treasurer's accountability, and shall maintain a separate account for each trust deposit in the Local Agency Investment Fund.

(c) That money shall be subject to audit by the Department of Finance and to cash count as provided for in Sections 13297,13298, and 13299. It may be withdrawn only upon the order of the depositing entity or its disbursing officers. The system that the Director of Finance has established for the handling, receiving, holding, and disbursing of state agency money shall also be used for the money in the Local Agency investment Fund.

(d) All money in the Local Agency Investment Fund shall be deposited, invested and reinvested in the same manner and to the same extent as if it were state money in the State Treasury.

§16429.1. Existence and Appropriation of Fund; Investment and Distribution of Deposits

(a) There is in trust in the custody of the Treasurer the Local Agency Investment Fund, which fund is hereby created. The Controller shall maintain a separate account for each governmental unit having deposits in this fund.

(b) Notwithstanding any other provisions of law, a local governmental official, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(c) Notwithstanding any other provisions of law, an officer of any nonprofit corporation whose membership is confined to public agencies or public officials, or an officer of a qualified quasi-governmental agency, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(d) Notwithstanding any other provision of law or of this section, a local agency, with the approval of its governing body, may deposit in the Local Agency Investment Fund proceeds of the issuance of bonds, notes, certificates of participation, or other evidences of indebtedness of the agency pending expenditure of the proceeds for the authorized purpose of their issuance. In connection with these deposits of proceeds, the Local Agency Investment Fund is authorized to receive and disburse moneys, and to provide information, directly with or to an authorized officer of a trustee or fiscal agency engaged by the local agency, the Local Agency Investment Fund is authorized to hold investments in the name and for the account of that trustee or fiscal agent, and the Controller shall maintain a separate account for each deposit of proceeds.

(e) The local governmental unit, the nonprofit corporation, or the quasi-governmental agency has the exclusive determination of the length of time its money will be on deposit with the Treasurer.

(f) The trustee or fiscal agent of the local governmental unit has the exclusive determination of the length of time proceeds from the issuance of bonds will be on deposit with the Treasurer.

(g) The Local Investment Advisory Board shall determine those quasi-governmental agencies which qualify to participate in the Local Agency Investment Fund.

(h) The Treasurer may refuse to accept deposits into the fund if, in the judgement of the Treasurer, the deposit would adversely affect the state's portfolio.

(i) The Treasurer may invest the money of the fund in securities prescribed in Section 16430. The Treasurer may elect to have the money of the fund invested through the Surplus Money Investment Fund as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2.

(j) Money in the fund shall be invested to achieve the objective of the fund, that is to realize the maximum return consistent with safe and prudent treasury management.

(k) All instruments of title of all investments of the fund shall remain in the Treasurer's vault or be held in safekeeping under control of the Treasurer in any federal reserve bank, or any branch thereof, or the Federal Home Loan Bank of San Francisco, with any trust company, or the trust department of any state or national bank.

(l) Immediately at the conclusion of each calendar quarter, all interest earned and other increment derived from investments shall be distributed by the Controller to the contributing governmental units or trustees or fiscal agents, nonprofit corporations, and quasi-governmental agencies in amounts directly proportionate to the respective amounts deposited in the Local Agency Investment fund and the length of time the amounts remained therein. An amount equal to the reasonable costs incurred in carrying out the provisions of this section, not to exceed a maximum of one-half of one percent of the earnings of this fund, shall be deducted from the earnings prior to distribution. The amount of this deduction shall be credited as reimbursements to the state agencies having incurred costs in carrying out the provisions of this section.

(m) The Treasurer shall prepare for distribution a monthly report of investments made during the preceding month.

CONTRA COSTA COUNTY
INVESTMENT POLICY
JUNE, 2006

TO: BOARD OF SUPERVISORS

FROM: William J. Pollacek, Treasurer-Tax Collector

DATE: June 24, 2003

Contra Costa County

C.91

SUBJECT: **Update Local Agency Investment Fund Resolution for Contra Costa County**

SPECIFIC REQUEST(S) OR RECOMMENDATION(S) & BACKGROUND AND JUSTIFICATION

RECOMMENDATION:

APPROVAL of the Resolution of the Contra Costa Board of Supervisors, County of Contra Costa, State of California, authorizing the County of Contra Costa's continued participation in the Local Agency Investment Fund (LAIF).
APPROVAL of Delegation of Authority to those person(s) conducting day-to-day LAIF business for those authorized on the resolution.

BACKGROUND/REASON (S) FOR RECOMMENDATION (S):

Pursuant to Resolution No.77/107 of the Board of Supervisors of Contra Costa County, California, the persons or positions authorized by the resolution are no longer with the County of Contra Costa to order the deposit or withdrawal of monies in the Local Agency Investment Fund.
Copies of resolution and letter of delegation are submitted to the board for review and approval.

BB:mb
Attachment

CONTINUED ON ATTACHMENT: ✓ YES SIGNATURE: William Pollacek

✓ RECOMMENDATION OF COUNTY ADMINISTRATOR ____ RECOMMENDATION OF BOARD COMMITTEE
✓ APPROVE ____ OTHER

SIGNATURE(S):

ACTION OF BOARD ON JUNE 24, 2003 APPROVED AS RECOMMENDED X OTHER ____

VOTE OF SUPERVISORS
X UNANIMOUS
(ABSENT NONE)
AYES:________ NOES:________
ABSENT:________ ABSTAIN:________
DISTRICT III SEAT VACANT

I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF AN ACTION TAKEN AND ENTERED ON MINUTES OF THE BOARD OF SUPERVISORS ON THE DATE SHOWN.

