NEW ISSUE - FULL BOOK-ENTRY

RATINGS: Moody's: "Aa2"
Standard & Poor's: "AA"
See "RATINGS" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, interest on the Bonds is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS."

$11,998,678.35
PIEDMONT UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2006, Series E

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

Authority and Purpose. The Piedmont Unified School District (Alameda County, California) General Obligation Bonds, Election of 2006, Series E (the "Bonds") are being issued by the Piedmont Unified School District (the "District") pursuant to the laws of the State of California and a resolution of the Board of Education of the District adopted on June 12, 2013 (the "Bond Resolution"). The Bonds are being issued to refinance the District's 2010 General Obligation Bond Anticipation Notes, issued to finance educational projects approved by District voters at an election held in the District on March 7, 2006. See "THE BONDS – Authority for Issuance" and "THE FINANCING PLAN."

Security for the Bonds. The Bonds are general obligations of the District payable solely from *ad valorem* property taxes levied and collected by Alameda County (the "County"). The County Board of Supervisors is empowered and obligated to annually levy *ad valorem* taxes for the payment of debt service on the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). There are currently other series of general obligation bonds in the District that are similarly secured by *ad valorem* tax levies. All general obligation bonds are issued on a parity basis with one another. See "SECURITY FOR THE BONDS."

Payments. The Bonds are being issued as Capital Appreciation Bonds (as defined herein). The Bonds accrete interest at the accretion rates set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2014, until payment of the accreted value thereof at maturity or upon earlier redemption (if any). Payments of accreted value on the Bonds will be paid by U. S. Bank National Association, San Francisco, California, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to The Depository Trust Company ("DTC") for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

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

Book-Entry Only. 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 physical certificates representing their interests in the Bonds. See "THE BONDS – Description of the Bonds - Book-Entry Form" and "APPENDIX F - Book-Entry Only System."

The following firm has served as financial advisor to the District:

KNN
public finance

MATURITY SCHEDULE
(see inside front cover)

Cover Page. This cover page contains information for quick reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado is serving as Underwriter's Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about August 21, 2013.

STIFEL

The date of this Official Statement is August 7, 2013.

A7

MATURITY SCHEDULE

PIEDMONT UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2006, Series E

$11,998,678.35 Denominational Amount
($63,995,000 Maturity Value)
Capital Appreciation Bonds

Maturity Date (August 1)	Initial Principal Amount	Accretion Rate	Yield to Maturity	Maturity Value	CUSIP†
2027	$490,742.35	5.280%	5.280%	$1,015,000	720135 MX7
2028	212,731.20	5.520	5.520	480,000	720135 MY5
2029	162,248.00	5.740	5.740	400,000	720135 MZ2
2030	176,626.00	5.860	5.860	470,000	720135 NA6
2031	155,932.45	5.930	5.930	445,000	720135 NB4
2032	135,161.35	6.010	6.010	415,000	720135 NC2
2033	115,299.60	6.070	6.070	380,000	720135 ND0
2034	99,022.00	6.120	6.120	350,000	720135 NE8
2035	643,365.50	10.150	6.140	5,650,000	720135 NF5
2036	612,076.55	10.150	6.160	5,935,000	720135 NG3
2037	1,443,927.10	6.200	6.200	6,230,000	720135 NH1
2038	1,416,730.70	6.230	6.230	6,545,000	720135 NJ7
2039	1,388,083.50	6.260	6.260	6,870,000	720135 NK4
2040	1,359,955.35	6.290	6.290	7,215,000	720135 NL2
2041	1,334,790.75	6.310	6.310	7,575,000	720135 NM0
2042	1,313,609.15	6.320	6.320	7,955,000	720135 NN8
2043	938,376.80	6.330	6.330	6,065,000	720135 NP3

PIEDMONT UNIFIED SCHOOL DISTRICT
ALAMEDA COUNTY
STATE OF CALIFORNIA

BOARD OF EDUCATION

Richard Raushenbush, *President*
Andrea Swenson, *Vice President*
Ray Gadbois, *Member*
Sarah Pearson, *Member*
Roy Tolles, *Member*

DISTRICT ADMINISTRATION

Constance Hubbard, *Superintendent*
Michael Brady, *Assistant Superintendent, Business Services*
Randall Booker, *Assistant Superintendent, Educational Services*

FINANCIAL ADVISOR

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

BOND COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

UNDERWRITER'S COUNSEL

Kutak Rock LLP
Denver, Colorado

PAYING AGENT

U.S. Bank National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the Bonds at levels above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

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

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$11,998,678.35
PIEDMONT UNIFIED
SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2006, Series E

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the General Obligation Bonds, Election of 2006, Series E captioned above (the "**Bonds**") by the Piedmont Unified School District (the "**District**").

INTRODUCTION

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

The District. The District is located in Alameda County (the "**County**") in the San Francisco Bay Area and serves the residents of the City of Piedmont (the "**City**"), an area of approximately 1.8 square miles with a population of approximately 10,889 as of January 1, 2013. The District was created in 1920 and unified in 1936 and has enrollment for fiscal year 2012-13 of approximately 2,605 students who attend the District's seven schools. There are three elementary schools containing grades K-5, one middle school with grades 6-8, one traditional high school, one alternative high school and one adult education school.

For more information regarding the District and its finances, see Appendix A and Appendix B attached hereto. See also Appendix C hereto for demographic and other statistical information regarding the City and the County.

Purposes. The Bonds are being issued to refinance the District's 2010 General Obligation Bond Anticipation Notes, issued to finance educational projects approved by District voters at an election held in the District on March 7, 2006 (the "**Bond Election**"), which authorized the issuance of $56 million in general obligation bonds. See "THE FINANCING PLAN" herein.

Authority for Issuance of the Bonds. The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 of the Government Code and a resolution adopted by the Board of Education of the District on June 12, 2013 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Payment and Registration of the Bonds. The Bonds are being issued as capital appreciation bonds ("**Capital Appreciation Bonds**"). The Bonds will be dated their date of original issuance and delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 Maturity Value (as defined herein), or any integral multiple thereof, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described below. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "THE BONDS" and "APPENDIX F –Book-Entry Only System."

Redemption. The Bonds are subject to optional redemption prior to their maturity as described in "THE BONDS - Redemption."

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the accreted value of the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS."

The District has other series of general obligation bonds that are payable from *ad valorem* taxes levied on taxable property in the District. For a schedule of the general obligation bonds issued by the District, see "DEBT SERVICE SCHEDULES." See also "APPENDIX B - GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT - DISTRICT FINANCIAL INFORMATION - Long Term Debt."

Changes Since Preliminary Official Statement. The Preliminary Official Statement dated July 22, 2013 included information regarding the Bonds described herein, as well as a proposed issue of Refunding General Obligation Bonds. The Refunding General Obligation Bonds were not sold and therefore the discussion with respect thereto has been removed from this Final Official Statement.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available by request to the Office of the District Superintendent at Piedmont Unified School District, 760 Magnolia Avenue, Piedmont, California 94611; telephone (510) 594-2600. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE FINANCING PLAN

At the Bond Election, the District received authorization by affirmative votes of the qualified electors exceeding the required 55% to issue general obligation bonds in a principal amount not to exceed $56,000,000 (the "**2006 Authorization**").

The District has previously issued the following general obligation bonds pursuant to the 2006 Authorization, leaving $12,000,065.60 unissued prior to the issuance of the Bonds:

- $10,000,000 Piedmont Unified School District (Alameda, California) General Obligation Bonds, Election of 2006, Series A (Current Interest Bonds), dated August 10, 2006 (the "**Series A Bonds**");

- $4,999,934.40 Piedmont Unified School District (Alameda County, California) General Obligation Bonds, Election of 2006, Series B (Capital Appreciation Bonds), dated August 10, 2006 (the "**Series B Bonds**");

- $19,000,000 Piedmont Unified School District (Alameda County, California) General Obligation Bonds, Election of 2006, Series C, dated October 14, 2009 (the "**Series C Bonds**"); and

- $10,000,000 Piedmont Unified School District (Alameda County, California) General Obligation Bonds, Election of 2006, Series D (Federally Taxable Direct Pay Qualified School Construction Bonds), dated May 4, 2011 (the "**Series D Bonds**");

In addition, on June 8, 2010, the District issued its 2010 General Obligation Bond Anticipation Notes in anticipation of the issuance of an additional series of bonds pursuant to the 2006 Authorization (the **"2010 Notes"**). The 2010 Notes are scheduled to mature on May 1, 2015 (subject to optional redemption prior to such date), and are designated as follows:

- $11,997,665.40 Piedmont Unified School District (County of Alameda, California) 2010 General Obligation Bond Anticipation Notes, dated June 8, 2010.

The Bonds will be issued pursuant to the 2006 Authorization, and the net proceeds thereof will be used to redeem the 2010 Notes on August 23, 2013 (the **"Redemption Date"**). Pursuant to Irrevocable Refunding Instructions dated as of August 21, 2013 (the **"Refunding Instructions"**) and executed by the District, on the Closing Date, the District will cause the net proceeds of the Bonds to be deposited in an escrow fund (the **"2010 Note Escrow Fund"**) established with U.S. Bank National Association, in its capacity as paying agent for the 2010 Notes (the **"2010 Note Paying Agent"**). The 2010 Note Paying Agent will hold amounts in the 2010 Note Escrow Fund in cash, uninvested until August 23, 2013 (the **"Redemption Date"**), and on the Redemption Date it will apply such funds to pay the redemption price of the 2010 Notes.

The Bonds represent the fifth and final series of bonds issued pursuant to the 2006 Authorization. See "SOURCES AND USES OF FUNDS" below.

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	$11,998,678.35
Net Original Issue Premium	1,718,311.05
Total Sources	$13,716,989.40
Uses of Funds	
Refunding of 2010 Notes	$13,512,262.05
Costs of Issuance*	204,727.35
Total Uses	$13,716,989.40

******All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, Financial Advisor, and rating agencies.***

THE BONDS

Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 of the Government Code and under the Bond Resolution.

Description of the Bonds

General. The Bonds are being issued as Capital Appreciation Bonds. The Bonds mature in the years and in the amounts and bear or accrete interest at the rates per annum all as set forth on the inside cover page hereof. Interest shall be computed based on a 360-day year of twelve 30-day months.

The Bonds are dated the date of delivery, and accrete interest from such date. The Bonds are issuable in denominations of $5,000 Maturity Value (defined below) or any integral multiple thereof (except that one Bond may be issued in a denomination such that the Maturity Value of which is not an integral multiple of $5,000). The Bonds are payable at maturity, or upon earlier redemption as described herein.

The Bonds do not bear current interest, but accrete in value, compounded on each February 1 and August 1, commencing on February 1, 2014, to maturity, from the original principal amounts (the **"Denominational Amount")** on the date of delivery thereof to the stated value at maturity thereof (the **"Maturity Value"**), as set forth on the Table of Accreted Values set forth on Appendix H hereto. See "APPENDIX H – Table of Accreted Values."

The interest portion of the Maturity Value of any Bond which is payable on the date of maturity shall represent interest accrued and coming due on such date. The Maturity Value of any Bond at maturity shall be payable by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

See the maturity schedules on the inside cover page of this Official Statement and "DEBT SERVICE SCHEDULES" herein.

Book-Entry Form. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"). Purchasers of the Bonds (the "**Beneficial Owners**") will not receive physical certificates representing their interest in the Bonds. Payments of accreted value on the Bonds will be paid by U.S. Bank National Association, San Francisco, California (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice. See "APPENDIX F – Book-Entry Only System."

The Paying Agent, the District, and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Redemption

Optional Redemption. The Bonds maturing on August 1 in the years 2027 through 2034 inclusive and 2037 through 2043 inclusive, are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2023, or on any date thereafter, at a price equal to 100% of the accreted value thereof, without premium.

The Bonds maturing on August 1 in the years 2035 and 2036 (the "**Premium Capital Appreciation Bonds**") are subject to redemption prior to maturity, at the option of the District, in whole or in part, from any available source of funds, on August 1, 2023, or on any date thereafter, at the redemption prices set forth on the schedule attached hereto as Appendix I. See "APPENDIX I – Optional Redemption Prices of Premium Capital Appreciation Bonds."

For the purpose of optional redemption occurring on a date other than a compounding date, the redemption price shall be determined by a straight-line interpolation between the values for the applicable semi-annual compounding dates, based on 30-day months. With respect to redemption in part, Bonds shall be selected among maturities on such basis as shall be designated by the District and by lot within a maturity.

Selection of Bonds for Redemption. Whenever less than all of the Outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will 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 will be deemed to consist of individual Bonds of $5,000 portions Maturity Value, which may be separately redeemed.

Notice of Redemption. The Paying Agent will cause notice of any redemption to be mailed, by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Municipal Securities Rulemaking Board and to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Registration Books; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Bonds.

The redemption notice will state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, will designate the Bonds to be redeemed, and will require that any redeemed Bonds be surrendered at the Principal Office of the Paying Agent for redemption, giving notice that further interest on such Bonds will not accrue from and after the redemption date.

Partial Redemption. Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of or accreted value of (and premium, if any) the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Bond Resolution, other than the right to receive payment of the redemption price, and no interest will accrue or accrete thereon on or after the redemption date specified in such notice.

Right to Rescind Notice of Redemption. The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the dated fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent shall have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent, except that the time period for giving the original notice of redemption shall not apply to any notice of rescission thereof.

Registration, Transfer and Exchange of Bonds

If the book-entry system as described above and in Appendix F is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

Registration Books. The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Bonds (the "**Registration Books**"), which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Bonds.

Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

Whenever any Bond or Bonds are surrendered for transfer, the District will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. No transfers will be required to be made (a) 15 days prior to a date established for selection of Bonds for redemption and (b) with respect to a Bond that has been selected for redemption.

Exchange. Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Bond issued upon any exchange. No exchanges will be required to be made (a) 15 days prior to a date established for selection of Bonds for redemption and (b) with respect to a Bond that has been selected for redemption.

Defeasance

The Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

(a) by paying or causing to be paid the principal, accreted value or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in the Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under the Bond Resolution and will be:

(i) lawful money of the United States of America in an amount equal to the principal amount or accreted value of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in such Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or accreted value or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or accreted value or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or accreted value or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the County and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

As used in the foregoing provisions, the term **"Federal Securities"** means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

Bonds Debt Service. The following table shows the annual debt service schedule with respect to the Bonds (assuming no optional redemptions).

PIEDMONT UNIFIED SCHOOL DISTRICT
Debt Service Schedule
General Obligation Bonds, Election of 2006, Series E

Date	Initial Principal	Accreted Interest	Annual Total
8/1/27	$490,742.35	$524,257.65	$1,015,000.00
8/1/28	212,731.20	267,268.80	480,000.00
8/1/29	162,248.00	237,752.00	400,000.00
8/1/30	176,626.00	293,374.00	470,000.00
8/1/31	155,932.45	289,067.55	445,000.00
8/1/32	135,161.35	279,838.65	415,000.00
8/1/33	115,299.60	264,700.40	380,000.00
8/1/34	99,022.00	250,978.00	350,000.00
8/1/35	643,365.50	5,006,634.50	5,650,000.00
8/1/36	612,076.55	5,322,923.45	5,935,000.00
8/1/37	1,443,927.10	4,786,072.90	6,230,000.00
8/1/38	1,416,730.70	5,128,269.30	6,545,000.00
8/1/39	1,388,083.50	5,481,916.50	6,870,000.00
8/1/40	1,359,955.35	5,855,044.65	7,215,000.00
8/1/41	1,334,790.75	6,240,209.25	7,575,000.00
8/1/42	1,313,609.15	6,641,390.85	7,955,000.00
8/1/43	938,376.80	5,126,623.20	6,065,000.00
Total	$11,998,678.35	$51,996,321.65	$63,995,000.00

Combined General Obligation Bonds Debt Service. The following table shows the combined debt service schedule of outstanding general obligation bonds of the District, which includes the outstanding 2005 Refunding Bonds, Series A Bonds, Series B Bonds, Series C Bonds, Series D Bonds and 2009 Refunding Bonds, together with the Bonds, assuming no optional redemptions. *See* Appendix B – "District General and Financial Information – Long-Term Debt" for additional information concerning the general obligation bonds described in this paragraph.