Contact:

Cc: Treasurer-Tax Collector's Office

ATTESTED JUNE 24, 2003
JOHN SWEETEN, CLERK OF THE BOARD OF SUPERVISORS AND COUNTY ADMINISTRATOR

BY: Lera O'Leal , DEPUTY

RESOLUTION # 2003/420
Contra Costa County Administration Building
Martinez, California

RESOLUTION OF CONTRA COSTA COUNTY
(ACCOUNT # 99-07-000)

AGENCY ADDRESS 625 Court Street, Room 102
Martinez, CA 94553

AGENCY PHONE NUMBER 925-646-4115

**AUTHORIZING INVESTMENT OF MONIES
IN THE LOCAL AGENCY INVESTMENT FUND**

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Supervisors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein as in the best interests of the **CONTRA COSTA COUNTY.**

NOW THEREFORE, BE IT RESOLVED, that the Board of Supervisors does hereby authorize the deposit and withdrawal of CONTRA COSTA COUNTY monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following **CONTRA COSTA COUNTY** officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

William J. Pollacek	Russell V. Watts	Clarissa V. Javier
(NAME)	(NAME)	(NAME)
Treasurer - Tax Collector	Chief Deputy Treasurer - Tax Collector	Assistant Treasurer
(TITLE)	(TITLE)	(TITLE)
William J. Pollacek	Russell V. Watts	Clarissa V. Javier
(SIGNATURE)	(SIGNATURE)	(SIGNATURE)

PASSED AND ADOPTED, by the Board of Supervisors of the County of Contra Costa, State of California on JUNE 24, 2003.

VOTE OF SUPERVISORS
X UNANIMOUS
(ABSENT V)
AYES:______ NOES:______
ABSENT:______ ABSTAIN:______
DISTRICT III SEAT VACANT

ATTESTED: JUNE 24, 2003

BY: Lisa O'Neal - Deputy

DELEGATION OF AUTHORITY
CONTRA COSTA COUNTY
(Account # 99-07-000)

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001

To Whom It May Concern:

Pursuant to the resolution of the CONTRA COSTA COUNTY for AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND, this letter shall serve as delegation of authority to the following persons from the Contra Costa County Treasurer's Office to execute the deposit and withdrawal of monies on behalf of the CONTRA COSTA COUNTY. The deposit or withdrawal of monies shall only be permitted with prior written instructions from the CONTRA COSTA COUNTY to the County Treasurer. In addition, these persons from the Contra Costa County Treasurer's Office shall be given the authority to update the account as necessary upon changes in personnel, address or banking information with the Local Agency Investment Fund on behalf of the CONTRA COSTA COUNTY.

Beverley K. Rellar	Brice E. Bins	Aurora P. Lee
Beverley K. Rellar Treasurer's Accounting Officer	Brice E. Bins Treasurer's Investment Officer	Aurora P. Lee Treasurer's Investment Operations Analyst

Sincerely,

William J. Pollacek	Russell V. Watts
(NAME) Must be on resolution	(NAME) Must be on resolution
William Pollacek	Russell V. Watts
(SIGNATURE)	(SIGNATURE)
May 5, 2003	May 5, 2003
(DATE)	(DATE)

DELEGATION OF AUTHORITY
AB3107 CONTRA COSTA COUNTY
(Account # 11-07-007)

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001

To Whom It May Concern:

Pursuant to the resolution of the AB3107 CONTRA COSTA COUNTY for AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND, this letter shall serve as delegation of authority to the following persons from the Contra Costa County Treasurer's Office to execute the deposit and withdrawal of monies on behalf of the AB3107 CONTRA COSTA COUNTY. The deposit or withdrawal of monies shall only be permitted with prior written instructions from the AB3107 CONTRA COSTA COUNTY to the County Treasurer. In addition, these persons from the Contra Costa County Treasurer's Office shall be given the authority to update the account as necessary upon changes in personnel, address or banking information with the Local Agency Investment Fund on behalf of the AB3107 CONTRA COSTA COUNTY.

Beverley K Rellar	Brice E. Bins	Aurora P. Lee
Beverley K. Rellar Treasurer's Accounting Officer	Brice E. Bins Treasurer's Investment Officer	Aurora P. Lee Treasurer's Investment Operations Analyst

Sincerely,

William J. Pollacek	Russell V. Watts
(NAME) Must be on resolution	(NAME) Must be on resolution
William J. Pollacek	Russell V. Watts
(SIGNATURE)	(SIGNATURE)
May 5, 2003	May 5, 2003
(DATE)	(DATE)

99-07-000

BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA

Re: Authorizing Investment of County Monies in Local Agency Investment Fund

RESOLUTION NO. 77/107

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 pusposes of investment as stated therein is in the best interests of the County of Contra Costa.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors does hereby authorize the deposit and withdrawal of 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.

BE IT FURTHER RESOLVED that the following County Officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund: Edward W. Leal, Treasurer-Tax Collector; Alfred P. Lomeli, Assistant Treasurer-Tax Collector; David Dezell, Investment Supervisor.

PASSED AND ADOPTED by the Board of Supervisors of the County of Contra Costa, State of California, on February 8, 1977 by the following vote:

AYES: Supervisors J. P. Kenny, N. C. Fahden, R. I. Schroder, E. H. Hasseltine and W. N. Boggess.

NOES: Supervisors None.

ABSENT: Supervisors None.

ATTEST: JAMES R. OLSSON, Clerk
Board of Supervisors

By [signature]
Deputy

W. N. Boggess
Chairman, Board of Supervisors

CERTIFIED COPY

I certify that this is a full, true & correct copy of the original document which is on file in my office, and that it was passed & adopted by the Board of Supervisors of Contra Costa County, California, on the date shown. ATTEST: J. R. OLSSON, County Clerk & ex-officio Clerk of said Board of Supervisors, by Deputy Clerk.

[signature] on FEB 8 1977

cc: State Treasurer
County Treasurer-Tax Collector
County Auditor-Controller
County Administrator

RESOLUTION NO. 77/107

Q. ***Investment Trust of California – CalTRUST*** – Pursuant to Government Codes 6500, 6502, 53601, 53630 and 53635, CalTRUST was established on January 9, 2003. The purpose of the trust is to serve as a vehicle for public agencies to jointly exercise their common power to invest funds, including tax-exempt bond proceeds. All investment activities will be in accordance with applicable California laws governing the investment of funds by public agencies.

Government code 53601 (o) includes as permissible investments shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (n), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment advisor that meets all of the following criteria:

(1) The advisor is registered or exempt from registration with the Securities and Exchange Commission.
(2) The advisor has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (n), inclusive.
(3) The advisor has assets under management in excess of five hundred million dollars ($500,000,000.00).

Resolution Number 2003/48 of the Board of Supervisors of the County of Contra Costa has authorized the participation of the county in the Investment Trust of California on January 28, 2003.

CONTRA COSTA COUNTY
INVESTMENT POLICY
JUNE, 2006

TO: BOARD OF SUPERVISORS

FROM: William J. Pollacek, Treasurer-Tax Collector

DATE: January 28, 2003

Contra Costa County

C.50

SUBJECT: **Authorizing the Contra Costa County Treasurer-Tax Collector to Execute Joint Power Documents and Participate in the California Investment Trust (CalTrust)**

SPECIFIC REQUEST(S) OR RECOMMENDATION(S) & BACKGROUND AND JUSTIFICATION

Recommendation:

APPROVAL of the Resolution of the Contra Costa Board of Supervisors, County of Contra Costa, State of California, authorizing the Contra Costa County Treasurer-Tax Collector to join with other public agencies as a participant of the California Investment Trust (CalTRUST) and to invest in shares of the trust and in individual portfolios.

FISCAL IMPACT: None

BACKGROUND/REASON (S) FOR RECOMMENDATION (S):

The California Investment Trust (CalTRUST) is being created under provisions of the California Joint Exercise of Powers Act to provide California Public Agencies with investment management services for public funds and comprehensive investment management, accounting and arbitrage calculation services for proceeds of tax-exempt financing. This fund will offer investment opportunities that do not exist in the several funds currently available for public funds.

Four (4) counties and one Special District are scheduled to become the founding member of the California Investment Trust (CalTRUST). Contra Costa County would be one of the founding members, along with Solano, Riverside and Sonoma Counties, and Westland Water District of Fresno, CA.

WJP:mb

Attachment
CONTINUED ON ATTACHMENT: X YES SIGNATURE: William J. Pollacek

✓ RECOMMENDATION OF COUNTY ADMINISTRATOR ______ RECOMMENDATION OF BOARD COMMITTEE
✓ APPROVE ______ OTHER

SIGNATURE(S):

ACTION OF BOARD ON JANUARY 28, 2003 APPROVED AS RECOMMENDED X OTHER ______

VOTE OF SUPERVISORS

X UNANIMOUS (ABSENT NONE)
AYES: ______ NOES: ______
ABSENT: ______ ABSTAIN: ______

I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF AN ACTION TAKEN AND ENTERED ON MINUTES OF THE BOARD OF SUPERVISORS ON THE DATE SHOWN.

Contact:

Cc: Treasurer-Tax Collector's Office

ATTESTED JANUARY 28, 2003
JOHN SWEETEN, CLERK OF THE BOARD OF SUPERVISORS AND COUNTY ADMINISTRATOR

BY: Lena O'Neal , DEPUTY

The Trust will be governed by a Board of up to nine trustees, all of whom are officers or employees of public agencies. William J. Pollacek, Treasurer-Tax Collector will be Contra Costa County's Trustee. The Trustees are responsible for setting overall policies and procedures for the Trust and for hiring and supervising the activities of the Investment Advisor.

The Board of Trustees met on Thursday, January 9, 2002 and selected California State Association of Counties (CSAC) Finance Corp. as Fund Administrator; Metropolitan West Securities, LLC, (MetWest) as Investment Advisor; Orrick, Herrington & Sutcliffe, LLP as Counsel; and Wachovia as Custodian. Norma Lammers, Executive Director, CSAC Finance Corp was elected Secretary-Treasurer of the Board of Trustees.

MetWest, the Investment Advisor, currently has over $62 billion in assets under management including $2 billion with CalPERS, $425 million with the California State University System, $750 million with the California Earthquake Authority, and $80 million with the City of Poway.

The initial drafting of all the legal documents was done by attorneys with Paul, Hastings, Janofsky and Walker, LLP. The draft documents were then reviewed by attorneys with Orrick, Herrington & Sutcliffe, LLP in their capacity as outside counsel to the CSAC Finance Corp. Subsequently, Norma Lammers, Executive Director of the Finance Corp., arranged for a working group of county counsels to review the documents, as well, prior to their adoption by the CSAF Finance Corp. at its Fall 2002 Meeting.

The Contra Costa County Treasurer-Tax Collector is requesting approval of the County's participation in this Investment Trust to provide an additional investment option for the County's Pooled Investment Portfolio. This Trust is very consistent with the Treasury policy of preservation of principal while seeking to attain a high level of current interest income. The Trust purchases only investments that are permitted by California Government Code statutes, with the exception that all leveraging of funds within the portfolio are prohibited. The CalTRUST will serve as a highly liquid account within our investment asset allocation program, and offer two (2) additional investment options, a medium term option with a target duration of 1.5 – 3.5 years and a long term option of 5 – 7 years.

Therefore, based upon the security that this CalTRUST investment offers, the liquidity and electronic access of the funds, and the cooperation and participation of the other four (4) California public agencies, I am requesting approval of the Resolution to Participate in the California Investment Trust and authorize the Contra Costa County Treasurer-Tax Collector to execute the Declaration of Trust and all other documents required by the Trust.