PIEDMONT UNIFIED SCHOOL DISTRICT
General Obligation Bond
Combined Debt Service Schedule

Period Ending (Aug.1)	2005 Refunding Bonds	Series A Bonds	Series B Bonds	Series C Bonds	Series D Bonds[1]	2009 Refunding Bonds	Series E Bonds	Total Outstanding Bonds
2014	$1,599,237.50	$572,281.26	$135,000.00	$1,207,350.00	$575,000.00	$1,623,400.00	-	$5,712,268.76
2015	1,713,437.50	579,781.26	145,000.00	1,115,800.00	575,000.00	1,705,500.00	-	5,834,518.76
2016	1,796,237.50	732,356.26	-	1,281,650.00	575,000.00	1,810,400.00	-	6,195,643.76
2017	1,889,037.50	712,731.26	-	787,250.00	575,000.00	1,916,200.00	-	5,880,218.76
2018	1,559,600.00	714,931.26	-	787,250.00	575,000.00	2,312,350.00	-	5,949,131.26
2019	2,492,000.00	1,266,112.50	-	787,250.00	575,000.00	-	-	5,120,362.50
2020	2,600,000.00	1,343,312.50	-	787,250.00	575,000.00	-	-	5,305,562.50
2021	-	1,417,562.50	-	787,250.00	575,000.00	-	-	2,779,812.50
2022	-	1,490,562.50	-	787,250.00	575,000.00	-	-	2,852,812.50
2023	-	1,587,062.50	-	787,250.00	575,000.00	-	-	2,949,312.50
2024	-	1,684,500.00	-	787,250.00	575,000.00	-	-	3,046,750.00
2025	-	532,950.00	1,250,000.00	787,250.00	575,000.00	-	-	3,145,200.00
2026	-	-	1,905,000.00	787,250.00	10,575,000.00	-	-	13,267,250.00
2027	-	-	2,020,000.00	787,250.00	-	-	$1,015,000.00	3,822,250.00
2028	-	-	2,150,000.00	1,387,250.00	-	-	480,000.00	4,017,250.00
2029	-	-	2,280,000.00	1,538,250.00	-	-	400,000.00	4,218,250.00
2030	-	-	2,425,000.00	1,532,250.00	-	-	470,000.00	4,427,250.00
2031	-	-	2,425,000.00	1,779,250.00	-	-	445,000.00	4,649,250.00
2032	-	-	-	4,465,250.00	-	-	415,000.00	4,880,250.00
2033	-	-	-	4,744,250.00	-	-	380,000.00	5,124,250.00
2034	-	-	-	5,034,750.00	-	-	350,000.00	5,384,750.00
2035	-	-	-	-	-	-	5,650,000.00	5,650,000.00
2036	-	-	-	-	-	-	5,935,000.00	5,935,000.00
2037	-	-	-	-	-	-	6,230,000.00	6,230,000.00
2038	-	-	-	-	-	-	6,545,000.00	6,545,000.00
2039	-	-	-	-	-	-	6,870,000.00	6,870,000.00
2040	-	-	-	-	-	-	7,215,000.00	7,215,000.00
2041	-	-	-	-	-	-	7,575,000.00	7,575,000.00
2042	-	-	-	-	-	-	7,955,000.00	7,955,000.00
2043	-	-	-	-	-	-	6,065,000.00	6,065,000.00
	$13,649,550.00	$12,634,143.80	$14,735,000.00	$32,745,800.00	$17,475,000.00	$9,367,850.00	$63,995,000.00	$164,602,343.80

(1) The Series D Bonds are Qualified School Construction Bonds and the District receives a subsidy from the federal government for a portion of each interest payment on the Series D Bonds. In addition, the County collects an amount each year that is set aside in a sinking fund, to be applied to the final maturity of the Series D Bonds on 5/1/2026.

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

Other Bonds Payable from Ad Valorem Property Taxes. The District has previously issued other general obligation bonds, which are payable from *ad valorem* taxes on a parity basis.

In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Direct and Overlapping Debt Obligations" below.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for each series of the Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the respective series of Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property. See "PROPERTY TAXATION - Levies and Delinquencies" below.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

Debt Service Fund

The County will establish a Debt Service Fund (the **"Debt Service Fund"**) for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal and accreted value of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt of such taxes. The Debt Service Fund is pledged for the payment of the accreted value of and premium (if any) on the Bonds when and as the same become due. The District will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay accreted value of and premium (if any) on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the District shall transfer such amounts to its general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal or accreted value of and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing (1) state assessed public utilities' property and (2) property the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Historic Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization, as described above. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed, see Appendix B under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

The following table sets forth a nine-year history of the assessed value in the District.

PIEDMONT UNIFIED SCHOOL DISTRICT
Assessed Valuations
Fiscal Years 2004-05 through 2012-13

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2004-05	$2,216,839,781	$0	$4,232,666	$2,221,072,447	--
2005-06	2,405,669,823	0	4,472,975	2,410,142,798	8.51%
2006-07	2,588,754,716	0	4,758,429	2,593,513,145	7.61
2007-08	2,774,434,485	0	4,684,478	2,779,188,963	7.16
2008-09	2,926,864,211	0	3,922,696	2,930,786,907	5.46
2009-10	3,013,260,726	0	3,866,636	3,017,147,362	2.95
2010-11	3,014,094,145	0	3,700,715	3,017,794,860	0.02
2011-12	3,081,529,298	0	3,428,903	3,084,958,201	2.22
2012-13	3,200,144,235	0	3,284,951	3,203,429,186	3.84

Source: California Municipal Statistics, Inc.

Parcels by Land Use

The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2012-13.

PIEDMONT UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2012-13

	2012-13 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$13,661,617	0.43%	13	0.32%
Vacant Commercial	12,683	0.00	1	0.02
Government/Social/Institutional	120,757	0.00	52	1.30
Subtotal Non-Residential	$13,795,057	0.43%	66	1.65%
Residential:				
Single Family Residence	$3,137,183,537	98.03%	3,819	95.40%
2-4 Residential Units	25,704,975	0.80	35	0.87
5+ Residential Units/Apartments	9,951,705	0.31	6	0.15
Vacant Residential	13,508,961	0.42	77	1.92
Subtotal Residential	$3,186,349,178	99.57%	3,937	98.35%
Total	$3,200,144,235	100.00%	4,003	100.00%

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

Per Parcel Assessed Valuation of Single-Family Homes

The following table sets forth the per parcel assessed valuation of single-family homes in fiscal year 2012-13.

PIEDMONT UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2012-13

	No. of Parcels	2012-13 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	3,819	$3,137,183,537	$821,467	$670,051

2012-13 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	298	7.803%	7.803%	$ 20,388,735	0.650%	0.650%
$100,000 - $199,999	401	10.500	18.303	57,770,466	1.841	2.491
$200,000 - $299,999	255	6.677	24.980	62,964,384	2.007	4.498
$300,000 - $399,999	243	6.363	31.343	85,589,822	2.728	7.227
$400,000 - $499,999	267	6.991	38.335	119,367,282	3.805	11.032
$500,000 - $599,999	251	6.572	44.907	138,279,578	4.408	15.439
$600,000 - $699,999	271	7.096	52.003	175,478,429	5.594	21.033
$700,000 - $799,999	233	6.101	58.104	174,693,649	5.568	26.601
$800,000 - $899,999	264	6.913	65.017	223,660,888	7.129	33.731
$900,000 - $999,999	209	5.473	70.490	198,463,437	6.326	40.057
$1,000,000 - $1,099,999	172	4.504	74.993	179,806,552	5.731	45.788
$1,100,000 - $1,199,999	163	4.268	79.262	186,045,230	5.930	51.719
$1,200,000 - $1,299,999	131	3.430	82.692	162,500,963	5.180	56.898
$1,300,000 - $1,399,999	110	2.880	85.572	147,745,347	4.709	61.608
$1,400,000 - $1,499,999	91	2.383	87.955	131,155,710	4.181	65.789
$1,500,000 - $1,599,999	68	1.781	89.736	104,877,563	3.343	69.132
$1,600,000 - $1,699,999	53	1.388	91.123	86,660,077	2.762	71.894
$1,700,000 - $1,799,999	44	1.152	92.275	76,782,571	2.448	74.342
$1,800,000 - $1,899,999	29	0.759	93.035	53,422,009	1.703	76.044
$1,900,000 - $1,999,999	36	0.943	93.977	70,004,653	2.231	78.276
$2,000,000 and greater	230	6.023	100.000	681,526,192	21.724	100.000
Total	3,819	100.000%		$3,137,183,537	100.000%	

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

Appeals of Assessed Value

There are two types of appeals of assessed values that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" in Appendix B.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" in Appendix B.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds of the District) may be paid.

Typical Tax Rate

The table below shows a five-year history of the total *ad valorem* tax rates levied by all taxing entities in Tax Rate Area 18-000 (the tax rate area that represents the entire District).

PIEDMONT UNIFIED SCHOOL DISTRICT
2012-13 Tax Rate per $100 Assessed Valuation (TRA 18-000)
Fiscal Years 2008-09 through 2012-13

	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13
Countywide	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Piedmont Unified School District Bonds	.1073	.1465	.1319	.1534	.1529
Peralta Community College District Bonds	.0362	.0430	.0430	.0436	.0434
Bay Area Rapid Transit District	.0090	.0057	.0031	.0041	.0043
East Bay Regional Park District	.0100	.0108	.0084	.0071	.0051
East Bay Municipal Utility District, Special District 1	.0064	.0065	.0067	.0067	.0068
Total Tax Rate	$1.1322	$1.2125	$1.1931	$1.2149	$1.2125

(1) 2012-13 assessed valuation of TRA 18-000 is $3,203,429,186
Source: *California Municipal Statistics, Inc.*

Tax Levies and Delinquencies

The following table shows secured tax charges and delinquencies for secured property in the District with respect to the District's levy for debt service on outstanding general obligation bonds. Secured property taxes not relating to the 1% general fund apportionment (which is provided for under the County's Teeter Plan described below) which are collected by the County are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when the secured property taxes are actually collected.

PIEDMONT UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2007-08 through 2011-12

Fiscal Year	Secured Tax Charge (1)	Amount Delinquent June 30	% Delinquent June 30
2007-08	$2,384,932	$29,743	1.25%
2008-09	3,105,121	47,985	1.55
2009-10	4,370,349	60,883	1.39
2010-11	3,932,633	32,983	0.84
2011-12	4,689,831	52,223	1.11

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

For the District's share of the 1% general fund apportionment, 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 the State Revenue and Taxation Code, which requires the County to pay 100% of such secured property taxes due to local agencies in the fiscal year such taxes are due. Pursuant to these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

Because of this method of tax collection, the K-12 districts located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies for the 1% general fund apportionment if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in any penalties due to delinquent payments. This method of tax collection and distribution is subject to future discontinuance at the County's option or if demanded by the participating taxing agencies.

Because the County does not participate in the Teeter Plan with respect to tax levies for debt service, secured property taxes actually collected for such purpose are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when such secured property taxes are actually collected. As a consequence, the District's receipt of taxes levied for its general obligation bonds, including the Bonds, is subject to delinquencies.

Top 20 Property Owners

The 20 taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2012-13 tax roll, and the assessed valuations thereof, are shown below.

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater the amount of tax collections that are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

PIEDMONT UNIFIED SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2012-13

	Property Owner	Primary Land Use	2012-13 Assessed Valuation	% of Total (1)
1.	Zachary Zeisler, Trust	Residence	$ 10,811,030	0.34%
2.	Lipbu and Loo Ysa Tan, Trust	Residence	8,100,000	0.25
3.	Arun and Rummi Sarin, Trust	Residence	7,600,000	0.24
4.	Derek G. and Rachel J. Benham, Trust	Residence	6,405,790	0.20
5.	Techne Inc.	Residence	6,399,673	0.20
6.	Jacky and Kitty Li, Trust	Residence	6,197,485	0.19
7.	Michael and Elyse O'Sullivan	Residence	6,100,177	0.19
8.	Frank D. and Lesley Yeary	Residence	6,000,000	0.19
9.	Jack E. and Zelie K. Myers, Trust	Residence	5,910,000	0.18
10.	Wayne D. and Delaney M.Q. Jordan, Trust	Residence	5,818,204	0.18
11.	Wildwood Avenue LLC	Residence	5,530,560	0.17
12.	Christine E. and Robert L. Gray, Jr., Trust	Residence	5,253,000	0.16
13.	Kenneth B. Rawlings, Trust	Residence	5,022,278	0.16
14.	Basil C. and Shriley C. Christopoulos	Residence	5,000,000	0.16
15.	Feuille Real Estate Investors LLC	Residence	4,864,376	0.15
16.	Jerry M. and Janis C. Kennelly, Trust	Residence	4,840,819	0.15
17.	Bucellattie International Inc.	Residence	4,830,770	0.15
18.	Grace S. and Michael K. Park	Residence	4,830,612	0.15
19.	Amnon and Kathryn Rodan, Trust	Residence	4,806,014	0.15
20.	Roland A. and Christine W. Vonmetzsch, Trust	Residence	4,800,000	0.15
			$119,120,788	3.72%

(1) 2012-13 local secured assessed valuation: $3,200,144,235.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. and dated September 1, 2013, for debt issued on or before May 10, 2013. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. 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.

PIEDMONT UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated As of September 1, 2013

2012-13 Assessed Valuation: $3,203,429,186

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/13	(1)
Bay Area Rapid Transit District	0.637%	$ 2,600,712	
Peralta Community College District	4.498	18,157,526	
Piedmont Unified School District	**100.000**	**73,474,288**	(2)
East Bay Municipal Utility District, Special District No. 1	4.207	780,609	
East Bay Regional Park District	0.985	1,274,098	
City of Piedmont 1915 Act Bonds	95.208-100.	4,753,573	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$101,040,806	
OVERLAPPING GENERAL FUND DEBT:			
Alameda County General Fund Obligations	1.620%	$10,351,152	
Alameda County Pension Obligations	1.620	1,770,297	
Alameda-Contra Costa Transit District Certificates of Participation	1.893	532,974	
Peralta Community College District Pension and Benefit Obligations	4.498	7,131,763	
TOTAL OVERLAPPING GENERAL FUND DEBT		$19,786,186	
COMBINED TOTAL DEBT		$120,826,992	(3)

(1) Report prepared 5/10/13. Excludes any bonds sold after 5/10/13.
(2) Excludes the Bonds described herein.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2012-13 Assessed Valuation:

Direct Debt ($73,474,288)	**2.29%**
Total Direct and Overlapping Tax and Assessment Debt	3.15%
Combined Total Debt	3.77%

Source: California Municipal Statistics, Inc.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds, to provide certain financial information and operating data relating to the District (an **"Annual Report"**) to the Municipal Securities Rulemaking Board not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2014 with the report for the 2012-13 fiscal year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Purchasers of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has prior undertakings pursuant to the Rule. In the previous five years, the District has made all annual report filings in a complete and timely manner (other than as may be noted below), and has made all required event filings. Notwithstanding the foregoing, even though annual reports have been timely filed by the District in each of the previous five years, the reports for certain years may not have been properly linked on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access database/website to certain of the District's outstanding issues for such years, although this administrative error has since been corrected. The District has engaged KNN Public Finance, A Division of Zions First National Bank, to serve as its dissemination agent with respect to prior undertakings, as well as with respect to the Bonds.

CERTAIN LEGAL MATTERS

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect, executed by an authorized officer of the District, will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

Legal Opinion

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel for the District (**"Bond Counsel"**). The opinion of Bond Counsel with respect to the Bonds will be delivered in substantially the form attached hereto as Appendix D. Certain legal matters will also be passed upon for the District by Jones Hall as Disclosure Counsel (**"Disclosure Counsel"**), and for the Underwriter by Kutak Rock LLP, Denver, Colorado as Underwriter's Counsel (**"Underwriter's Counsel"**). The fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds.

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the **"Tax Code"**) that must be satisfied subsequent to the issuance of the Bonds. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes **"original issue discount"** for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes **"original issue premium"** for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such 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 purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Form of Opinion. A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

Other Tax Considerations

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

Future legislation, if enacted into law, or clarification of the Tax Code may cause interest on the Bonds to be subject to, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds 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 Tax Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

RATINGS

Moody's Investors Services ("**Moody's**") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("**S&P**") have assigned ratings of "Aa2" and "AA," respectively, to the Bonds. The District has provided certain additional information and materials to Moody's and S&P (some of which does not appear in this Official Statement). Such ratings reflect only the views of Moody's and S&P and an explanation of the significance of such ratings and outlooks may be obtained only from Moody's and S&P, respectively. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by Moody's or S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $13,512,262.05 which is equal to the initial principal amount of the Bonds of $11,998,678.35, plus original issue premium of $1,718,311.05, less an Underwriter's discount of $46,959.59, and less $157,767.76 to be applied by the Underwriter to pay costs of issuance. The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

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

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolution, the Refunding Instructions and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the District and following delivery of the Bonds will be on file at the offices of the Paying Agent in San Francisco, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District. The District may impose charges 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 purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by the District.

PIEDMONT UNIFIED SCHOOL DISTRICT

By: ______________________
Superintendent

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDING JUNE 30, 2012

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PIEDMONT UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT JUNE 30, 2012

PIEDMONT UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

Governing Board
Piedmont Unified School District
Piedmont, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Piedmont Unified School District (the District) as of and for the year ended June 30, 2012, 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-12,* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 Piedmont Unified School District, as of June 30, 2012, and the respective changes in financial position, 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 December 14, 2012, 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.

5000 Hopyard Road, Suite 335 Pleasanton, CA 94588 Tel: 925.734.6600 Fax: 925.734.6611 www.vtdcpa.com

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The *schedule of expenditures and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* and other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 14, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

This section of Piedmont Unified School District's (the District) 2012 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term liabilities). 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 each of the two categories of activities: governmental and fiduciary.

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

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

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

The Primary unit of the government is the Piedmont Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. 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.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were $10,740,319 and $5,924,760 for the fiscal years ended June 30, 2012 and 2011, respectively. Of this amount, $5,455,714 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2012	**2011**
Current and other assets	$ 18,596,077	$ 18,816,073
Capital assets	79,916,176	75,813,140
Total Assets	98,512,253	94,629,213
Current liabilities	6,880,962	5,837,696
Long-term liabilities	80,890,972	82,866,757
Total Liabilities	87,771,934	88,704,453
Net assets		
Invested in capital assets, net of related debt	953,044	(1,738,892)
Restricted	4,331,561	3,161,018
Unrestricted	5,455,714	4,502,634
Total Net Assets	$ 10,740,319	$ 5,924,760

The $5,455,714 in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations.

Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 12. Table 2 takes the information from the Statement, and rearranges them slightly so you can see our total revenues and expenses for the year.

Table 2

	Governmental Activities	
Revenues	**2012**	**2011**
Program revenues		
Charges for services	$ 595	$ 745
Operating grants and contributions	2,804,444	2,638,757
Capital grants and contributions	8,450,954	4,703,074
General revenues:		
Federal and State aid	8,356,765	8,240,137
Property taxes	21,873,425	20,706,154
Other general revenues	4,695,250	4,826,233
Total Revenues	46,181,433	41,115,100
Expenses		
Instruction related	30,299,942	25,274,965
Student support services	1,576,798	1,691,741
Administration	2,092,316	2,715,708
Maintenance and operations	3,652,738	3,796,682
Other	3,744,080	3,191,631
Total Expenses	41,365,874	36,670,727
Change in Net Assets	$ 4,815,559	$ 4,444,373

Governmental Activities

As reported in the *Statement of Activities* on page 12, the cost of all of our governmental activities this year was $41,365,874. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $21,873,425 because the cost was paid by those who benefited from the programs, $595 or by other governments and organizations who subsidized certain programs with grants and contributions $11,255,398. We paid for the remaining "public benefit" portion of our governmental activities with $8,356,765 in Federal and State aid and with other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Instruction	$ 26,265,848	$ 21,334,927	$ 15,715,991	$ 14,167,800
Instruction related activities	4,034,094	3,940,038	3,995,210	3,914,403
Pupil services	1,576,798	1,691,741	1,540,207	1,657,713
General administration	2,092,316	2,715,708	2,089,493	2,711,668
Plant services	3,652,738	3,796,682	3,565,068	3,685,548
Other	3,744,080	3,191,631	3,203,219	3,191,019
Totals	$ 41,365,874	$ 36,670,727	$ 30,109,188	$ 29,328,151

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $14,395,426 which is a decrease of $992,662 from last year.

The primary reasons for the changes between 2011 and 2012 are:

1) Federal revenues in 2012 were reduced significantly due to one-time revenues in prior year. Again, there were additional costs in salaries and benefits.
2) *Adult education fund's local and state revenues have decreased and certificated salaries were also reduced.
3) *The deferred maintenance fund increased $103,000 because of reduction in expenditures.
4) The building fund decreased $3.1M due to additional expenditures.
5) Our other funds did not have significant changes.

*Fund that is consolidated into General Fund for GASB 54 reporting purpose.

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 in June 2012. 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 46.

The primary reasons for the changes in the revenues and expenditures between the original and final budgets and the actual amounts are:

- Budgeted revenues increased between original budget and final budget of $1,126,525, of which $170,000 from federal revenue (Mental Health funding), and the remaining from local revenues (parents' contributions for mid-year cuts; parents and other support groups' contributions to preservation fund for furlough days; and donations which paid for expenditures for salaries, benefits, and supplies/services).
- There were also modifications, based on close monitoring of actual costs throughout the year.

The District originally projected a decrease in the general fund of $816,929 and the actual net change in fund balance is an increase of $675,645. Although revenues were $2,292,928 more than originally projected, expenditures were $1,124,232 more than originally projected. The District froze expenditures and monitored every transaction closely to control the budget during the State Budget crisis. Increases in revenue are from one-time local donations and new Federal programs.

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had $79,916,176 in a broad range of capital assets, including land and improvements, buildings and improvements, furniture and equipment, and construction in progress. This amount represents a net increase (including additions, deductions and depreciation) of $4,103,036 from last year due to efforts of the District's Seismic Safety Bond Program in rehabilitating buildings with structural deficiencies and retrofitting an elementary school.

Table 4

	Governmental Activities	
	2012	2011
Land and improvements	$ 3,382,904	$ 3,511,324
Buildings and improvements	66,019,647	63,118,467
Furniture and equipment	167,886	164,213
Construction in progress	10,345,739	9,019,136
Totals	$ 79,916,176	$ 75,813,140

Additional detail on capital assets can be found in Note 4 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $83,677,008 of long term debt outstanding versus $85,469,212 last year, a decrease of 2.1 percent due to issuance of new debt. The long term obligations outstanding consisted of:

Table 5

	Governmental Activities	
	2012	2011
General obligation bonds	$ 68,842,245	$ 70,978,312
Bond anticipation notes	12,950,437	12,479,329
General obligation bond premiums	1,684,140	1,835,588
Accumulated vacation	158,599	175,983
Postemployment benefits	42,280	-
Totals	$ 83,677,701	$ 85,469,212

We present more detailed information regarding our long-term obligations in Note #7 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2011-2012 ARE NOTED BELOW:

The District developed a balanced budget for 2012-13 with limited impact on the educational program, including completion of successful negotiations with all employee groups. The District was also able to complete positive certifications for the First and Second Interim Reports. The District acknowledges its strong working relationships with the Association of Piedmont Parent Clubs, the Piedmont Education Foundation, and other support groups. Also, the District was able to reserve $3.6M for 2012-13.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2012-13 year, the Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Revenue Limit has 3.24% COLA with a deficit of 22.272%. State Categorical programs have 0% COLA.
2. ADA increases from 2479 to 2504.
3. Increase revenue for Mental Health. On-going revenue for Mandate Block Grant (approx. $69K).
4. Additional Parents 'contribution for furlough days, approx $255K.
5. Transfer in $244K from Parcel Tax Reserve Fund.
6. Transfer in $120K from Adult Education Fund for support costs.
7. Transfer out $30K to Capital Facilities Fund for sports field's replacement cost.
8. Continuation of furlough days as in 2011-12 less 2 days paid by Parents.
9. Cap benefits for all employee groups.

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:

Constance Hubbard
Superintendent
Piedmont Unified School District
Piedmont, CA 94611
OR
chubbard@piedmont.12.ca.us.

PIEDMONT UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
ASSETS	
Deposits and investments	$ 12,806,585
Receivables	4,776,400
Prepaid expenses	37,624
Deferred charges	975,468
Capital assets not depreciated	10,680,762
Capital assets, net of accumulated depreciation	69,235,414
Total Assets	98,512,253
LIABILITIES	
Accounts payable	3,225,183
Interest payable	869,050
Current portion of long-term obligations	2,786,729
Noncurrent portion of long-term obligations	80,890,972
Total Liabilities	87,771,934
NET ASSETS	
Invested in capital assets, net of related debt	953,044
Restricted for:	
Debt service	3,036,783
Capital projects	1,262,173
Educational programs	23,475
Special revenue	9,130
Unrestricted	5,455,714
Total Net Assets	$ 10,740,319

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

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PIEDMONT UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets Governmental Activities
Governmental Activities:					
Instruction	$ 26,265,848	$ -	$ 2,098,903	$ 8,450,954	$ (15,715,991)
Instruction-related activities:					
Supervision of instruction	662,363	-	-	-	(662,363)
Instructional library, media, and technology	461,209	-	-	-	(461,209)
School site administration	2,910,522	-	38,884	-	(2,871,638)
Pupil services:					
Home-to-school transportation	62,036	-	12,554	-	(49,482)
Food services	132,992	595	5,777	-	(126,620)
All other pupil services	1,381,770	-	17,665	-	(1,364,105)
General administration:					
Data processing	286,317	-	-	-	(286,317)
All other general administration	1,805,999	-	2,823	-	(1,803,176)
Plant services	3,652,738	-	86,977	-	(3,565,761)
Ancillary services	309,369	-	-	-	(309,369)
Interest on long-term obligations	3,434,711	-	-	-	(3,434,711)
Other outgo	-	-	540,861	-	540,861
Total Governmental-Type Activities	$ 41,365,874	$ 595	$ 2,804,444	$ 8,450,954	(30,109,881)
	General revenues and subventions:				
	Property taxes, levied for general purposes				7,484,347
	Property taxes, levied for debt service				4,841,110
	Taxes levied for other specific purposes				9,547,968
	Federal and State aid not restricted to specific purposes				8,356,765
	Interest and investment earnings				25,684
	Miscellaneous				4,669,566
	Subtotal, General Revenues				34,925,440
	Change in Net Assets				4,815,559
	Net Assets - Beginning				5,924,760
	Net Assets - Ending				$ 10,740,319

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

PIEDMONT UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

	General Fund	Building Fund	County School Facilities Fund
ASSETS			
Deposits and investments	$ 2,441,346	$ 5,194,521	$ 964,678
Receivables	4,568,032	197,467	2,982
Due from other funds	10,575	-	-
Prepaid expenses	37,624	-	-
Total Assets	$ 7,057,577	$ 5,391,988	$ 967,660
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 1,351,741	$ 1,851,105	$ -
Due to other funds	25,768	2,661	-
Total Liabilities	1,377,509	1,853,766	-
Fund Balances:			
Nonspendable	62,624	-	-
Restricted	23,475	3,538,222	967,660
Committed	777,415	-	-
Assigned	3,571,216	-	-
Unassigned	1,245,338	-	-
Total Fund Balances	5,680,068	3,538,222	967,660
Total Liabilities and Fund Balances	$ 7,057,577	$ 5,391,988	$ 967,660

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
$ 3,911,657	$ 294,383	$ 12,806,585
1,628	6,291	4,776,400
-	25,768	36,343
-	-	37,624
$ 3,913,285	$ 326,442	$ 17,656,952
$ -	22,337	$ 3,225,183
7,452	462	36,343
7,452	22,799	3,261,526
-	-	62,624
3,905,833	8,234	8,443,424
-	896	778,311
-	294,513	3,865,729
-	-	1,245,338
3,905,833	303,643	14,395,426
$ 3,913,285	$ 326,442	$ 17,656,952

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PIEDMONT UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2012

Total Fund Balance - Governmental Funds		**$ 14,395,426**
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$94,630,216	
Accumulated depreciation is	(14,714,040)	
Net Capital Assets		79,916,176
Deferred charges related to the issuance of debt are expensed over the life of the debt on the government-wide financial statements, but are recorded as an expenditure in the governmental fund statements when the debt was issued.		975,468
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(869,050)
Long-term liabilities at year end consist of:		
Bonds payable	(68,842,245)	
Bond anticipation notes	(12,950,437)	
Compensated absences (vacations)	(158,599)	
Bond premium net of amortization	(1,684,140)	
Postemployment benefits	(42,280)	
Total Long-Term Liabilities		(83,677,701)
Total Net Assets - Governmental Activities		**$ 10,740,319**

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

PIEDMONT UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Building Fund	County School Facilities Fund
REVENUES			
Revenue limit sources	$ 13,399,642	$ -	$ -
Federal sources	782,685	-	-
Other state sources	3,481,984	-	8,450,954
Other local sources	14,258,198	280,269	6,656
Total Revenues	31,922,509	280,269	8,457,610
EXPENDITURES			
Current			
Instruction	20,948,515	-	-
Instruction-related activities:			
Supervision of instruction	625,461	-	-
Instructional library, media and technology	435,506	-	-
School site administration	2,748,044	-	-
Pupil services:			
Home-to-school transportation	58,364	-	-
Food services	-	-	-
All other pupil services	1,304,662	-	-
General administration:			
Data processing	270,345	-	-
All other general administration	1,705,207	-	-
Plant services	2,495,495	830,891	28,189
Facility acquisition and construction	55,446	2,570,755	7,469,216
Ancillary services	292,111	-	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	30,939,156	3,401,646	7,497,405
Excess (Deficiency) of Revenues Over Expenditures	983,353	(3,121,377)	960,205
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(48,473)	-	-
Net Financing Sources (Uses)	(48,473)	-	-
NET CHANGE IN FUND BALANCES	934,880	(3,121,377)	960,205
Fund Balance - Beginning	4,745,188	6,659,599	7,455
Fund Balance - Ending	$ 5,680,068	$ 3,538,222	$ 967,660

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ 13,399,642
521,617	5,737	1,310,039
33,562	-	11,966,500
4,818,484	141,645	19,505,252
5,373,663	147,382	46,181,433
-	-	20,948,515
	-	
-	-	625,461
-	-	435,506
-	-	2,748,044
	-	
-	-	58,364
-	132,992	132,992
-	-	1,304,662
	-	
-	-	270,345
-	-	1,705,207
-	36,075	3,390,650
-	-	10,095,417
-	-	292,111
	-	
2,490,000	-	2,490,000
2,676,821	-	2,676,821
5,166,821	169,067	47,174,095
206,842	(21,685)	(992,662)
-	48,473	48,473
-	-	(48,473)
-	48,473	-
206,842	26,788	(992,662)
3,698,991	276,855	15,388,088
$ 3,905,833	$ 303,643	$ 14,395,426

PIEDMONT UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balance - Governmental Funds		**$ (992,662)**
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 expense in the statement of activities.		
This is the amount by which capital outlays exceeds depreciation expense in the period.		
Depreciation expense	$ (1,835,915)	
Capital outlays	9,966,857	
Net Expense Adjustment		8,130,942
Loss on disposal of capital assets is reported in the government-wide statement of net assets, but is not recorded in the governmental funds.		(4,027,906)
In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		17,384
Premiums on bonds are amortized over the term of the bond in the government-wide statements, but are recorded as an other source of funds in the year of issue on the governmental fund statements.		(106,130)
Payment of costs for the issuance of bonds is an expenditure in the governmental funds, but is recorded as a prepaid expense and amortized on the statement of net assets over the life of the bonds.		151,448
Payment of principal on long-term liabilities 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.		2,490,000
Interest on long-term debt is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.		(803,208)
In the statement of activities, unfunded Annual Required Contribution (ARC) is recognized as an expense, but is not recognized in the governmental funds.		(44,309)
Change in Net Assets of Governmental Activities		**$ 4,815,559**

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

PIEDMONT UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012

	Agency Funds
ASSETS	
Deposits and investments	$ 412,197
LIABILITIES	
Due to student groups	$ 412,197

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Piedmont Unified School District (the District) was unified on July 1, 1936 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 three elementary schools, one middle school, one high school, one continuation school, and an adult 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 Piedmont Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

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

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 two broad fund categories: governmental and fiduciary.

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

Major Governmental Funds

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

One fund currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Revenue Fund for Other Than Capital Outlay Projects. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as extensions of the General Fund, and accordingly, have been combined with the General Fund for presentation in these audited financial statements.

In addition, under the flexibility provisions of current statute that allow certain formerly restricted revenues to be used for any educational purpose, Fund 11, Adult Education Fund/Fund 14, Deferred Maintenance Fund do not currently meet the definition of special revenue funds as these funds are no longer primarily composed of restricted or committed revenue sources.

As the District has not taken formal action to commit the flexed revenues formerly restricted to these programs to the continued operation of the original programs, the revenues within these funds would be considered to be available for general educational purposes, resulting in Fund 11, Adult Education Fund/Fund 14, Deferred Maintenance Fund being combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in assets, liabilities, fund balances, revenues and expenditures of \$857,280, \$35,948, \$821,332, \$690,844, \$556,975, respectively.

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

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

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

Non-Major Governmental Funds

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

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

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

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District only has one fiduciary fund, which is an agency fund.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

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

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

Net assets should be reported as restricted when constraints placed on net 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 activities result from special revenue funds and the restrictions on their net asset use.

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

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

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. Generally, available is defined as collectible within 45 or 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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 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. As of June 30, 2012, the District did not have 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, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

Investments held at June 30, 2012, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Restricted Assets

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

Prepaid Expenditures

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000 for equipment and $15,000 for site improvements and buildings. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 50 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 governmental activities column of the statement of net assets, except for the net residual amounts due between governmental activities, which are presented as internal balances.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Deferred Issuance Costs, Premiums and Discounts

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

Fund Balances - Governmental Funds

As of June 30, 2012, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Assets

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

Interfund Activity

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

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

Estimates

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

Budgetary Data

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

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

Property Tax

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

New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,* were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. The District is currently evaluating the impact of this Statement on the financial statements. Early implementation is encouraged.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The provisions of this Statement are effective for financial statements for periods beginning after December 14, 2011. The District does not believe that it will have a significant impact on the financial statements. Earlier implementation is encouraged.

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

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

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 14, 2012. The District is currently evaluating the impact of this Statement on the financial statements. Earlier implementation is encouraged.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.* The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statements No. Statement 54 and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.*

This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases,* and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* respectively.

The provisions of this Statement are effective for financial statements for periods beginning after December 14, 2012. The District is currently evaluating the impact of this Statement on the financial statements. Earlier implementation is encouraged.

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

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

Statement No. 67, *Financial Reporting for Pension Plans,* revises existing standards of financial reporting for most pension plans. This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

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

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

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

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2012, are classified in the accompanying financial statements as follows:

Governmental activities	$ 12,806,585
Fiduciary funds	412,197
Total Deposits and Investments	$ 13,218,782

Deposits and investments as of June 30, 2012, consist of the following:

Cash on hand and in banks	$ 419,173
Cash in revolving fund	25,000
Investments	12,774,609
Total Deposits and Investments	$ 13,218,782

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 Sections 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.

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment 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 manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments by maintaining funds in the investment pool listed below. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no specific limitations with respect to this metric.