RESOLUTION #2003/48

Contra Costa County Administration Building
Martinez, California

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, AUTHORIZING THE COUNTY OF CONTRA COSTA "PUBLIC AGENCY" TO JOIN WITH OTHER PUBLIC AGENCIES AS A PARTICIPANT OF THE INVESTMENT TRUST OF CALIFORNIA, CARRYING ON BUSINESS AS "*Cal*TRUST"

WHEREAS, Section 6502 of Title 1, Division 7, Chapter 5 of the Government Code of the State of California (the "Joint Exercise of Powers Act") provides that, if authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise any power common to the contracting parties; and

WHEREAS, under Section 6500 of the Joint Exercise of Powers Act, a "public agency" includes but is not limited to the federal government or any federal department or agency, the State of California, another State or any State department or agency, a county, a county board of education, county superintendent of schools, city, public corporation, public district, or regional transportation commission of the State of California or another State, or any joint powers authority formed pursuant to the California Joint Exercise of Powers Act; and

WHEREAS, public agencies which constitute local agencies, as that term is defined in Section 53630 of Title 5, Division 2, Part 1, Chapter 4, Article 2 of the Government Code of the State of California (the "California Government Code"), are authorized pursuant to Section 53601 and/or 53635 thereof to invest all money belong to, or in the custody of, the local agency in certain specified investments; and

WHEREAS, the Investment Trust of California, carrying on business as *Cal*TRUST (the "Trust") was established, pursuant to and in accordance with the Joint Exercise of Powers Act, by a Declaration of Trust, made as of January 28 ,2003 (the "Declaration of Trust"), as a vehicle for public agencies to jointly exercise their common power to invest funds other than tax-exempt bond proceeds in accordance with applicable California law governing the investment of funds by public agencies; and

WHEREAS, pursuant to and in accordance with the Joint Exercise of Powers Act, the Public Agency desires to join the other public agencies which are or will be Participants of the Trust by adopting and executing the Declaration of Trust, a form which has been presented to this meeting; and

WHEREAS, the Public Agency is a public agency as that term is defined in the Joint Exercise of Powers Act and a local agency as that term is defined in Section 53630 of the California Government Code;

WHEREAS, the Public Agency is otherwise permitted to be a Participant of the Trust and to invest funds in the Trust to be managed by the Investment Advisor to the Trust, notwithstanding other investments held by the Public Agency or current investment policies that otherwise may be in effect for the Public Agency so long as the Trust invests in securities and other instruments permitted for investment by public agencies pursuant to applicable California law; and

WHEREAS, there has been presented to this meeting an Information Statement describing the Trust (the "Information Statement");

NOW, THEREFORE, BE IT RESOLVED by the governing body of the Public Agency (the "Governing Body") as follows:

Section 1. The public agency shall join with other public agencies pursuant to and in accordance with the Joint Exercise of Powers Act by executing the Declaration of Trust and thereby becoming a Participant in the Trust, which Declaration of Trust is hereby approved and adopted, notwithstanding other investments held by the Public Agency or current investment policies that otherwise may be in effect for the Public Agency so long as the Trust invests in securities and other instruments permitted for investment by public agencies pursuant to applicable California law. A copy of the Declaration of Trust shall be filed with the minutes of the meeting at which this Resolution was adopted. The Governing Body is hereby authorized to execute, and the Attesting Officer of Governing Body is hereby authorized to attest and deliver, the Declaration of Trust, in substantially the form presented at this meeting.

Section 2. The Public Agency is hereby authorized to purchase shares in the Trust from time to time with available funds of the Public Agency, and to redeem some or all of those shares from time to time as such funds are needed, notwithstanding other investments held by the Public Agency or current investment policies that otherwise may be in effect for the Public Agency so long as the Trust invests in securities and other instruments permitted for investment by public agencies pursuant to applicable California law.

Section 3. The appropriate officers, agents, and employees of the Public Agency are hereby authorized and directed in the name and on behalf of the Public Agency to take all actions and to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants, and other documents, which they, or any of them, might deem necessary or appropriate in order to accomplish the purposes of this Resolution.

Section 4. The Treasurer of the Public Agency is hereby delegated authority of the Governing Body of the Public Agency to take all actions and to make and execute any and all instruments which he might deem necessary or appropriate in order to carry out the purposes of the Governing Body in adopting this Resolution, including, without limitation, the authority to extend the maturity of any investments made pursuant to this Resolution in accordance with applicable California law.

Section 5. Nothing contained in this Resolution shall be deemed to infringe upon the right of the Public Agency or the Governing Body or Treasurer of the Public Agency to make other investments outside of the mandate of this Resolution in accordance with applicable California law to the fullest extent permitted thereunder.

Section 6. This Resolution shall take effect at the earliest date permitted by law.

PASSED AND ADOPTED this 28th day of January, 2003.

SUPERVISORS:

Gioia x Uilkema x Gerber x DeSaulnier x Glover x

Ayes: I, II, III, IV, V Noes: None Abstain: None Absent: None

SO ORDERED.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 28 2003

JOHN SWEETEN, Clerk of the Board of Supervisors and County Administrator

By Lorea Leal Deputy

Board caltrust.Res.doc

FURTHER RESTRICTIONS/LIMITATIONS BY GOVERNMENT CODE AND COUNTY TREASURER

Further Restrictions Set by Treasurer

A. Reverse repurchase agreements will be used strictly for the purpose of supplementing income with a limit of 10 percent of the total portfolio without prior approval of the Treasurer.

B. Swaps and Trades will each be approved on a per-trade basis by Treasurer or Assistant Treasurer.

C. SBA loans require prior approval of the Treasurer in every transaction.

D. Repurchase Agreements will generally be limited to Wells Fargo Bank, Bank of America or other institutions with whom the County treasury has executed tri-party agreements. Collateral will be held by a third party to the transaction that may include the trust department of particular banks. Collateral will be only securities that comply with Government Code 53601.

E. Securities purchased through brokers will be held in safekeeping at The Bank of New York Trust Company, N.A. or as designated by the specific contract(s) for government securities and tri-party repurchase agreements.

F. Bank C.D.s or non-negotiable C.D.s will be collateralized at 105 percent by government securities or 150 percent by current mortgages. There will be no waiver of the first $100,000 collateral except by special arrangement with the Treasurer.

G. All investments purchased by the Treasurer's Office shall be of investment grade. The minimum credit rating of purchased investments shall be as defined by Government Code 53600 et. seq. *(As suggested by the Board of Supervisor's Finance Committee meeting of Monday, February 3, 1997, 9:00 a.m.)*

H. All legal securities issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars or snuff or for smoking in pipes or a company that has total revenues of 15 percent or more from the sale of such products. The tobacco-related issuers restricted from any investment are British American Tobacco, Gallaher Group PLC, Imasco Ltd., Lowes Companies, ALTRIA Group, Inc., RJ Reynolds Tobacco Holdings, Inc., Brooke Groupe LTD., UST, Inc. and Universal Corp. However, tobacco-related companies will not be limited to the foregoing list. Additional companies will be prohibited as long as said entities fall within the definition of tobacco-related companies.

I. Financial futures or financial option contracts will each be approved on a per trade basis by the County Treasurer.

§53601.6. Prohibited Investments by Government Code

A. A local agency shall not invest any funds pursuant to this Article or pursuant to Article 2 (commencing with Section 53630) in ***inverse floaters, range notes or interest-only strips*** that are derived from a pool of mortgages.

B. A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630)in ***any security that could result in zero interest accrual if held to maturity***. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1,et seq.) that are authorized for investment pursuant to subdivision (k) of Section 53601.

§53601. Instruments Authorized for Investments: Maturity

Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, **no investment shall be made in any security**, other than a security underlying a repurchase or reverse repurchase agreement authorized by this section, that at the time of the investment **has a term remaining to maturity in excess of five years**, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

Quality of Investment Instruments, Issuers and Sources

Regular financial review and analysis of issuers and sources of securities such as banks and brokerage firms shall be performed. These will be based on credit-rating services' evaluations, financial documents such as audits, Form 10-Q filings to the Securities and Exchange Commission and other reliable financial information.

SAFEKEEPING AND CUSTODY

§53601. Instruments Authorized for Investment

A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered or non-registered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisors, consultants or managers using the agency's funds, by book entry, physical delivery or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book-entry account may be used for book-entry delivery. For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term of remaining maturity at the time of the investment, no investment shall be made in any security other than a security underlying a repurchase or reverse repurchase agreement authorized by this section.

In compliance with this section, the securities of Contra Costa County and its agencies shall be in safekeeping at The Bank of New York Trust Company, N. A., a counterparty bank's trust department or as defined in the debt indenture and contract.

AUTHORIZED BROKERS AND DEALERS

Securities for Contra Costa County and its agencies shall be purchased from the following:

- Primary dealers of the Federal Reserve Bank of New York and their subcontracts.
- Banks and financial institutions that sell and buy instruments authorized for investments per Government Code 53600 et. seq. and their subcontracts.
- Issuers of securities authorized by Government Code 53601 et. seq.

Securities shall not be purchased from brokers, brokerages, dealers or securities firms who within any 48-month period following January 1, 1996, made a political contribution to the local treasurer, any member of the governing board of the local agency or any candidate for those offices in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board.

LIMITS ON THE RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Gift Prohibitions

All state and local officials who are listed in Government Code Section 87200, and candidates for those elective offices (except judges), are prohibited from accepting a gift or gifts aggregating more than **as stated in California Government Code §89502(a) and §89503(f)** in a calendar year from a single source.

Beginning on January 1, 1993, the State Fair Political Practices Commission shall adjust the gift limitations in this section on January 1st of each odd-numbered year to reflect changes in the Consumer Price Index rounded to the nearest ten dollars ($10). §89503(f)

Honorarium Prohibition

All state and local officials who are listed in Government Code Section 87200, and candidates for those elective offices (except judges), are prohibited from accepting any honorarium for any speech given, article published or attendance at any public or private conference, convention, meeting, social event, meal or like gathering.

Exceptions

- The gift limit and honorarium prohibitions do not apply to a part-time member of the governing board of a public institution of higher education unless the member is also an elected official.
- For state board and commission members, the gift limit and honorarium prohibition are applicable only if the member would be required to report the receipt of income or gifts from the source on his or her statement of economic interests. The $10 gift limit is applicable only to lobbyists and lobbying firms registered to lobby the board or commission member's agency.

Disqualification

Public officials are, under certain circumstances, required to disqualify themselves from making, participating in, or attempting to influence governmental decisions that will affect any of their financial interests, not just those that they are required to disclose on a statement of economic interests.

Enforcement

The Fair Political Practices Commission may impose penalties for statements of economic interests that are filed late. The fine is $10 per day, beginning the day after the filing deadline, up to a maximum of $100. Late-filing penalties can be reduced or waived under certain circumstances.

In addition, the Fair Political practices Commission may initiate investigations with respect to any suspected violation of the Political Reform Act. Other law enforcement agencies (the Attorney General or District Attorney) may initiate investigations under certain circumstances. If violations are found, the Commission may initiate administrative enforcement proceedings that could result in the imposition of monetary penalties of up to **$5,000** per violation. In lieu of administrative prosecution, a civil action may be brought for negligent or intentional violations by the appropriate civil prosecutor (the Commission, Attorney General or District Attorney) where the measure of damages for most violations is the amount of value not properly reported. Persons who violate the conflict-of-interest disclosure provisions of the Political Reform Act can also be subject to discipline by their agency, including dismissal.

Finally, a knowing or willful violation of any provision of the Political Reform Act is a misdemeanor. Persons convicted of a misdemeanor may be disqualified for four years from the date of the conviction from serving as a lobbyist or running for elective office in addition to other penalties that may be imposed. The Act also provides for numerous civil penalties, including monetary penalties and damages, and injunctive relief from the courts.