Investment Type	Fair Value	Weighted Average Maturity in Years
County Pool	$ 12,774,609	1.57

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the county pool are not required to be rated, nor have they been rated as of June 30, 2012.

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. The District has no investments in any one issuer that represent five percent (5%) or more of the total investments that are required to be disclosed at June 30, 2012.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2012, $73,683 of the District's $486,777 bank balance 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's custodial credit risk is limited as all funds were invested in the county investment pool.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2012, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Federal Government						
Categorical aid	$ 238,963	$ -	$ -	$ -	$ 949	$ 239,912
State Government						
Apportionment	2,371,745	-	-	-	-	2,371,745
Categorical aid	397,352	-	-	-	-	397,352
Lottery	162,303	-	-	-	-	162,303
Other State	577,080	-	-	-	-	577,080
Local Government						
Interest	3,061	996	2,982	1,628	158	8,825
Other local sources	817,528	196,471	-	-	5,184	1,019,183
Total	$ 4,568,032	$ 197,467	$ 2,982	$ 1,628	$ 6,291	$ 4,776,400

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 335,023	$ -	$ -	$ 335,023
Construction in Progress	9,019,136	9,942,473	8,615,870	10,345,739
Total Capital Assets Not Being Depreciated	9,354,159	9,942,473	8,615,870	10,680,762
Capital Assets Being Depreciated:				
Land Improvements	4,727,164	-	-	4,727,164
Buildings and Improvements	75,621,155	8,615,870	5,823,572	78,413,453
Furniture and Equipment	784,453	24,384	-	808,837
Total Capital Assets Being Depreciated	81,132,772	8,640,254	5,823,572	83,949,454
Total Capital Assets	90,486,931	18,582,727	14,439,442	94,630,216
Less Accumulated Depreciation:				
Land Improvements	1,550,863	128,420	-	1,679,283
Buildings and Improvements	12,502,688	1,686,784	1,795,666	12,393,806
Furniture and Equipment	620,240	20,711	-	640,951
Total Accumulated Depreciation	14,673,791	1,835,915	1,795,666	14,714,040
Governmental Activities Capital Assets, Net	$ 75,813,140	$ 16,746,812	$ 12,643,776	$ 79,916,176

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

Governmental Activities	
Instruction	$ 1,245,118
Supervision of instruction	36,902
Instructional library, media, and technology	25,703
School site administration	162,478
Home-to-school transportation	3,672
All other pupil services	77,108
Ancillary	17,258
Data processing	15,972
All other general administration	100,792
Plant services	150,912
Total Depreciation Expenses Governmental Activities	$ 1,835,915

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payable balances at June 30, 2012, between major and non-major governmental funds, are as follows:

Due To	Due From General Fund	Due From Non-Major Governmental Funds	Total
General Fund	$ -	$ 25,768	$ 25,768
Building Fund	2,661	-	2,661
Bond Interest & Redemption Fund	7,452	-	7,452
Non-Major Governmental Funds	462	-	462
Total	$ 10,575	$ 25,768	$ 36,343

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, 2012, consisted of the following:

Transfer To	Transfer From Non-Major Governmental Funds
General Fund	$ 48,473

The General Fund transferred to the Special Reserve - Capital Project fund for future repairs of Witter field.	$ 48,473

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2012, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 1,120,879	$ 1,851,105	$ 22,337	$ 2,994,321
Salaries and benefits	230,862	-	-	230,862
Total	$ 1,351,741	$ 1,851,105	$ 22,337	$ 3,225,183

NOTE 7 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2011	Additions	Accretions	Deductions	Balance June 30, 2012	Due in One Year
General obligation bonds	$ 70,978,312	$ -	$ 353,933	$ 2,490,000	$ 68,842,245	$ 2,635,281
Bond anticipation notes	12,479,329	-	471,108	-	12,950,437	-
Subtotal	83,457,641	-	825,041	2,490,000	81,792,682	2,635,281
Bond premium, net	1,835,588	-	-	151,448	1,684,140	151,448
Accumulated vacation - net	175,983	-	-	17,384	158,599	-
Postemployment benefits obligation/(asset)	(2,029)	44,309	-	-	42,280	-
	$ 85,469,212	$ 44,309	$ 825,041	$ 2,658,832	$ 83,677,701	$ 2,786,729

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Accumulated vacation is paid by the fund for which the employee worked.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2011	Accretions	Redeemed	Bonds Outstanding June 30, 2012
1/11/2005	8/1/2020	3.0-4.0%	$18,415,000	$ 14,480,000	$ -	$ 865,000	$ 13,615,000
7/27/2006	8/1/2031	4.0-6.5%	$14,999,934	16,113,312	353,933	255,000	16,212,245
10/14/2009	8/1/2034	1.0-5.0%	$19,000,000	18,280,000	-	305,000	17,975,000
10/14/2009	8/1/2018	2.0-3.0%	$13,145,000	12,105,000	-	1,065,000	11,040,000
4/20/2011	5/1/2026	5.75%	$10,000,000	10,000,000	-	-	10,000,000
				$ 70,978,312	$353,933	$ 2,490,000	$ 68,842,245

Debt Service Requirements to Maturity

The bonds mature through 2036 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2013	$ 2,635,281	$ 2,664,664	$ 5,299,945
2014	2,909,222	2,602,248	5,511,470
2015	3,137,265	2,528,630	5,665,895
2016	3,342,296	2,442,786	5,785,082
2017	3,885,000	2,245,432	6,130,432
2018-2022	15,450,000	9,286,384	24,736,384
2023-2027	15,981,827	8,594,216	24,576,043
2028-2032	6,775,236	11,478,014	18,253,250
2033-2037	12,905,000	1,016,625	13,921,625
Total	67,021,127	$ 42,858,999	$ 109,880,126
Accretions to date	1,821,118		
Total	$ 68,842,245		

Bond Anticipation Notes

In May 2010, the District issued $11,997,665 of Bond Anticipation Notes to provide bridge financing for construction projects until the next General Obligation Bond is issued. The District is required to repay the notes, plus accreted interest, at a rate of 3.740 percent on May 1, 2015. The outstanding amount of the bond anticipation notes was $12,950,437 at June 30, 2012.

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2012, amounted to $158,599.

Other Postemployment Benefits (OPEB) Obligation

As of June 30, 2012, the net OPEB obligation for the District was $42,280; see Note 9 for additional information regarding the OPEB obligation and the postemployment benefits.

NOTE 8 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 25,000	$ -	$ -	$ -	$ -	$ 25,000
Prepaid expenditures	37,624	-	-	-	-	37,624
Total Nonspendable	62,624	-	-	-	-	62,624
Restricted						
Legally restricted programs	23,475	-	-	-	8,234	31,709
Capital projects	-	3,538,222	967,660	-	-	4,505,882
Debt services	-	-	-	3,905,833	-	3,905,833
Total Restricted	23,475	3,538,222	967,660	3,905,833	8,234	8,443,424
Committed						
Child Development Program	-	-	-	-	896	896
Deferred maintenance program	250,649	-	-	-	-	250,649
Other	526,766	-	-	-	-	526,766
Total Committed	777,415	-	-	-	896	778,311
Assigned						
Other	3,571,216	-	-	-	-	3,571,216
Capital projects	-	-	-	-	294,513	294,513
Total Assigned	3,571,216	-	-	-	294,513	3,865,729
Unassigned						
Reserve for economic uncertainties	1,245,338	-	-	-	-	1,245,338
Total Unassigned	1,245,338	-	-	-	-	1,245,338
Total	$ 5,680,068	$ 3,538,222	$ 967,660	$ 3,905,833	$ 303,643	$ 14,395,426

NOTE 9 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB OBLIGATION)

Plan Description

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by Piedmont Unified School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the plan consists of 76 retirees and beneficiaries currently receiving benefits and 242 active plan members.

	Certified	Classified	Management
Benefit types provided	Medical and dental	Medical and dental	Medical and dental
Duration of Benefits	To Medicare Age*	To Medicare Age**	To Medicare age***
Required Service	10 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	No	No*	No*
District Contribution %	100%	100%	100%
District Cap	Least costly single coverage	Least costly single coverage	Least costly single coverage

* Those hired prior to 7/1/01 may receive $100 per month toward the cost of Medicare Supp coverage

** Those hired prior to 7/1/89 receive lifetime coverage and may cover dependents. Those hired after 7/1/89 and before 7/1/08 may receive $100 per month toward Medicare Supp for number of years equal to length of service.

*** Those hired prior to 7/1/08 may receive $150 per month toward Medicare Supp.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District, the District's bargaining units and the unrepresented groups. For fiscal year 2011-12 the Annual Required Contribution was $490,654 and the District contributed $446,345 to the plan, all of which was used for current premiums (approximately 91 percent of current year's annual required contributions).

Annual OPEB Cost and Net OPEB Asset/Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the District's net OPEB asset to the Plan:

Annual required contribution	$ 490,654
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	490,654
Contributions made	(446,345)
Decrease in net OPEB obligation	44,309
Net OPEB asset, beginning of year	(2,029)
Net OPEB obligation, end of year	$ 42,280

Trend Information

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

Year Ended June 30	Actual Contribution	Annual OPEB Cost	Percentage Contributed	Net OPEB (Asset)/Obligation
2010	$ 353,083	$ 393,526	90%	$ 31,829
2011	413,617	379,759	109%	(2,029)
2012	446,345	490,654	91%	42,280

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Although this is the fourth year of implementation, there is no multiyear trend information reported because the information for 2012 and 2013 is based upon the same actuarial valuation date of September 1, 2011.

Actuarial Methods and Assumptions

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

In the September 1, 2011, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 5 percent investment rate of return, (net of administrative expenses). The healthcare cost trend rate was 4 percent until reaching the ultimate trend. The UAAL is being amortized at a level percentage with payroll assuming a 3 percent annual increase in payroll. The remaining amortization period at July 1, 2012, was 27 years. The actuarial value of assets was not determined in this actuarial valuation. Currently, the District is considered to be an unfunded plan since there are no assets and retiree benefits are paid annually on a cash basis.

NOTE 10 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. During fiscal year ending June 30, 2012, the District contracted with Alameda County Schools Insurance Group JPA (ACSIG) for property and liability insurance coverage. Extended property and liability coverage was provided by NorCal Relief. Settled claims have not exceeded this commercial 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 2012, the District participated in the ACSIG, an insurance purchasing pool. The intent of the ACSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the ACSIG. 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 ACSIG. 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. 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 ACSIG. Participation in the ACSIG is limited to districts that can meet the ACSIG selection criteria.

Coverage provided by ACSIG, NorCal Relief and Schools Association for Excess Risk (SAFER) for property and liability and workers' compensation is as follows:

Insurance Program / Company Name	Type of Coverage	Limits
Alameda County Schools Insurance Group (ACSIG)	2163758	Statutory Limit
Excess Property and Liability Program		
NorCal Relief	Property	\$25,000 - \$275,000
NorCal Relief	Liability	\$25,000 - \$1,025,000
Property and Liability Program		
Schools Association For Excess Risk (SAFER)	Excess Property	\$5,250,000 - \$250,000,000
Schools Association For Excess Risk (SAFER)	Excess Liability	\$5,000,000 - \$25,000,000

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, California 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-2012 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2012, 2011and 2010, were \$1,200,819, \$1,136,771 and \$1,229,732, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under the 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 survivor 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, California 95811.

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 fiscal year 2011-2012 was 10.923 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2012, 2011, and 2010, were $483,401, $473,133, and $455,712, respectively, and equal 100 percent of the required contributions for each year.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its alternative plan. 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 CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $720,995 (4.855 percent of annual payroll. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS.) Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the General Fund Budgetary Comparison Schedule.

NOTE 12 - 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, 2012.

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, 2012.

Construction Commitments

As of June 30, 2012, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Beach Elementary School Seismic Renovation	$ 2,163,758	08/01/12
	$ 2,163,758	

NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Alameda County Schools Insurance Group, public entity risk pool. The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. The relationship between the District, and the JPA is such that it is not a component unit of the District for financial reporting purposes.

This entity has budgeting and financial reporting requirements independent of member units and its financial statements are not presented in these financial statements; however, fund transactions between the entity and the District is included in these statements. Audited financial statements are generally available from the entity.

During the year ended June 30, 2012 the District made payments of $537,776 to Alameda County Schools Insurance Group for workers' compensation, property, and liability insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

PIEDMONT UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
REVENUES				
Revenue limit sources	$ 13,457,908	$ 13,499,395	$ 13,399,641	$ (99,754)
Federal sources	612,808	782,684	782,685	1
Other State sources	2,379,564	2,329,758	2,329,759	1
Other local sources	11,767,460	12,732,428	13,998,583	1,266,155
Total Revenues[1]	28,217,740	29,344,265	30,510,668	1,166,403
EXPENDITURES				
Current				
Certificated salaries	14,698,214	15,030,031	14,975,147	54,884
Classified salaries	4,392,976	4,624,474	4,519,012	105,462
Employee benefits	6,415,584	6,629,066	6,653,716	(24,650)
Books and supplies	864,736	1,634,397	1,234,712	399,685
Services and operating expenditures	2,410,808	2,961,280	2,507,435	453,845
Other outgo	(120,000)	(120,000)	(120,000)	-
Capital outlay	-	10,730	16,528	(5,798)
Total Expenditures[1]	28,662,318	30,769,978	29,786,550	983,428
Excess (Deficiency) of Revenues Over Expenditures	(444,578)	(1,425,713)	724,118	2,149,831
Other Financing Sources (Uses):				
Transfers in	-	-		-
Transfers out	(372,351)	(267,055)	(48,473)	218,582
Net Financing Sources (Uses)	(372,351)	(267,055)	(48,473)	218,582
NET CHANGE IN FUND BALANCES	(816,929)	(1,692,768)	675,645	2,368,413
Fund Balance - Beginning	4,427,441	4,427,441	4,427,441	-
Fund Balance - Ending	$ 3,610,512	$ 2,734,673	$ 5,103,086	$ 2,368,413

[1] On behalf payments of $720,995 are excluded from this schedule. In addition, activities related to the consolidation of Fund 11, Adult Education Fund, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects are also excluded from this schedule.

PIEDMONT UNIFIED SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (|b - a| / c)
September 1, 2011	$ -	$ 5,250,572	$ 5,250,572	$ -	$ 19,848,562	26%

SUPPLEMENTARY INFORMATION

PIEDMONT UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

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):			
Title I - Part A, Basic Grants Low Income and Neglected	84.010	14981	$ 35,427
Title II - Part A, Improving Teacher Quality	84.367	14341	39,070
Title III - Limited English Proficiency (LEP) Student Program	84.365	10084	7,407
Education Jobs Fund	84.410	25152	7,206
Special Education - State Grants			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	511,631
Preschool Local Entitlement Part B, Sec 611	84.027A	13682	14,958
Preschool Grants Part B, Sec 619	84.173	13430	8,750
Mental Health Allocation Plan, Part B, Section 611	84.027A	14468	111,607
ARRA - Basic Local Assistance	84.391	15003	46,494
ARRA - Preschool Grants	84.392	15000	135
Total U.S. Department of Education			782,685
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Program	10.553	13390	5,737
Total U.S. Department of Agriculture			5,737
Total Expenditures of Federal Awards			$ 788,422

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2012

ORGANIZATION

The Piedmont Unified School District was established July 1, 1936, and consists of an area comprising approximately 1.7 square miles. The District operates three elementary schools, one middle school, one high school, one continuation school, and an adult school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Richard Raushenbush	President	2016
Andrea Swenson	Vice President	2016
Sarah Pearson	Member	2016
Roy Tolles	Member	2014
Ray Gadbois	Member	2014

ADMINISTRATION

NAME	TITLE
Constance Hubbard	Superintendent
Michael Brady	Assistant Superintendent, Business
Michelle Nguyen	Director, Fiscal Services

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2012

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	156	158
First through third	546	550
Fourth through sixth	555	559
Seventh and eighth	388	388
Special education	4	7
Total Elementary	1,649	1,662
SECONDARY		
Regular classes	729	726
Continuation education	76	76
Special education	4	5
Total Secondary	809	807
Total K-12	2,458	2,469

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2012

Grade Level	1982-83 Actual Minutes	Reduced 1982-83 Actual Minutes	1986-87 Minutes Requirement	Reduced 1986-87 Minutes Requirement	2011-12 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	30,625	28,583	36,000	33,600	35,670	178	In Compliance
Grades 1 - 3							
Grade 1	40,619	37,911	50,400	47,040	50,595	178	In Compliance
Grade 2	40,619	37,911	50,400	47,040	50,595	178	In Compliance
Grade 3	40,619	37,911	50,400	47,040	51,645	178	In Compliance
Grades 4 - 6							
Grade 4	49,019	45,751	54,000	50,400	53,055	178	In Compliance
Grade 5	49,019	45,751	54,000	50,400	53,055	178	In Compliance
Grade 6	49,019	45,751	54,000	50,400	65,990	178	In Compliance
Grades 7 - 8							
Grade 7	63,486	59,254	54,000	50,400	65,990	178	In Compliance
Grade 8	63,486	59,254	54,000	50,400	65,990	178	In Compliance
Grades 9 - 12							
Grade 9	63,355	59,131	64,800	60,480	65,675	178	In Compliance
Grade 10	63,355	59,131	64,800	60,480	65,675	178	In Compliance
Grade 11	63,355	59,131	64,800	60,480	65,675	178	In Compliance
Grade 12	63,355	59,131	64,800	60,480	65,675	178	In Compliance

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Summarized below are the reconciliations between the Unaudited Actual Financial Report Supplemental Form Asset and Form Debt and the audited financial statements.