FURTHER AMENDMENTS TO THE CONFLICT OF INTEREST CODES
(Per a Contra Costa County Board of Supervisors' Order dated February 6, 1996)

Amend all local Conflict of Interest Codes as follows:

Pursuant to Government Code Sections 87302 and 87306 et. seq., this Board hereby amends every local Conflict of Interest Code previously approved by the Board of Supervisors to add the following:

"All other provisions of this Code notwithstanding, the following provisions hereafter apply:

1. No designated employee shall accept **any** honorarium.

   Subdivisions (b), (c) and (e) of Government Code Section 89502 shall apply to the prohibitions in this Section. This Section shall not limit or prohibit payments, advances or reimbursements for travel and related lodging and subsistence authorized by Government Code Section 89506.

2. No designated employee shall accept any gifts with a total value of more than three hundred twenty dollars ($320) in a calendar year from any single source.

   Subdivision (d) of Government Code Section 89504 shall apply to this Section."

This amendment is necessary to assure that all local codes comply with recent amendments to Government Code Section 89502.

INVESTMENT REPORT

The Treasurer may render a quarterly report "...to the Chief Executive Officer, the Internal Auditor and the legislative body of the local agency..." (Government Code 53646).

The County shall submit copies of its second and fourth quarter reports to the California Debt and Investment Advisory Commission within 60 days after the close of the second and fourth quarters of each calendar year (Government Code 53646(g)).

In addition the County Treasurer will provide "...the County Treasury Oversight Committee with an investment report as required by the Board of Supervisors..." (Government Code 27133 (e)).

The County shall submit copies of its investment policy each calendar year to the California Debt and Investment Advisory Commission. All subsequent policy amendment(s) have to be submitted within 60 days.

PLEDGE REPORT

Any securities that are pledged or loaned for any purpose shall be reported in the Quarterly Investment Report. The transaction detail will be provided, including purpose, beginning and termination dates and all parties to the contract. The security descriptions as to type, name, maturity date, coupon rate, CUSIP and other material information will be included.

REVERSE REPURCHASE AGREEMENTS

All reverse repurchase agreements entered into, whether active or inactive by the end of each quarter, shall be reported in the Treasurer's Quarterly Investment Report.

LOCAL AGENCY INVESTMENTS

To be eligible to receive local agency money, a bank, savings association, federal association, or federally-insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisorial agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. (Government Code 53635)

METHODOLOGY OF CALCULATING AND APPORTIONING TREASURY COSTS

Regular and Routine Investments

- $20 per investment transaction; i.e., $20 at placement and $20 at maturity.
- .00333 of interest income; i.e., $3.33 per $1,000 of interest income.

Charged quarterly by journal entry.

Special Reports and Research

Actual staff time and materials.

Special Bank Transactions

Actual bank fee schedule.

§53684. Alternative Procedure for Investment of Excess Funds

B. The County Treasurer shall, at *least* quarterly, apportion any interest or other increment derived from the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency *and to the total average daily balance of deposits in the investment pool. In apportioning and distributing that interest or increment, the county treasurer may use the cash method, the accrual method, or any other method in accordance with generally accepted accounting principles.* *

Prior to distributing that interest or increment, the County Treasurer may deduct the actual costs incurred by the county in administering this section in proportion to the average daily balance of the amounts deposited by the local agency and *to the total average daily balance of deposits in the investment pool.*

C. The County Treasurer shall disclose to each local agency that invests funds pursuant to this section the method of accounting used, whether cash, accrual, or other, and shall notify each local agency of any proposed changes in the accounting method at least 30 days prior to the date on which the proposed changes take effect. *

* In Contra Costa County, the Auditor-Controller performs these functions for fiscal control purposes.

NON-MANDATED DEPOSITS AND WITHDRAWALS IN THE TREASURY

Following are the terms and conditions for deposit of funds for investment purposes by entities that are not legally required to deposit their funds in the County Treasury.

- Resolution by the County Board of Supervisors authorizing the acceptance of outside participants by the County Treasury.
- Resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to Government Code 53684.
- Treasury investments will be directed transactions.

Withdrawal of funds in the Treasury shall coincide with investment maturities or authorized sale of securities by the legislative or governing body of the local agency. Except for funds in the California State Local Agency Investment Fund, a five-business-days notification may be required when authorized sale of securities is involved. However, the section on evaluation of request for withdrawal of funds for use outside the County treasury pool by both mandated and non-mandated treasury pool participants shall also apply.

WITHDRAWAL OF FUNDS BY MANDATED TREASURY PARTICIPANTS

The withdrawal of mandated deposits in the Treasury will coincide with investment maturities and/or authorized sale of securities by authorized personnel of the local agency. Except for funds in the California State Local Agency Fund, a five-business-days notification may be required when authorized sale of securities is involved. However, the section on evaluation of request for withdrawal of funds for use outside the County treasury pool by both mandated and non-mandated treasury pool participants shall also apply.

Evaluation of Request For Withdrawal of Funds For Use Outside the County Treasury Pool by Both Mandated and Non-Mandated Treasury Pool Participants

Pursuant to Section 27136(a):

"Notwithstanding any other provisions of law, any local agency, public agency, public entity or public official that has funds on deposit in the County treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the County treasury pool shall first submit the request for withdrawal to the County Treasurer before withdrawing funds from the County treasury pool."

The County Treasurer shall evaluate each proposed withdrawal and may request up to 30 days in order to assess the effect of the proposed withdrawal on the stability and predictability of the investments in the County treasury and that the interests of the other depositors will not be adversely affected.

BROKERS AND ISSUERS

ABN AMRO, Incorporated
American Express Credit Corporation
Associates Corporation of North America
Associates First Capital
Bank of America
Bank of the West
Bankers Trust Company
Barclays Capital, Incorporated
Bear Stearns & Company, Incorporated
California Arbitrage Management Program
Chase Securities, Incorporated
Chevron Corporation
Citigroup Funding Inc.
Civic Bank of Commerce
Credit Suisse First Boston
Deere & Company
Donaldson, Lufkin & Jenrette Securities Corporation
Exxon Mobil Corporation and Subsidiaries
First Commercial Bank
Ford Motor Credit Company
General Electric Capital Corporation
General Electric Capital Services
General Electric Company
Gilford Securities, Incorporated
Goldman, Sachs & Company
Government Perspectives
John Deere Capital Corporation
Lehman Brothers, Incorporated
Mechanics Bank
Mellon Bank
Merrill Lynch
Merrill Lynch Government Securities, Incorporated
Morgan Stanley Dean Witter & Company
NationsBanc Corporation
Norwest Banks
Norwest Investment Services
Prudential Securities, Incorporated
Public Financial Management, Incorporated
Rauscher Pierce Refsnes, Incorporated
Salomon Smith Barney, Incorporated
Sumitomo Bank of California
UBS Financial Services
Union Bank
US Bancorp
Washington Mutual
Wells Fargo Bank
Westamerica Bank

Note: The County Treasury will not be limited to the above list. Others will be included as long as all conditions for authorized brokers and dealers set forth in this policy are met. Additionally, deletions and additions are based on the maintenance of required credit quality as rated by Standard and Poor's, Moody's, GFI (Gerry Findley Incorporated) and other recognized rating services and reliable financial sources.

PRIMARY GOVERNMENT SECURITIES DEALERS REPORTING TO THE MARKET REPORTS DIVISION OF THE FEDERAL RESERVE BANK OF NEW YORK

ABN AMRO Bank, N.V., New York Branch
BNP Paribas Securities Corp.
Banc of America Securities LLC
Barclays Capital Inc.
Bear, Stearns & Co., Inc.
Citigroup Global Markets, Inc.
CIBC World Markets Corp.
Countrywide Securities Corporation

Credit Suisse Securities (USA) LLC
Daiwa Securities America Inc.
Deutsche Bank Securities Inc.
Dresdner Kleinwort Wasserstein SecuritiesLLC
Goldman, Sachs & Co.
Greenwich Capital Markets, Inc.
HSBC Securities (USA) Inc.
J.P. Morgan Securities, Inc.
Lehman Brothers Inc.
Merrill Lynch Government Securities Inc.
Mizuho Securities USA Inc.
Morgan Stanley & Co. Incorporated
Nomura Securities International, Inc.
UBS Securities LLC.

GLOSSARY

Agencies A colloquial term for securities issued by the federal agencies.

Bankers Acceptances A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank "accepts" such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. Little risk is involved for the investor because the commercial bank assumes primary liability once the draft is accepted.

Basis Point One basis point is equal to 1/100 of one percent. For example, if interest rates increase from 8.25% to 8.50%, the difference is referred to as a 25-basis-point increase.

Blue Sky Laws Common term for state securities law, which vary from state to state. Generally refers to provision related to prohibitions against fraud, dealer and broker regulations and securities registration.

Book Value Refers to value of a held security as carried in the records of an investor. May differ from current market value of the security.

Certificates of Deposit (C/Ds) Certificates issued against funds deposited in a commercial bank for a definite period of time and earning a specified rate of return. They are issued in two forms, negotiable and non-negotiable.

- **Negotiable Certificates of Deposit** May be sold by one holder to another prior to maturity. This is possible because the issuing bank agrees to pay the amount of the deposit plus interest earned to the bearer of the certificate at maturity.

- **Non-Negotiable Certificates of Deposit** These certificates are collateralized and are not money market instruments since they cannot be traded in the secondary market. They are issued on a fixed-maturity basis and often pay higher interest rates than are permissible on other savings or time-deposit accounts.

Commercial Paper Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

Coupon Rate The annual rate of interest payable on a security expressed as a percentage of the principal amount.

CUSIP Numbers CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

Inverse Floaters An adjustable interest rate note keyed to various indices such as LIBOR, commercial paper, federal funds, treasuries and derivative structures. The defined interest rate formula is the opposite or inverse of these indices. Interest rates and pay dates may reset daily, weekly, monthly, quarterly, semi-annually or annually.

Liquidity Usually refers to the ability to convert assets (such as investments) into cash.

Mark to Market Valuing the inventory of held securities at its current market value.

Market Value Price at which a security can be traded in the current market.

Maturity The date upon which the principal of a security becomes due and payable to the holder.

Medium-Term Notes (MTNs) Corporate debt obligations continuously offered in a broad range of maturities. MTNs were created to bridge the gap between commercial paper and corporate bonds. The key characteristic of MTNs is that they are issued on a continuous basis.

Money Market Instruments Private and government obligations of one year or less.

Offer The price of a security at which a person is willing to sell.

Par Value The stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

Premium The amount by which the price paid for a security exceeds par value, generally representing the difference between the nominal interest rate and the actual or effective return to the investor.

Range Notes A security whose rate of return is pegged to an index. The note defines the interest rate minimum or floor and the interest rate maximum or cap. An example of an index may be federal funds. The adjustable rate of interest is determined within the defined range of the funds.

Repurchase Agreement or RP or REPO An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

Settlement Date The date used in price and interest computations, usually the date of delivery.

SLUGS An acronym for State and Local Government Series. SLUGS are special United States Government securities sold by the Secretary of the Treasury to states, municipalities and other local government bodies through individual subscription agreements. The interest rates and maturities of SLUGS are arranged to comply with arbitrage restrictions imposed under Section 103 of the Internal Revenue Code. SLUGS are most commonly used for deposit in escrow in connection with the issuance of refunding bonds.

STRIPS US Treasury acronym for "separate trading of registered interest and principal of securities." Certain registered Treasury securities can be divided into separate interest and principal components, which may then be traded as separate entities.

SWAP Generally refers to an exchange of securities, with essentially the same par value, but may vary in coupon rate, type of instrument, name of issuer and number of days to maturity. The purpose of the SWAP may be to enhance yield, to shorten the maturity or any benefit deemed by the contracting parties.