FORM ASSET		
Total Capital Assets, June 30, 2012, Unaudited Actuals	$	82,738,641
Increase (decrease) in:		
Construction in Progress		(5,545,118)
Buildings and Improvements		1,065,997
Furniture and Equipment		(1,515)
(Increase)/Decrease in:		
Accumulated depreciation - Buildings & Improvements		1,655,831
Accumulated depreciation - Furniture & Equipment		2,340
Total Capital Assets, June 30, 2012, Audited Financial Statement	$	79,916,176
FORM DEBT		
Total Long-Term Liabilities, June 30, 2012, Unaudited Actuals	$	85,741,523
Decrease in:		
OPEB obligation		42,280
Compensated Absences		(10,931)
General Obligation Bonds		(2,095,171)
Total Long-Term Liabilities, June 30, 2012, Audited Financial Statement	$	83,677,701

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

	(Budget) 2013[1]	2012[4]	2011	2010
GENERAL FUND[4]				
Revenues[3]	$ 29,218,563	$ 31,201,514	$ 31,478,494	$ 29,313,338
Other sources and transfers in	244,343	-	-	834,585
Total Revenues and Other Sources	29,462,906	31,201,514	31,478,494	30,147,923
Expenditures[3]	31,379,235	30,218,161	29,859,789	29,734,659
Other uses and transfers out	274,343	48,473	200,000	298,677
Total Expenditures and Other Uses	31,653,578	30,266,634	30,059,789	30,033,336
INCREASE (DECREASE) IN FUND BALANCE	$ (2,190,672)	$ 934,880	$ 1,418,705	$ 114,587
ENDING FUND BALANCE	$ 3,489,396	$ 5,680,068	$ 4,745,188	$ 2,994,046
AVAILABLE RESERVES [2]	$ 3,477,973	$ 1,268,184	$ 4,148,687	$ 3,049,409
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO[3]	10.99%	4.29%	14.08%	10.37%
LONG-TERM DEBT	$ 80,890,972	$ 83,677,701	$ 85,469,212	$ 77,596,919
K-12 AVERAGE DAILY ATTENDANCE AT P-2	2,481	2,458	2,479	2,467

The General Fund balance has increased by $2,686,022 over the past two years. The fiscal year 2012-2013 budget projects a decrease of $2,190,672 (38.6 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years and anticipates incurring an operating deficit during the 2012-2013 fiscal year.

Average daily attendance has decreased by 9 over the past two years. An increase of 23 ADA is anticipated during fiscal year 2012-2013.

[1] Budget 2013 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

[3] On-behalf payments of $720,995, $603,703, and $633,727, have been excluded from the calculation of available reserves for fiscal years ending June 30, 2012, 2011, and 2010.

[4] General Fund amounts include activity related to the consolidation of the Adult Education Fund, the Deferred Maintenance Fund, and the Special Reserve Fund for Other Than Capital Outlay Projects.

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	Cafeteria Fund	Special Reserve Capital Outlay Fund	Total Non-Major Governmental Funds
ASSETS			
Deposits and investments	$ 22,692	$ 271,691	$ 294,383
Receivables	6,137	154	6,291
Due from other funds	-	25,768	25,768
Total Assets	$ 28,829	$ 297,613	$ 326,442
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 19,237	$ 3,100	$ 22,337
Due to other funds	462	-	462
Total Liabilities	19,699	3,100	22,799
Fund Balances:			
Restricted	8,234	-	8,234
Committed	896	-	896
Assigned	-	294,513	294,513
Total Fund Balance	9,130	294,513	303,643
Total Liabilities and Fund Balances	$ 28,829	$ 297,613	$ 326,442

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012

	Cafeteria Fund	Special Reserve Capital Fund	Total Non-Major Governmental Funds
REVENUES			
Federal sources	$ 5,737	$ -	$ 5,737
Other local sources	130,928	10,717	141,645
Total Revenues	136,665	10,717	147,382
EXPENDITURES			
Current			
Pupil services:			
Food services	132,992	-	132,992
Plant services	-	36,075	36,075
Total Expenditures	132,992	36,075	169,067
Excess (Deficiency) of Revenues Over Expenditures	3,673	(25,358)	(21,685)
Other Financing Sources (Uses):			
Transfers in	-	48,473	48,473
Net Financing Sources (Uses)	-	48,473	48,473
NET CHANGE IN FUND BALANCES	3,673	23,115	26,788
Fund Balance - Beginning	5,457	271,398	276,855
Fund Balance - Ending	$ 9,130	$ 294,513	$ 303,643

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2012

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of federal revenue received but not required to be reported on Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance:		$ 1,310,039
Federal interest reimbursement of Quality School Construction Bonds	N/A	(521,617)
Total Schedule of Expenditures of Federal Awards		$ 788,422

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

NOTE 1 - PURPOSE OF SCHEDULES (CONTINUED)

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

INDEPENDENT AUDITORS' REPORTS

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

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
Piedmont Unified School District
Piedmont, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Piedmont Unified School District as of and for the year ended June 30, 2012, which collectively comprise Piedmont Unified School District's basic financial statements and have issued our report thereon dated December 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2012-1 and 2012-2 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Piedmont 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.*

Piedmont Unified School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Piedmont Unified School District's responses and, accordingly, express no opinion on the responses.

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 and Federal awarding agencies, 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
December 14, 2012

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

VALUE THE DIFFERENCE

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

Governing Board
Piedmont Unified School District
Piedmont, California

Compliance

We have audited Piedmont Unified School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Piedmont Unified School District's major Federal programs for the year ended June 30, 2012. Piedmont 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 Piedmont Unified School District's management. Our responsibility is to express an opinion on Piedmont 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 Piedmont 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 Piedmont Unified School District's compliance with those requirements.

In our opinion, Piedmont Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012.

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Internal Control Over Compliance

The management of Piedmont 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 Piedmont Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Piedmont Unified School District's internal control over compliance.

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

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

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, and Federal awarding agencies, 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
December 14, 2012

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

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Piedmont Unified School District
Piedmont, California

We have audited Piedmont Unified School District's compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2011-12* applicable to Piedmont Unified School District's government programs as noted below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of Piedmont Unified School District's management. Our responsibility is to express an opinion on Piedmont Unified School District's compliance 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 the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-12* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Piedmont 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 opinions. Our audit does not provide a legal determination of Piedmont Unified School District's compliance with those requirements.

In our opinion, Piedmont Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2012.

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

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	6	Yes
Teacher Certification and Missassignments	3	Yes
Kindergarten continuance	3	Yes
Independent study	23	Yes
Continuation education	10	Yes, see below

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	Procedures in Audit Guide	Procedures Performed
Instructional Time:		
School districts	6	Yes, see below
County offices of education	3	Not Applicable
Instructional Materials:		
General requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes
Juvenile Court Schools	8	Not Applicable
Exclusion of Pupils – Pertussis Immunization	2	Yes
Class Size Reduction Program (including in charter schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not Applicable
Districts or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Not Applicable
After school	5	Not Applicable
Before school	6	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	3	Not Applicable
Mode of instruction	1	Not Applicable
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	4	Not Applicable

Continuation Education: We did not performed the three steps related to the work experience education because the district did not claim any work experience apportionment.

Instructional Time: We did not perform one step related to optional classes to satisfy incentive funding requirements due to that the district does not offer this.

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 and Federal awarding agencies, 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
December 14, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIEDMONT UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2012

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	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 Section .510(a) of OMB Circular A-133?	No

Identification of major programs:

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

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

STATE AWARDS

Type of auditors' report issued on compliance for programs:	Unqualified

The following findings, represents significant deficiencies, related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2012-1 Internal Control – Associated Student Body - 30000
Significant Deficiency

Criteria or Specific Requirements
Associated Student Body (ASB) funds are subject to greater loss due to the nature of the transactions being primarily cash and due to the decentralization of the accounting process. Strong internal controls over financial reporting of the ASB cash disbursement procedures include maintaining adequate evidence supporting the approval process. Strong internal controls also include segregation of duties. Segregation of duties enhances the ability to safeguard assets by providing a system that is designed to prevent or detect errors or misappropriation of funds.

Condition
During the audit of the ASB accounts at Piedmont Middle School and Millennium Continuation High School, we noted conditions indicating that segregation of duties is limited in some instances, and that operating controls are not functioning at their optimum levels. In particular, we noted the following:

Piedmont Middle School

- Pre-numbered receipts or an alternate tracking system is not used for tracking cash receipts,
- 4 out of 4 disbursements reviewed did not have evidence of approval in ASB minutes,
- 2 out of 3 fundraisers did not have evidence of approval in the ASB minutes,
- 2 out of 3 fundraisers did not have a revenue potential form completed,
- 1 year-round fundraiser did not have a summary report to track cash received,
- 1 out of 3 disbursements for goods did not have receiving documents,
- 1 out of 3 fundraisers had an incident where a total amount of $1,000 was collected but only $885 was deposited. The difference of $115 was missing,
- 2 out of 2 ticketed events did not have a ticket log maintained.

Millennium Continuation High School

- None of the bank reconciliations reviewed were properly prepared and there was missing evidence of a secondary review on the reconciliation,
- 1 monthly cash receipt reviewed did not reconcile to the monthly deposit by $810,
- 1 out of 7 disbursements reviewed had no supporting document attached and the documentation was not able to be located during our visit,
- 3 out of 7 checks were not clearly readable to verify whether or not they were signed by the proper signors,
- 3 out of 7 transactions were advance payment and resulted in $181 overpayment, which was stored in an envelope located in a binder instead of being deposited in the bank or a secure location.

Questioned costs
None

Context
All ASB cash receipts and disbursements processed at Piedmont Middle School, Piedmont High School, and Millennium Continuation High School.

Effect
Without properly designed internal controls in all phases of ASB activities, opportunities exist for the intentional misuse of student funds that may go undetected.

Cause
Maintaining a documentation trail that includes proper cash receipting, disbursement approvals and supporting documentation was not operating as intended. In addition, there appears to be a lack of segregation of duties over the cash disbursement process.

Recommendation
While we recognize it may not be economically feasible to have multiple individuals involved in the day to day processing of ASB transactions, a mitigating control that may assist in limiting the opportunities for errors or intentional misappropriation of student funds would be to have a second individual perform a monthly review of the checkbook activity and bank reconciliations and to document that review by initialing the bank reconciliations. The District should also ensure that policies and procedures over cash disbursements are implemented at all sites.

District Response
The Piedmont Unified School District accepts the findings as reported, and notes the following update of conditions:

Piedmont Middle School

- PMS has implemented a tracking system with pre-numbered receipts
- PMS now requires pre-approvals of all expenditures and multiple student signatures
- PMS is not aware of any year-round fundraising that requires cash tracking
- There are no missing ASB funds

Millennium High School

- MHS does not maintain or possess any cash
- MHS maintains all checks are signed by proper signors

The District will assign additional fiscal services staffing to support both school sites, similar to the services found at Piedmont High School

2012-2 Internal Control – Capital Asset - 30000
Significant Deficiency

Criteria or Specific Requirements
Capital assets represent one of the largest investments of a Local Education Agency (LEA); as such control and accountability are of significant concern. Generally accepted accounting principles regarding internal controls, Education Code Section 35168, and federal funding agencies require LEA's to maintain records that properly account for capital assets. Capital asset records serve as a management tool and have important bearing on management decisions, such as long-range acquisition and abandonment projections. The need for data on capital assets is important regardless of the size of the LEA.

Condition
The Work In Progress (WIP) report that was provided included the following errors:

- The report did not include approximately $8 million dollars because the report only included fund 21 (Building Fund) instead of both fund 21 and fund 35 (State School Facilities Fund)
- The amount capitalized for Wildwood Elementary School was deemed incorrect,
- Prior year accumulated depreciation amounts were deleted and only current year depreciation amounts were recorded. As a result, the beginning balance for accumulated depreciation did not agree to prior year audited financial statement.
- There was no evidence of review of the WIP schedule.

Questioned costs
None

Context
Our review of the capital asset revealed the condition noted above

Effect

- Difficulty in accounting for and controlling all assets under their care.
- Difficulty in determining insurable values and securing insurance appraisals.
- Difficulty to substantiate loss in the event of fire, theft, or other catastrophe.

Cause
Staff did not receive adequate training to maintain the fixed asset schedule.

Recommendation
We recommend the District provide sufficient staffing and adequate training to maintain the capital asset schedule or assign the responsibility to an experienced staff member.

District Response
The District will hire a full-time position staff member to assume the responsibility of maintaining the capital assets schedule.

The District accepts the audit finding.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

None reported.

PIEDMONT UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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

Financial Statement Findings

2011-1 Internal Control – Associated Student Body - 30000
Significant Deficiency

Criteria or Specific Requirements
Associated Student Body (ASB) funds are subject to greater loss due to the nature of the transactions being primarily cash and due to the decentralization of the accounting process. Strong internal controls over the financial reporting of the ASB cash disbursement procedures include maintaining adequate evidence supporting the approval process. Strong internal controls also include segregation of duties. Segregation of duties enhances the ability to safeguard assets by providing a system that is designed to prevent or detect errors or misappropriation of funds.

Condition
During the audit of the ASB accounts at Piedmont Middle School and Millennium Continuation High School, we noted conditions indicating that segregation of duties is limited in some instances, and that operating controls are not functioning at their optimum levels. In particular, we noted the following:

Piedmont Middle School

- Pre-numbered receipts or an alternate tracking system is not used for tracking cash receipts,
- The ASB Bookkeeper approves disbursements,
- None of the 22 disbursements reviewed had evidence of approval in ASB minutes,
- 2 out of 22 disbursements reviewed had no supporting document attached, and the documents were unable to be located during our visit,
- We reviewed 4 disbursements for goods and noted that none had receiving documents,
- 3 out of 28 disbursements reviewed appeared to be for classroom supplies/field trip costs and potentially inappropriate types of expenditures for ASB activities,
- No evidence of an independent review of monthly bank reconciliations.

Piedmont High School

- 5 out of 19 disbursements reviewed had the check amount not matching the supporting document amount,
- 8 out of 19 disbursements reviewed had no receiving document attached,
- At June 30, 2011, there were 38 checks totaling $1,286 that were greater than one year old.

Millennium Continuation High School

- The ASB Bookkeeper has custody of cash, authorizes disbursements, signs checks, and records entries into the general ledger,
- None of the bank reconciliations reviewed were properly reconciled to the general ledger,
- 1 monthly cash receipt reviewed did not reconcile to the monthly deposit by $6,525,
- 5 out of 15 disbursements reviewed had no supporting document attached, and the documents were unable to be located during our visit,
- We reviewed 3 disbursements for goods and noted that none had receiving documents,
- None of the 15 disbursements reviewed had the required two signatures on the check,

- 1 out of 15 disbursements reviewed did not have the required two approval signatures on the supporting document,
- 10 out of 15 disbursements reviewed appeared to be for types of expenditures that are not usual ASB types of expenditures. These expenditures were subsequently reimbursed by the District.

Questioned costs
None

Context
All ASB cash receipts and disbursements processed at Piedmont Middle School, Piedmont High School, and Millennium Continuation High School.

Effect
Without properly designed internal controls in all phases of ASB activities, opportunities exist for the intentional misuse of student funds that may go undetected.

Cause
Maintaining a documentation trail that includes proper cash receipting, disbursement approvals and supporting documentation was not operating as intended. In addition, there appears to be a lack of segregation of duties over the cash disbursement process.

Recommendation
While we recognize it may not be economically feasible to have multiple individuals involved in the day to day processing of ASB transactions, a mitigating control that may assist in limiting the opportunities for errors or intentional misappropriation of student funds would be to have a second individual perform a monthly review of the checkbook activity and bank reconciliations and to document that review by initialing the bank reconciliations. The District should also ensure that policies and procedures over cash disbursements are implemented at all sites.

Current Status
Partially implemented; see current year findings 2012-1.

State Awards Findings

2011-2 Attendance - 10000
Attendance Rosters

Criteria or Specific Requirements
Currently, California Education Code 44809 requires districts to maintain printed, signed attendance records from teachers even when online attendance systems are used unless formal approval of the online attendance system is obtained from the California Department of Education to change to a completely paperless system. It is the responsibility of site personnel to verify that teachers are certifying their attendance on at least a bi-monthly basis.

Condition
At Piedmont Middle School, we noted that although the site uses an online attendance system, 5 out of 5 2010-11 attendance rosters reviewed were not printed or signed by the teacher. The site had implemented a mitigating control whereby the attendance clerk reviews the online system on a daily basis to ensure online attendance is completed by all teachers. Also, some teachers maintain attendance as part of their general grade books. In addition, the attendance clerk compares the absence report, enrollment report, and add/drop report to the final monthly report prior to submission to the District.

Questioned Costs
The amount of P2 ADA reported for Piedmont Middle School was 592.

Context
Although we noted no errors in the online system attendance records, none of 5 teacher's courses reviewed signed the attendance rosters.

Effect
The District is not in compliance with the requirements for maintenance of certified attendance records.

Cause
Site personnel were not aware that it was a requirement to print out electronic attendance records and certify/sign them.

Recommendation
We recommend that the District remind teachers to review and certify/sign the attendance rosters submitted to the site attendance clerk on at least a bi-monthly basis. We also recommend that the District consider whether it should apply for an electronic system with the State. The application process to eliminate the need to periodically print and certify attendance rosters requires submitting information to the California Department of Education, including a copy of the current system approval, and an evaluation of the attendance system.

Current Status
Implemented

2011-3 Attendance - 10000
Independent Study

Criteria or Specific Requirements
California Education Code (EC) 51747 requires that an independent study agreement containing required elements be signed by the pupil, the pupil's legal guardian, and certificated personnel prior to the commencement of independent study. In addition, EC requires that sample work products be reviewed and signed by the supervising teacher.

Condition
At Havens Elementary School we noted that none of the 4 independent study pupil work samples reviewed had the required supervising teacher's signature.

Questioned Costs
The ADA for all short-term independent study contracts at Havens Elementary School was 1.28.

Context
There were 21 teachers at Havens Elementary School and we reviewed short term independent study contracts from 4 teacher's classes.

Effect
The District is not in compliance with the requirements for claiming short-term independent study ADA.

Cause
The policies and procedures over the independent study program were not followed.

Recommendation
We recommend that the District provide training to personnel responsible for overseeing independent study at the school site to ensure that they are aware of the requirements and the need to follow established policies and procedures.

Current Status
Implemented

2011-4 **Attendance – 10000 –**
Kindergarten Continuance

Criteria or Specific Requirements
California Education Code 48011 requires that when a pupil is retained at the kindergarten level for more than one year, the District is required to maintain a parental agreement to continue form approved in form and content by the California Department of Education (CDE).

Condition
At Havens Elementary School, Wildwood Elementary School, and Beach Elementary School, we noted that in 3 out of 3, 2 out of 2 and 1 out of 1 parental agreement to continue forms reviewed respectively, none of the forms used were approved by the CDE. In addition, at Wildwood Elementary School, in 1 out of 2 parental agreement to continue forms reviewed, we were not able to determine whether the agreement was signed prior to the start of the school year.

Questioned Costs
The ADA claimed for all retained kindergarten pupils at Havens, Wildwood and Beach Elementary Schools is less than 6.

Context
Kindergarten continuance ADA reported for Havens, Wildwood and Beach Elementary Schools at the second period was less than 6.

Effect
The District is not in compliance with the requirements for claiming kindergarten continuance ADA.

Cause
The school sites used a parental agreement to continue form that was not approved by the CDE and the policies and procedures for maintaining agreements signed prior to the start of the school year were not followed.

Recommendation
We recommend that the District either use the agreement to continue form approved by the CDE or obtain CDE approval of the current form in use. We also recommend that the District provide training to personnel responsible for overseeing kindergarten continuance at the school site to ensure that they are aware of the requirements and the need to follow established policies and procedures.

Current Status
Implemented

2011-5 School Accountability Report Card - 72000

Criteria or Specific Requirements
California Education Code Section 33126(b)(9) requires that information contained on a school site's Facility Inspection Tool (FIT) evaluation form be comparable to the safety, cleanliness and adequacy of school facilities information contained in the School Accountability Report Card (SARC).

Condition
At Piedmont Middle School, we noted that information on the FIT evaluation form regarding repairs needed and a corresponding action plan to complete these repairs was not reflected in the FY2009/10 School Accountability Report Card.

Questioned Costs
None

Context
Our review of School Accountability Report Cards revealed the condition noted above.

Effect
The District is not in compliance with the consistency requirements for School Accountability Report Cards.

Cause
Neither District nor site personnel reviewed the School Accountability Report Card to ensure information included on the FIT evaluation form is reported on the SARC.

Recommendation
We recommend that the District design an internal control for District personnel to review the FIT evaluation form and the School Accountability Report Card to verify that the information included in the SARC is consistent with information in the FIT evaluation form.

Current Status
Implemented

APPENDIX B

DISTRICT GENERAL AND FINANCIAL INFORMATION

The information in this and other sections concerning the District's operations and operating budget 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. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.

GENERAL DISTRICT INFORMATION

Introduction

The District is located in Alameda County in the San Francisco Bay Area and serves the residents of the City of Piedmont, an area of approximately 1.8 square miles with a population of approximately 10,889 as of January 1, 2013. The District was created in 1920 and unified in 1936 and has enrollment for fiscal year 2012-13 of approximately 2,605 students who attend the District's schools. There are three elementary schools containing grades K-5, one middle school with grades 6-8, one traditional high school, one alternative high school and one adult education school.

Administration

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

Name	Office	Term Expires
Richard Raushenbush	President	February, 2016
Andrea Swenson	Vice President	February, 2016
Ray Gadbois	Member	February, 2014
Sarah Pearson	Member	February, 2016
Roy Tolles	Member	February, 2014

The day-to-day operations are managed by a board-appointed Superintendent of Schools. Constance Hubbard is currently serving as Superintendent.

Recent Enrollment Trends

The following table shows enrollment history for the District for the last eight fiscal years, with projected figures for fiscal years 2013-14 and 2014-15.

PIEDMONT UNIFIED SCHOOL DISTRICT
Annual Enrollment
Fiscal Years 2005-06 through 2014-10

School Year	Enrollment	Percent Change
2005-06	2,602	--
2006-07	2,589	(0.5)%
2007-08	2,552	(1.4)
2008-09	2,531	(0.8)
2009-10	2,554	0.9
2010-11	2,559	0.2
2011-12	2,552	(0.3)
2012-13	2,606	2.1
2013-14 (1)	2,610	0.2
2014-15 (1)	2,630	0.8

(1) Projections from the District.
Source: California Department of Education years 2005-06 through 2012-13; The District for year thereafter.

Employee Relations

For fiscal year 2012-13 the District employed 187.3 full-time equivalent (**"FTE"**) certificated employees and 123.9 FTE classified employees. Of the total certificated and classified employees, 19.9 are FTE administrative employees. There are three formal bargaining units operating in the District which are described in the table below.

PIEDMONT UNIFIED SCHOOL DISTRICT
Labor Organizations

Labor Organization	Contract Expiration Date
Association of Piedmont Teachers	July 1, 2014
California School Employees Association	June 30, 2014
Association of Piedmont School Administrators	June 30, 2014

Source: Piedmont Unified School District.

District Retirement Systems

STRS. The District participates in the State of California Teacher's Retirement System ("**STRS**"). This plan covers basically all full-time certificated employees. Active plan members are required to contribute 8.0% of their salary and the District is to contribute a legislatively determined rate, which was 8.25% of payroll for the 2012-13 fiscal year. The District's contribution to STRS for fiscal year 2010-11 was $1,136,771, for fiscal year 2011-12 was $1,200,819, and for fiscal year 2012-13, $1,297,872 is estimated (estimated actual) and $1,265,128 is budgeted for fiscal year 2013-14.

PERS. The District also participates in the State of California Public Employees' Retirement System ("**PERS**"). This plan covers all classified personnel who are employed four or more hours per day. Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate, which was 10.707% of payroll for 2010-11, 10.923% of payroll for 2011-12, 11.417% for fiscal year 2012-13, and 11.442% for 2013-14. The District's contribution to PERS for fiscal year 2010-11 was $473,133, for fiscal year 2011-12 was $483,401 and for fiscal year 2012-13 $526,118 is estimated (estimated actual) and $523,309 is budgeted for fiscal year 2013-14.

At its April 17, 2013 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

The new amortization and smoothing policy will be used for the first time in the June 30, 2013 actuarial valuations. These valuations will be performed in the fall of 2014 and will set employer contribution rates for the fiscal year 2015-16. The District cannot predict how this change in amortization and smoothing policies will affect its contribution levels.

State Pensions Trusts. Both the PERS and STRS systems are operated on a statewide basis. District contribution rates to PERS can vary annually depending on changes in actuarial assumptions and other factors, such as liability. Contributions to STRS can only be changed legislatively. STRS has a substantial State unfunded actuarial liability, being $71.0 billion as of June 30, 2012. PERS also has a substantial state unfunded liability, being approximately $14.6 billion as of June 30, 2012. Since this liability has not been broken down by the state agency, information is not available showing the District's share.

Both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. However, information in the financial reports and on the websites is not incorporated in this Official Statement by reference. See also the following paragraphs on recent pension reform legislation.

Pension Reform Act of 2013 (Assembly Bill 340). On September 12, 2012, Governor Brown signed AB 340, a bill that enacts the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**") and amends various sections of the California Education and Government Codes. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual PERS and STRS pension benefit payouts, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA applies to all public employers *except* the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on that date and after; existing employees who are members of employee associations, including employee associations of the District, has a five-year window to negotiate compliance with AB 340 through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could force employees to pay their half of the costs of PERS pension benefits, up to 8 percent of pay for civil workers and 11% or 12% for public safety workers.

PERS has predicted that the impact of AB 340 on employers, including the District and other employers in the STRS system, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, PERS has noted that changes arising from AB 340 could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

With respect to STRS, for employees hired after January 1, 2013, future members will pay the greater of either (1) at least 50% of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by current members. The member contribution rate could be increased from this level through collective bargaining or may be adjusted base don other factors. Public employers will pay at least the normal cost rate, after subtracting the member's contribution. The District is unable to predict the amount of future contributions it will have to make to STRS as a result of the implementation of AB 340 (being its future contributions for the normal costs of new employees), and as a result of negotiations with its employee associations, or, notwithstanding the adoption of AB 340, resulting from any legislative changes regarding STRS employer contributions that may be adopted in the future.

More information about AB 340 can be accessed through the PERS's web site at www.calpers.ca.gov/index.jsp?bc=/member/retirement/pension-reform-impacts.xml&pst=ACT&pca=ST and through the STRS web site at http://www.calstrs.com/Newsroom/whats_new/AB340_detailed_impact_analysis.pdf. *The references to these internet websites are shown for reference and convenience only; the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

Other Post Employment Benefits

Plan Description. The Postemployment Benefit Plan (the "**Plan**") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the plan consists of 76 retirees and beneficiaries currently receiving benefits and 242 active plan members.

Contribution Information. The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District, the District's bargaining units and the unrepresented groups. For fiscal year 2011-12, the District annual required contribution was $490,654 and the District contributed $446,345 to the plan, all of which was used for current premiums (approximately 91% of current year's annual required contributions). The District has estimated $542,369 for its 2012-13 OPEB allocation and has budgeted $575,000 for its 2013-14 OPEB allocation.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit ("**OPEB**") cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any UAAL (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the District's net OPEB obligation to the Plan:

PIEDMONT UNIFIED SCHOOL DISTRICT
Fiscal Year 2011-12 Net OPEB Obligation

Annual required contribution	$490,654
Interest on net OPEB obligation	--
Adjustment to annual required contribution	--
Annual OPEB cost (expense)	490,654
Contributions made	(446,345)
Change in net OPEB obligation	44,309
Net OPEB asset, beginning of year	(2,029)
Net OPEB obligation, end of year	$42,280

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

PIEDMONT UNIFIED SCHOOL DISTRICT
OPEB Cost Trends

Year Ended June 30	Actual Contribution	Annual OBEB Cost	Percentage Contributed	Net OPEB Obligation
2009	$ 412,541	$ 403,927	102%	$ (8,614)
2010	353,083	393,526	90	31,829
2011	413,617	379,759	109	(2,029)
2012	446,345	490,654	91	42,280

The District's most current actuarial valuation is dated September 1, 2011.

Insurance

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, 2012, the District contracted with Alameda County Schools Insurance Group for property and liability insurance coverage. Extended property and liability coverage was provided by Bay Area Schools Insurance Group. Settled claims have not exceeded this commercial coverage in any of the past 3 years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation. For fiscal year 2012, the District participated in the Alameda County Schools Insurance Group ("**ACSIG**"), an insurance purchasing pool. The intent of the ACSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the ACSIG. 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 ACSIG. 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 ACSIG. Participation in the ACSIG is limited to districts that can meet the ACSIG selection criteria.

Coverage provided by commercial insurance, School Excess Liability Fund and Alameda County Schools Insurance Group for property and liability and workers' compensation is as follows:

PIEDMONT UNIFIED SCHOOL DISTRICT
Insurance Summary

Insurance Program / Company Name	Type of Coverage	Limits
Alameda County Schools Insurance Group	Workers' Compensation	State Statutory
NorCal Relief	Property	$25,000-$275,000
NorCal Relief	Liability	$25,000-$1,025,000
Schools Association for Excess Risk	Excess Property	$5,250,000-$250 million
Schools Association for Excess Risk	Excess Liability	$5 million-$25 million

DISTRICT FINANCIAL INFORMATION

The following selected financial information provides a brief overview of the District's finances. This financial information has been extracted from the District's audited financial statements and, in some cases, from unaudited information provided by the District. The most recent audited financial statements of the District with an unqualified auditor's opinion is included as Appendix A hereto. See "APPENDIX A – Audited Financial Statements of the District for Fiscal Year Ending June 30, 2012."

Financial Statements and Accounting Practices

Accounting Practices. The District's fiscal year begins on July 1 and ends on June 30. The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the State of California Education Code, is to be followed by all California school districts.

Measurement Focus and Basis of Accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met.

Governmental and fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenses generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenses, as well as expenses related to the compensated absences and claims and judgments, are recorded only when payment is due.

Financial Statements. The District's independent auditor for fiscal year 2011-12 was Vavrinek, Trine, Day & Company, LLP, Pleasanton, California, California. The District's audited financial statements for the year ended June 30, 2012 are included as Appendix A hereto. The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the District.

The following table shows the audited fund balance, revenues and expenses statements for the District for the fiscal years 2007-08 through 2011-12.

PIEDMONT UNIFIED SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2007-08 through 2011-12 (Audited)

	Audited 2007-08	Audited 2008-09	Audited 2009-10	Audited 2010-11	Audited 2011-12
Revenues					
Revenue limit sources	$14,827,644	$14,294,635	$12,548,460	$13,282,484	$13,399,642
Federal revenues	615,804	1,622,416	1,187,993	1,257,958	782,685
Other state revenues	3,005,548	2,824,403	2,854,541	3,155,102	3,481,984
Other local revenues	11,124,308	11,656,236	12,722,344	13,782,950	14,258,198
Total Revenues	29,573,304	30,397,690	29,313,338	31,478,494	31,922,509
Expenditures					
Instruction	20,204,090	20,437,019	20,172,956	20,246,185	20,948,515
Instruction-related activities:					
Supervision of instruction	543,803	605,689	594,946	638,134	625,461
Library, media and technology	572,729	581,949	557,978	585,696	435,506
School sites administration	2,147,660	2,329,682	2,586,567	2,503,391	2,748,044
Pupil services:					
Home-to-school transportation	39,581	87,059	70,646	72,312	58,364
Food services		1,376	--	--	--
All other pupil services	1,263,130	1,398,421	1,279,335	1,393,578	1,304,662
General Administration:					
Data processing	168,009	253,565	250,387	253,637	270,345
All other general admin.	1,717,696	1,430,486	1,383,511	1,387,601	1,705,207
Plant services	2,431,564	2,392,294	2,424,882	2,398,333	2,495,495
Facility acquisition, construction	131,503	--	62,000	89,270	55,446
Ancillary services	87,153	281,230	351,451	291,652	292,111
Debt service: principal	62,033	--	--	--	--
Total Expenditures	29,368,951	29,798,770	29,734,659	29,859,789	30,939,156
Excess of Revenues Over/(Under) Expend.	204,353	598,920	(421,321)	1,618,705	983,353
Other Financing Sources (Uses)					
Operating transfers in	3,490	134,829	834,585		--
Operating transfers out	(150,000)	-	(298,677)	(200,000)	(48,473)
Total Other Fin. Source(Uses)	(146,510)	134,829	535,908	(200,000)	(48,473)
Net change in fund balance	57,843	733,749	114,587	1,418,705	934,880
Fund Balance, July 1(1)	2,087,867	2,145,710	2,879,459	3,326,483	4,745,188
Fund Balance, June 30	$2,145,710	$2,879,459	$2,994,046	$4,745,188	$5,680,068

(1) The District's prior year fund balance for the General Fund has been restated as of June 30, 2011, to conform to GASB Statement No. 54's definition of governmental funds.

Source: Piedmont Unified School District Audit Reports.

2012-13 Estimated Actuals and 2013-14 General Fund Budget - Revenues, Expenditures and Changes in Fund Balance. The District adopted its fiscal year 2013-14 Budget on June 26, 2013, following a public hearing. The 2013-14 Budget presents fiscal year 2012-13 estimated actuals together with the 2013-14 budgeted figures. The District's budget presentation differs from the District's audit reports; expenses are presented by object not function. The following table shows the income and expense statements for the District for fiscal year 2012-13 (estimated actuals), along with budgeted figures for fiscal year 2013-14.