Treasury Securities Debt obligations of the United States Government sold by the Treasury Department in the form of bills, notes and bonds:

- **Bills** Short-term obligations that mature in one year or less and are sold at a discount in lieu of paying periodic interest.

- **Notes** Interest-bearing obligations that mature between one year and 10 years.

- **Bonds** Interest-bearing long-term obligations that generally mature in 10 years or more.

Zero-Coupon Security A security that makes no periodic interest payments but instead is sold at a deep discount from its face value.

CONTRA COSTA COUNTY

TREASURER'S QUARTERLY INVESTMENT REPORT

AS OF MARCH 31, 2006

TABLE OF CONTENTS

	Page
I. Executive Summary	**1**
II. Treasurer's County Investment Pool Summary	**2**
III. Appendix	
A. Investment Portfolio Detail~~-M~~anaged by Treasurer's Office	4
1. Portfolio Summary	5
2. Portfolio Detail	6
3. Market Valuation Sources	23
B. Investment Portfolio Detail~~-M~~anaged by Outside Contracted Parties	
1. State of California Local Agency Investment Fund	1-1
a. Summary	1-2
b. Statements	1-3
2. Capital Asset Management Funds	2-1
a. Wells Fargo Bank	2-2
b. Columbia Management Group (Bank of America)	2-16
c. CalTrust	2-37
3. California Arbitrage Management Program for Redevelopment Agency (Contra Costa County Public Financing Authority)	3-1
a. Summary	3-2
b. Portfolio	3-3
C	
4. Guaranteed Investment Contracts	4-1
a. Summary	4-2
b. Statements	4-3
5. Other	5-1

EXECUTIVE SUMMARY

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

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

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

- The total investment pool equaled **$2,242,463,189** on March 31, 2006. The fair value was **$2,242,069,743** which was 99.98% of cost.

- The weighted average maturity of the total investment pool was 59 days. Over 94.8 percent of the portfolio or over $2.126 billion will mature in less than a year. The County is able to meet its cash flow needs for a few months.

- Pursuant to Government Code Section 27134, the examination of the activities of the County Treasurer's Office and the Treasury Oversight Committee for CY 2005 has been completed. The report will be reviewed at the May 16, 2006 meeting.

- Pursuant to Government Code Section 27133, the Treasury Oversight Committee will review the Treasurer's Investment Policy for the upcoming fiscal year.

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CONTRA COSTA COUNTY INVESTMENT POOL
AS OF MARCH 31, 2006

TYPE	COST	PAR VALUE	FAIR VALUE	PORTFOLIO % OF COST
A. Investments Managed by Treasurer's Office				
1. U.S. Treasuries (STRIPS, Bills, Notes)	48,354,287.61	50,133,000.00	49,243,062.53	2.16%
2. U.S. Agencies				
Federal Farm Credit Banks	17,378,836.25	17,455,000.00	17,260,893.46	0.77%
Federal Home Loan Banks	76,757,404.83	77,003,000.00	75,982,844.98	3.42%
Federal National Mortgage Association	43,832,825.14	44,344,000.00	44,157,882.35	1.96%
Federal Home Loan Mortgage Corporation	94,342,509.22	95,512,962.94	94,540,472.00	4.21%
Municipal Bonds	1,777,950.00	1,780,000.00	1,777,950.00	0.08%
Subtotal	234,089,525.44	236,094,962.94	233,720,042.79	10.44%
3. Money Market Instruments				
Repurchase Agreement	654,981,000.00	654,981,000.00	654,981,000.00	29.22%
Commercial Paper	366,263,254.09	367,203,000.00	366,649,527.59	16.33%
Negotiable Certificates of Deposit	139,999,803.52	140,000,000.00	139,994,070.52	6.24%
Corporate Notes	16,924,481.72	16,459,000.00	16,613,543.60	0.75%
Medium Term Notes	3,469,440.00	3,500,000.00	3,417,578.13	0.15%
Time Deposit	1,884,522.38	1,884,522.38	1,879,066.62	0.08%
Subtotal	1,183,522,501.71	1,184,027,522.38	1,183,534,786.46	52.77%
TOTAL	1,465,966,314.76	1,470,255,485.32	1,466,497,891.78	65.37%
B. Investments Managed by Outside Contractors				
1. Local Agency Investment Fund	463,778,374.92	463,778,374.92	462,661,809.93	20.68%
2. Other				
a. Redevelopment Agency	6,710,439.72	6,710,439.72	6,763,122.13	0.30%
b. School Guaranteed Investment Contracts	123,771,792.00	123,771,792.00	123,771,792.00	5.53%
c. Other	530,489.83	530,489.83	530,489.83	0.02%
d. Wells Fargo Asset Management (324-131235)	45,405,429.00	45,405,429.00	45,360,779.94	2.02%
e. Columbia Management Group (Bank of America)	39,118,504.00	39,118,504.00	39,214,690.00	1.74%
f. Caltrust	24,875,075.49	24,875,075.49	24,962,397.82	1.11%
Subtotal	240,411,730.04	240,411,730.04	240,603,271.72	10.72%
TOTAL	704,190,104.96	704,190,104.96	703,265,081.65	31.40%
C. Cash	72,306,769.34	72,306,769.34	72,306,769.34	3.23%
GRAND TOTAL (FOR A, B, & C)	2,242,463,189.06	2,246,752,359.62	2,242,069,742.77	100%

NOTES TO INVESTMENT PORTFOLIO SUMMARY AS OF MARCH 31, 2006

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

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

A:Notes

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APPENDIX F

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 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 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, NY, will act as securities depository for the 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 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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.

6. Redemption notices will 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 Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 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 issuer or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the issuer, 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 issuer or the paying agent or bond trustee, 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 issuer or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

APPENDIX G

SPECIMEN BOND INSURANCE POLICY

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MBIA

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of a such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

SPECIMEN

President

Attest:

Assistant Secretary

STD-R-CA-6
4/95

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PACIFIC FINANCIAL PRINTING