PIEDMONT UNIFIED SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Year 2012-13 (Estimated Actuals) and Fiscal Year 2013-14 (Budgeted)

Revenues	Estimated Actuals Fiscal Year 2012-13	Budgeted Fiscal Year 2013-14
Total Revenue Limit Sources	$13,554,375.00	$13,744,215.00
Federal Revenues	792,841.00	717,854.00
Other state revenues	2,330,912.00	2,838,159.00
Other local revenues	13,691,989.00	13,232,649.84
Total Revenues	30,370,117.00	30,532,877.84
Expenditures		
Certificated Salaries	15,664,740.00	15,816,755.00
Classified Salaries	4,912,995.52	4,960,995.00
Employee Benefits	6,779,332.00	7,008,350.00
Books and Supplies	1593,072.00	727,548.25
Contract Services & Operating Exp.	3,499,998.00	3,134,703.00
Capital Outlay	0.00	0.00
Other Outgo (excluding indirect costs)	0.00	0.00
Other Outgo – Transfers of Indirect Costs	(120,000.00)	(120,000.00)
Total Expenditures	32,330,137.52	31,528,351.25
Excess of Revenues Over/(Under) Expenditures	(1,960,020.52)	(995,473.41)
Other Financing Sources (Uses)		
Operating transfers in	244,403.00	0.00
Operating transfers out	(50,000.00)	(50,000.00)
Other sources (uses)	0.00	0.00
Total Other Financing Sources (Uses)	194,403.00	(50,000.00)
Net change in fund balance	(1,765,617.52)	(1,045,473.41)
Fund Balance, July 1	4,858,736.40	3,093,118.88
Fund Balance, June 30	$3,093,118.88	$2,047,645.47

Source: District Adopted Budget for Fiscal Year 2013-14.

Assumptions Used with Respect to 2013-14 Budget. Legislation adopted in connection with the State's 2013-14 Budget includes the implementation of the Local Control Funding Formula (the **"LCFF"**), which changes the formula by which school districts in California receive funding from the State. At the time of District budget preparation, the District followed the pre-LCFF model of education finance, which took a conservative approach to education funding in 2013-14. The District will update its 2013-14 Budget within 45 days of its adoption.

Local Control Funding Formula. As described in more detail herein under the heading "STATE FUNDING OF EDUCATION - Recent State Budgets," the adoption of the 2013-14 State Budget and its related implementing legislation includes significant reforms to education finance in the State with the adoption of the LCFF. Under the LCFF, the emphasis shifts from a State-controlled system with funding based largely on ADA and the revenue limit with numerous State-mandated categorical programs, to a locally-controlled system with a funding formula which attempts to better meet the needs of students, particularly those students which come from low-income families or are English language learners which may require more support for success in school, and which provides local school officials with the ability to decide how best to meet the needs of their students.

Funding under the LCFF consists of the following:

1. Base grant of $7,643 per ADA, plus

2. 20% supplemental funding for English language learners, students from low-income families and foster youth, plus

3. A concentration grant for districts with enrollment of more than 55% of English learners, students from low-income families and foster youth of up to 22.5% of a local education agency's base grant, based on the number of such students, plus

4. An economic recovery target, to bring local agencies back to pre-recession funding levels.

The new legislation includes a "hold harmless" provision which provides that a district or charter school will maintain total revenue limit and categorical funding at its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The District has a low proportion of English language learners, students from low-income families and foster youth, and as a result expects to receive base grant funding but not supplemental funding or concentration grant funding under the LCFF. There are many variables which still remain to be finalized with respect to the LCFF model of education finance and the District is unable to predict at this time all of the impacts that this change in education funding will have on its finances.

Reserve Levels. The District's ending general fund balance reflects the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District has successfully maintained its reserve for economic uncertainties well above the State requirement, with its unrestricted general fund balance being 14.1% in 2010-11, 14.3% in 2011-12, 11.2% in fiscal year 2012-13 and budgeted to be 8.5% in fiscal year 2013-14.

District Budget and Interim Financial Reporting

Budgeting Procedures. 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 Alameda County Superintendent of Schools (the **"County Superintendent"**).

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) after also consulting with the district's board, develop and impose 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.

Interim Certifications Regarding Ability to Meet Financial Obligations. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues the following types of certifications:

- ***Positive certification*** - the school district will meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- ***Negative certification*** - the school district will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year.
- ***Qualified certification*** - the school district may not meet its financial obligations for the current fiscal year or subsequent two fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable. In addition, under the California Education Code, a school district which has received a qualified or negative certification on its most recent interim report may not issue and sell general obligation bonds on its own behalf pursuant to the provisions of the Education Code, notwithstanding that the Board of Supervisors of the County with jurisdiction over the school district has adopted a resolution allowing a school district to do so.

District's Budget Approval/Disapproval and Certification History. The District has never received any negative certifications of its financial reports, has never had a qualified first interim report, nor have any of its budgets been disapproved. In the past five years, the District had one qualified Second Interim Report for fiscal year 2008-09. The District's most recent interim report, the Second Interim for fiscal year 2012-13, received a positive certification.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at 760 Magnolia Avenue, Piedmont, California 94611; telephone (510) 594-2600. The District may impose charges for copying, mailing and handling.

Long-Term Debt

General Obligation Bonds. The table below sets forth the general obligation bonds and refunding general obligation bonds of the District that will be outstanding as of August 2, 2013.

Series	Issue Date	Final Maturity	Interest Rate	Original Principal	Bonds Outstanding 8/2/2013
2005 Refunding Bonds	1/11/2005	2020	3.0%-4.0%	$18,415,000	$11,590,000
2006 Elec., Srs A and B	7/27/2006	2031	4.0%-6.5%	$14,999,934	13,976,623(1)
2006 Elec., Srs. C	10/14/2009	2034	1.0%-5.0%	$19,000,000	17,330,000
2009 Refunding Bonds	10/14/2009	2018	2.0%-3.0%	$13,145,000	8,580,000
2006 Elec. Series D (QSCB)	5/4/2011	2026	.49%	$10,000,000	10,000,000

(1) Not including accreted interest on capital appreciation bonds.

The District issued its 2009 Refunding General Obligation Bonds for the purpose of refunding its outstanding 2001 Refunding General Obligation Bonds, which were issued to refund on an advance basis three series of general obligation bonds issued by the District pursuant to voter authorization received in 1994, being its 1994 Series A Bonds, its 1994 Series B Bonds and its 1994 Series C Bonds.

The District issued its 2005 Refunding General Obligation Bonds to refund its then outstanding General Obligation Bonds Election of 1994, Series D and Series E, and its then outstanding General Obligation Bonds, Election of 1996 Series A.

As previously described herein, the 2006 Election Series A, Series B, Series C and Series D were each issued pursuant to the 2006 Authorization.

Bond Anticipation Notes. In addition, on June 8, 2010, the District issued $11,997,665.40 principal amount of 2010 General Obligation Bond Anticipation Notes (the

"2010 Notes"). The 2010 Notes mature on May 1, 2015 and accrete interest at the rate of 3.640% per annum. The 2010 Notes are payable from the proceeds of general obligation bonds issued for that purpose, and from amounts held in the funds and accounts established under the resolution providing for the issuance of the 2010 Notes. The 2010 Notes will be redeemed prior to maturity with the proceeds of the Bonds.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the Alameda County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See "APPENDIX G - ALAMEDA COUNTY INVESTMENT POOL – INVESTMENT POLICY AND MONTHLY REPORT."

State Funding of Education and Revenue Limitations

Historically, annual State apportionments of basic and equalization aid to school districts for general purposes have been computed up to a revenue limit per unit of average daily attendance (**"ADA"**). Such apportionments have, generally speaking, amounted to the difference between the District's revenue limit and the District's local property tax allocation. Revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among California school districts. As described in the preceding section under the heading "-Financial Statements and Accounting Practices - Local Control Funding Formula" and herein under the heading "STATE FUNDING OF EDUCATION - Recent State Budgets," with the implementation of the LCFF, commencing in fiscal year 2013-14, school districts will receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target.

A schedule of the District's A.D.A. and base revenue limit during the past eight years, as well an estimate for 2013-14, is shown below.

PIEDMONT UNIFIED SCHOOL DISTRICT
Average Daily Attendance
Fiscal Years 2005-06 through 2013-14 (projected)

Fiscal Year	P-2 ADA	Base Revenue Limit Per ADA	Funded Revenue Limit per ADA
2005-06	2,538	$5,277	$5,402
2006-07	2,518	5,585	5,692
2007-08	2,482	5,837	5,974
2008-09	2,475	6,166	5,775
2009-10	2,467	6,428	5,086
2010-11	2,479	6,412	5,358
2011-12	2,458	6,555	5,451
2012-13	2,510	6,758	5,400
2013-14	2,510	6,863	5,475

(1) Projected.
Source: Ed Data and Piedmont Unified School District.

California school districts receive a significant portion of their funding from State appropriations. As a result, decreases in State revenues may affect appropriations made by the Legislature to school districts. In particular, districts for which its revenue limit entitlement does not exceed its share of the 1% property tax apportionment (known as revenue limit districts) are dependent on the State for revenue limit funding, as opposed to basic aid districts which are entitled to retain their share of property taxes which exceed their revenue limit entitlement. The District is a revenue limit district. Notwithstanding this fact, the District receives substantial revenues derived from voter-approved parcel taxes. See "-Other Local Revenues" below.

Revenue Sources

The District categorizes its general fund revenues into four sources:

PIEDMONT UNIFIED SCHOOL DISTRICT
District Revenue Sources

	Percentage of General Fund Revenues			
Revenue Source	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Revenue limit sources (1)	42.2%	42.0%	45.0%	45.0%
Federal revenues	4.0	2.5	2.3	2.4
Other State revenues	10.0	10.9	9.3	9.3
Other local revenues	43.8	44.7	43.3	43.4

(1) Consists of a mix of State apportionments of basic and equalization aid and local property tax revenues.
Source: Piedmont Unified School District.

Each of these revenue sources is described below.

Revenue Limit Sources. Since fiscal year 1973-74, California school districts have operated under general purpose revenue limits established by the State Legislature. In general, revenue limits have been calculated for each school district by multiplying (1) the average daily attendance for such district by (2) a base revenue limit per unit of A.D.A. The revenue limit calculations have been adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type.

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

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

The principal component of local revenues is a school district's property tax revenues, i.e., a 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. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

As described in this Official Statement, with the implementation of the LCFF in fiscal year 2013-14, the amount of State funding provided to school districts will now be determined with a funding model which attempts to better meet the needs of students, particularly those students which come from low-income families or are English language learners which may require more support for success in school, and which provides local school officials with the ability to decide how best to meet the needs of their students. The LCFF affects how much funding a district will receive, but generally not the source of such funding, being its share of local property taxes together with the State funding provided in the LCFF.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under No Child Left Behind, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues.

These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, Class Size Reduction Program, home-to-school transportation, Economic Impact Aid, School Improvement Program, Educational Technology Assistance Grants, mandated cost reimbursements, instructional materials and mentor teachers.

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Lottery revenues generally comprise approximately 2% of general fund revenues.

Other Local Revenues

Voter-Approved Parcel Tax. The District receives significant revenues from voter-approved parcel taxes. Parcel taxes have regularly been extended by voters, most recently March 5, 2013, with a 76.5% affirmative vote. The Measure A parcel tax of March 2013 extends an existing parcel tax for eight years. The Measure A parcel tax provides for the levy of $2,406 per parcel annually and is expected to generate approximately $9.48 million in annual revenues for the District. These local property tax revenues enable the District to fund higher levels of programs for its students.

Other Local Sources. In addition to parcel tax revenues, the District receives revenues from the Piedmont Educational Foundation (**"PEF"**), which has established an endowment which contributes $219,000 per year to the District, in addition to $125,000-250,000 each year in grants to support various programs. Further, the Associated Parents Club of Piedmont Parents (the **"Club"**) is an additional source of local revenues, which fundraises based on a recommended annual gift of $1,200 per school family. Finally, the District receives additional revenues from items such as interest earnings.

State Funding of Education and Recent State Budgets

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts is the revenue limit, which is a combination of State funds and local property taxes (see "– State Funding of Education and Revenue Limitations" above). State funds typically make up the majority of a district's revenue limit.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District nor the County is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each house of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

1. The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

2. The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

3. The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.

4. The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2013-14 Budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 6, 2012 statewide election, as well as other spending cuts, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State Budget again be stressed and if projections included in such budget do not materialize.

2013-14 State Budget

On June 27, 2013, Governor Brown approved the 2013-14 Budget Act, projecting $97.1 billion in general fund revenues and adopting a $96.3 billion spending plan, the first balanced budget in many years. Temporary revenues provided by the passage of Proposition 30 (Sales and Income Tax Revenue Increase approved by State voters at an election held on November 6, 2012) and spending cuts made in the past two years mean that the State's budget is projected to remain balanced for the foreseeable future. The 2013-14 State Budget maintains a $1.1 billion reserve and pays down a budgetary deficit, projected to be reduced from $35 billion to $27 billion in 2013-14 and to below $5 billion by the end of 2016-17.

The 2013-14 State Budget includes total funding of $70 billion ($39.6 billion General Fund and $30.4 billion other funds) for all K-12 education programs. The 2013-14 State Budget and its related implementing legislation enacts significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. With LCFF, Proposition 98 funding, the State's minimum funding guarantee for K-12 schools and community colleges that went into effect in fiscal year 1988-89, is expected to be $55.3 billion in the 2013-14 fiscal year, an increase of more than $8 billion over the 2011-12 fiscal year funding level. The 2013-14 Budget projects Proposition 98 funding for K-12 education to grow by almost $20 billion from the 2011-12 fiscal year to the 2016-17 fiscal year, representing an increase of more than $2,800 per student during such period.

Local Control Funding Formula. The LCFF attempts to move from an existing school funding system characterized as overly complex and inequitable to a locally-controlled system, which responds to research and practical experience indicating that students from low income families and English language learners often require supplemental services and support to be successful in school.

<u>State Funding under the LCFF</u>. The LCFF changes the State funding system for school districts, charter schools and county offices of education by, among other features, consolidating most categorical programs with the existing revenue limit structure to provide a new student formula which will be phased in over seven years, and implementing supplemental and concentration grants to English language learners and economically disadvantaged students. The LCFF includes the following components:

- A base grant for each local education agency equivalent to $7,643 per unit of A.D.A. This base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation.

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

- An additional concentration grant of up to 22.5% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the Local Control Funding Formula.

Accountability under the LCFF. The LCFF moves from a State-controlled system that emphasized inputs (largely in the form of categorical funding which required funds to be spent on specific projects and programs) to a locally-controlled system in which local agencies decide the best way to spend funds, focused on improved outcomes. However, districts will be required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools will be required to develop and adopt local control and accountability plans, which will identify local goals in areas that are priorities for the State, including pupil achievement and parent engagement.

County superintendents will review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction will perform a corresponding role for county offices of education. In addition, the 2013-14 State Budget creates the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans.

The State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Other K-12 Budget Adjustments. In addition to the first year funding provided under the LCFF, the 2013-14 State Budget includes:

- Common Core Implementation Funding. An increase of $1.25 billion in one-time Proposition 98 funding to support the implementation of the Common Core – new standards for evaluating student achievement in English-language arts and math. Funding will be distributed on the basis of enrollment for professional development, instructional materials and technology. Local agencies must develop a plan on how to spend these funds over the next two years, and hold a public hearing on such plan.

- Career Technical Education Pathways Grant Program. $250 million for one-time competitive capacity building grants for K-12 and community colleges to support programs based on work-based learning.

- K-12 Mandates Block Grant. $50 million to reflect the inclusion of graduation requirements mandate within the block grant program, which will be distributed to school districts, county offices of education and charter schools with enrollment in grades 9-12.

- K-12 Budget Deferral Repayment. An increase of $1.6 billion in 2012-13 and an increase of $242.3 million in 2013-14 for the repayment of inter-year budgetary deferrals.

- Proposition 39 (Energy Efficiency Projects) Implementation. $381 million in Proposition 98 funding is allocated to support energy efficiency projects approved by the California Energy Commission. Of this amount, 85% will be allocated based on A.D.A and 15% will be allocated based on free and reduced price meal eligibility.

- Special Education Funding Reform. Consolidations for various special education programs to simplify special education finance and provide additional funding flexibility.

Higher Education and Health Care. The 2013-14 State Budget increases funding for higher education by between $1,649 and $2,491 per student through 2016-17. The 2013-14 State Budget provides funding to expand Medi-Cal to approximately 1.4 million Californians pursuant to the federal law known as the Affordable Care Act. The State anticipates that this will significantly increase health care coverage, improve access to mental health services, expand substance use disorder treatment and take advantage of new federal dollars.

Numerous Factors Affecting Budget and Projections. The execution of the 2013-14 State Budget, when adopted, may be affected by numerous factors, including but not limited to: (i) shifts of costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risk associated with spending reductions, including the elimination of redevelopment agencies, (iv) rising health care costs, (v) large unfunded liabilities for retired State employee pensions and healthcare, (vi) deferred maintenance of State's critical infrastructure and (vii) other factors, all or any of which could cause the revenue and spending projections made in 2013-14 State Budget to be unattainable. The District cannot predict the impact that the 2013-14 State Budget, or subsequent budgets, will have on its own finances and operations. Additionally, the District cannot predict the accuracy of any projections made in the State's 2013-14 State Budget.

The complete 2013-14 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated in this Official Statement by such reference. The information referred to above should not be relied upon in making an investment decision with respect to the Bonds.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its budgets.

The State has not entered into any contractual commitment with the District, the County, or the Owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of the State Budget information set forth or referred to in this Official Statement or incorporated herein. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in recent years, and is likely to be further challenged in the future. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "-State Funding of Education" and "-Recent State Budgets" above.

<u>2010 Robles-Wong Litigation</u>. On May 20, 2010, a plaintiff class of numerous current California public school students and several school districts, together with the California Congress of Parents, Teachers & Students, the Association of California School Administrators and the California School Boards Association filed suit in Alameda County Superior Court challenging the system of financing for public schools in California as unconstitutional. In Maya Robles-Wong, *et al.* v. State of California, plaintiffs seek declaratory and injunctive relief, including a permanent injunction compelling the State to abandon the existing system of public school finance. On July 16, 2010, the California Teachers' Association filed a Complaint in Intervention, making the same allegations and seeking the same declaratory and injunctive relief. On January 14, 2011, the court dismissed certain of the causes of action, including causes of action that alleged a constitutional right to a particular level of education funding and violations of equal protection of the law, based on certain State constitutional provisions. On July 26, 2011, the Superior Court rejected the plaintiff's amended complaint as not stating an equal protection claim. On January 25, 2012, the plaintiffs filed an appeal in the 1st Appellate District. The District cannot predict the ultimate outcome of the Robles-Wong litigation. However, if successful, the lawsuit could result in changes to the implementation of school finance in California.

<u>2011 CSBA Litigation</u>. The California School Boards Association, the Association of California School Administrators, the Los Angeles Unified School District, the San Francisco Unified School District and the Turlock Unified School District announced on August 28, 2011 that they were filing a lawsuit (the "**CSBA Lawsuit**") in the Superior Court of the City and County of San Francisco, seeking to restore more than $2 billion that had been designated to California public schools under Proposition 98, but was cut from the 2011-12 State Budget. The Superior Court has rejected the CSBA Lawsuit. The plaintiffs appealed the decision. On February 26, 2013, the Appeals Court dismissed the appeal and affirmed the trial court's ruling.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal and accreted value of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. See "SECURITY FOR THE REFUNDING BONDS" in the Official Statement. The provisions of law discussed below are included in this section to describe the potential effect of constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes. It should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with all applicable laws.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by at least 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation. The Bonds are issued pursuant to the authority contained in (iii) of this paragraph, being approval by at least 55% of the voters of the District.

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

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

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property that is considered part of a utility system with components located in many taxing jurisdictions (**"unitary property"**). Under the State Constitution, such property is assessed by the State Board of Equalization (**"SBE"**) as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Constitutional Appropriations Limitation

Article XIIIB (**"Article XIIIB"**) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

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

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

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

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

Article XIIIC and Article XIIID of the California Constitution

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

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

Proposition 218 does not affect the *ad valorem* property taxes to be levied by the County to pay debt service on the Bonds.

Proposition 62

A statutory initiative ("**Proposition 62**") was adopted by the voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the District be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIIIA, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Fresno County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The District has not experienced any substantive adverse financial impact as a result of the passage of this initiative.

Proposition 98

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

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

Proposition 111

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

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

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

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

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

Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

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

Proposition 1A

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

Proposition 22

Proposition 22, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provisions of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. Proposition 22 was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

State Cash Management Legislation

Since 2002, the State has engaged in the practice of deferring certain apportionments to school districts in order to manage the State's cash flow. This practice has included deferring certain apportionments within a fiscal year to later months, as well as from one fiscal year to the next. These "cross-year" deferrals have been codified. The State's adopted 2013-14 Budget does not include any intra-year deferrals.

Application of Constitutional and Statutory Provisions; Recent Lawsuit

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "DISTRICT FINANCIAL INFORMATION - State Funding of Education and Recent State Budgets." See also "- Legal Challenges to State Funding of Education" for a description of a pending lawsuit against the State challenging the existing system of public finance.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 111 and 22 were each adopted as measures that qualified for the ballot under 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. The nature and impact of these measures cannot be anticipated by the District.

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF PIEDMONT AND ALAMEDA COUNTY

The City. The City of Piedmont (the "**City**") is a small, residential community surrounded on all sides by the City of Oakland. The City is almost entirely zoned for single-family dwelling residential use, and has minimal commerce compared with statistically similar cities. The City provides its own fire and police services but does not have its own public library or federal post office; these services are shared with the City of Oakland.

The County. The County of Alameda (the "**County**") is located on the east side of the San Francisco Bay, extending to the City of Albany on the north, the City of Fremont on the south, and to the City of Livermore on the east, and is approximately ten miles west of San Francisco. Automobile access to San Francisco is provided by the San Francisco-Oakland Bay Bridge.

The northern part of Alameda County has direct access to San Francisco Bay and the City of San Francisco. It is highly diversified with residential areas, active commercial areas, traditional heavy industry, the University of California at Berkeley, the Port of Oakland, and sophisticated manufacturing, computer services and biotechnology firms. The middle of the County is also highly developed including older established residential and industrial areas. The southeastern corner of the County, including the cities of Pleasanton and Livermore, has seen strong growth in residential development and manufacturing. Many high-tech firms have moved from neighboring Silicon Valley in Santa Clara County to the County. Agriculture and the rural characteristics of the County are disappearing as the region maintains its position as the fastest growing residential, commercial and industrial part of the County.

Population

The following table lists population estimates for the City and County for the last five calendar years, as of January 1.

ALAMEDA COUNTY
Population Estimates
Calendar Years 2009 through 2013 as of January 1

	2009	2010	2011	2012	2013
Alameda	73,166	73,717	74,052	74,544	75,126
Albany	18,196	18,481	18,345	18,467	18,430
Berkeley	110,982	112,363	113,925	114,688	115,716
Dublin	45,104	45,681	46,207	46,729	49,890
Emeryville	9,702	9,795	10,110	10,186	10,269
Fremont	211,506	213,524	215,391	217,416	219,926
Hayward	142,642	143,921	145,101	146,923	148,756
Livermore	80,482	80,932	81,547	82,293	83,325
Newark	42,429	42,592	42,700	42,985	43,342
Oakland	389,913	391,475	392,333	394,832	399,326
Piedmont	**10,638**	**10,674**	**10,710**	**10,793**	**10,889**
Pleasanton	69,579	70,135	70,537	71,176	71,871
San Leandro	83,951	84,831	85,364	85,941	86,666
Union City	69,108	69,625	69,746	70,554	71,329
Unincorporated County	140,401	141,494	141,688	142,649	143,820
County Total	1,497,799	1,509,240	1,517,756	1,530,176	1,548,681

Source: State Department of Finance estimates (as of January 1).

Employment and Industry

The unemployment rate in the Oakland-Fremont-Hayward Metropolitan Division was 7.0% in April 2013, down from a revised 7.8% in March 2013, and below the year-ago estimate of 8.8%. This compares with an unadjusted unemployment rate of 8.5% for California and 7.1% for the nation during the same period.

OAKLAND-FREMONT-HAYWARD METROPOLITAN DIVISION
ALAMEDA, CONTRA COSTA COUNTIES
Civilian Labor Force, Employment and Unemployment; Employment by Industry
(Annual Averages)

	2008	2009	2010	2011	2012
Civilian Labor Force [(1)]	1,282,100	1,285,800	1,284,600	1,285,000	1,299,200
Employment	1,203,000	1,152,700	1,140,600	1,151,600	1,181,500
Unemployment	79,100	133,100	143,900	133,400	117,800
Unemployment Rate	6.2%	10.4%	11.2%	10.4%	9.1%
Wage and Salary Employment: [(2)]					
Agriculture	1,400	1,400	1,400	1,600	1,600
Mining and Logging	1,200	1,200	1,200	1,200	1,200
Construction	64,900	53,500	47,400	46,300	48,500
Manufacturing	93,100	82,800	79,700	79,000	77,600
Wholesale Trade	47,600	43,700	41,800	42,000	43,800
Retail Trade	109,400	102,100	100,300	100,300	101,500
Transportation, Warehousing, Utilities	35,900	33,200	31,500	31,600	32,200
Information	27,800	25,300	23,600	22,700	22,900
Finance and Insurance	36,200	32,500	33,000	32,600	31,600
Real Estate and Rental and Leasing	16,500	15,500	15,200	14,700	14,200
Professional and Business Services	162,400	148,700	152,100	154,200	158,200
Educational and Health Services	133,000	137,200	136,400	137,500	143,300
Leisure and Hospitality	89,100	85,100	85,800	87,300	88,600
Other Services	36,100	34,700	35,000	35,900	36,700
Federal Government	17,100	16,700	15,700	14,600	14,200
State Government	39,100	39,000	38,100	38,400	39,100
Local Government	121,100	116,900	111,500	109,500	109,200
Total, All Industries [(3)]	1,031,800	969,400	949,700	949,300	964,400

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

The following table shows the major employers in the County, as shown in the County's Comprehensive Annual Financial Report for fiscal year ending June 30, 2012.

ALAMEDA COUNTY
Major Employers
January 2012

Employer Name	Type	2012Employment
University of California Berkeley	Education	21,341
Kaiser Permanente Medical Group	Health and Medical	9,944
State of California	State Government	9,265
Stafeway Inc.	Grocery Retailer	9,121
County of Alameda	Local Government	8,843
Lawrence Livermore National Laboratory	Energy Develop and Conservation	6,700
United States Postal Service	Postal Services	5,917
Wells Fargo Bank	Financial Services	5,532
City of Oakland	Local Government	5,082
Alta Bates Summit Medical Center	Hospitals	4,878

Source: Alameda County Comprehensive Annual Financial Report for the year ending June 30, 2012.

Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2008 through 2012.

CITY OF PIEDMONT
Total Building Permit Valuations
(Valuations in Thousands)

	2008	2009	2010	2011	2012
Permit Valuation					
New Single-family	$600.0	$5,851.0	$2,365.6	$0.0	$0.0
New Multi-family	0.0	0.0	0.0	0.0	0.0
Res. Alterations/Additions	15,835.8	12,243.1	14,606.8	19,628.6	13,227.5
Total Residential	16,435.8	18,094.1	16,972.4	19,628.6	13,227.5
New Commercial	0.0	0.0	0.0	115.2	4,104.5
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	2,155.6	1,461.2	2,983.1	0.0	0.0
Com. Alterations/Additions	523.2	150.0	13.0	1,621.0	479.7
Total Nonresidential	$2,678.8	$1,611.2	$3,116.1	$1,736.2	4,584.2
New Dwelling Units					
Single Family	1	4	2	0	0
Multiple Family	0	0	0	0	0
TOTAL	1	4	2	0	0

Source: Construction Industry Research Board, Building Permit Summary.

ALAMEDA COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	2008	2009	2010	2011	2012
Permit Valuation					
New Single-family	$238,743.0	$227,982.5	$276,660.5	$269,312.8	$372,939.4
New Multi-family	201,122.3	96,518.0	157,459.3	249,684.1	343,669.8
Res. Alterations/Additions	285,782.4	229,873.2	243,289.9	273,631.8	235,264.8
Total Residential	$725,647.7	554,373.7	677,409.6	792,628.7	951,874.0
New Commercial	197,181.1	72,055.6	14,689.1	261,804.2	94,705.8
New Industrial	60,200.0	89,535.4	82,475.8	17,485.7	29,808.2
New Other	95,640.7	45,100.3	69,060.1	37,504.6	6,764.1
Com. Alterations/Additions	457,412.5	391,295.8	398,430.5	392,163.7	352,261.1
Total Nonresidential	$810,434.3	$597,987.1	$564,655.4	$708,958.2	483,539.2
New Dwelling Units					
Single Family	761	802	907	817	1,119
Multiple Family	1,296	536	936	1,352	1,508
TOTAL	2,057	1,338	1,843	2,169	2,627

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the median household effective buying income for the County of Alameda, the State and the United States for the period 2008 through 2012.

COUNTY OF ALAMEDA
Effective Buying Income
Median Household
As of January 1, 2008 Through 2012

	2008	2009	2010	2011	2012
City of Piedmont	$120,599	$122,284	$117,374	$116,279	$114,290
Alameda County	55,987	57,997	54,734	54,542	55,39
California	48,952	49,736	47,177	47,062	47,307
United States	42,303	43,252	41,368	41,253	41,358

Source: The Nielsen Company (US), Inc.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 and after is not comparable to that of prior years. A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table.

Total taxable sales during the first quarter of calendar year 2012 in the City were reported to be $2.989 million, a 5.2% increase over the total taxable sales of $2.840 million reported during the first quarter of calendar year 2011. Annual figures are not yet available for 2012.

CITY OF PIEDMONT
Taxable Transactions
Number Of Permits And Valuation Of Taxable Transactions
(Dollars In Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	61	$15,146	183	$17,090
2008	68	13,947	187	15,592
2009 (1)	114	10,332	188	12,035
2010 (1)	118	10,731	192	11,922
2011 (1)	122	11,674	198	12,829

(1) Not comparable to prior years. "Retail" category now includes "Food Services".
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable transactions during the first quarter of calendar year 2012 in the County were reported to be $5.82 billion, an 8.8% increase over the total taxable transactions of $5.35 billion reported during the first quarter of calendar year 2011. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the County is presented in the following table. Annual figures are not yet available for 2012.

COUNTY OF ALAMEDA
Taxable Transactions
Number Of Permits And Valuation Of Taxable Transactions
(Dollars In Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	19,554	$15,664,940	42,014	$25,831,140
2008	20,186	14,547,749	41,783	23,862,947
2009 (1)	24,596	12,641,415	38,663	20,430,195
2010 (1)	26,241	13,374,283	40,348	21,541,741
2011 (1)	24,809	14,519,756	38,577	23,430,799

(1) Not comparable to prior years. "Retail" category now includes "Food Services".
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

August 21, 2013

Board of Education
Piedmont Unified School District
760 Magnolia Avenue
Piedmont, California 94611

OPINION: $11,998,678.35 Piedmont Unified School District
(Alameda County, California)
General Obligation Bonds, Election of 2006, Series E

Ladies and Gentlemen:

We have acted as bond counsel to the Piedmont Unified School District (the "District") in connection with the issuance by the District of its Piedmont Unified School District (Alameda County, California) General Obligation Bonds, Election of 2006, Series E, in the aggregate principal amount of $11,998,678.35 (the "Bonds"). The Bonds have been authorized to be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"), and a resolution of the Board of Education of the District (the "Board") adopted on June 12, 2013 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly established and validly existing as a unified school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the Board enforceable against the Board in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the District and are valid and binding general obligations of the District, and the Board of Supervisors of Alameda County is obligated under the laws of the State of California to cause to be levied a tax

without limit as to rate or amount upon the taxable property in the District for the payment when due of the principal of and interest on the Bonds.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the documents relating to the Bonds to comply with each of such requirements; and the District has full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

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

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$11,998,678.35
PIEDMONT UNIFIED
SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2006, Series E

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Piedmont Unified School District (the "District") in connection with the issuance of the above-captioned bonds ("Bonds"). The Bonds are being issued under a Resolution adopted by the Board of Education of the District on June 12, 2013 (the "Bond Resolution"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

"*Annual Report*" means any Annual Report provided by the District under and as described in Sections 3 and 4.

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means, KNN Public Finance, A Division of Zions First National Bank, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" means any of the original purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to provide, not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing no later than March 31, 2014 with the report for the 2012-13 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if 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). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to the Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; 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, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) The District's most recently adopted Budget;

(ii) Assessed value of taxable property in the jurisdiction of the District as shown on the most recent equalized assessment roll, including the assessed value of the top ten secured property taxpayers in the District; and

(iii) Property tax levy and delinquencies for the District, for the most recently completed Fiscal Year.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) 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 are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

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

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

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above 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 under the Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Initially, the District shall serve as Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision hereof, 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 type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond 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.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate prevents 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

Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. 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: August 21, 2013

PIEDMONT UNIFIED SCHOOL DISTRICT

By: ______________________________
Superintendent

Acceptance of Duties as Dissemination Agent:

KNN Pubic Finance, A Division of Zions First National Bank

By: ______________________________
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor:	Piedmont Unified School District
Name of Bond Issue:	$11,998,678.35 aggregate principal amount of Piedmont Unified School District (Alameda County, California) General Obligation Bonds, Election of 2006, Series E
Date of Issuance:	August 21, 2013

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the resolution adopted by the Board of Education of the District authorizing the issuance of the Bonds. The District anticipates that the Annual Report will be filed by ____________.

Dated: ________________

KNN Public Finance, A Division of Zions First National Bank, as Dissemination Agent

By: ______________________________
Authorized Officer

cc: Piedmont Unified School District

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

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

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is

a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G

ALAMEDA COUNTY INVESTMENT POLICY AND MONTHLY REPORT

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Agenda 57 February 26, 2013

DONALD R. WHITE
TREASURER - TAX COLLECTOR

TREASURER - TAX COLLECTOR

January 29, 2013

Honorable Board of Supervisors
Alameda County
1221 Oak Street, 5th Floor
Oakland, CA 94612

Dear Board Members:

Re: Treasurer's Annual Investment Policy for 2013

The Alameda County Treasurer requests that your Board approve the Treasurer's Annual Investment Policy for the year 2013.

Discussion:

Pursuant to Section 27133 of the Government Code of the State of California, the Treasurer must submit an annual renewal of the Treasurer's Investment Policy to the Board of Supervisors. The investment policy provides the guidelines for the investment of monies in the Treasurer's cash and investment pool.

This investment policy contains two amendments compared to prior year's policy. The investment limit has been raised for two eligible investments.

Eligible Investments	Prior Year limits	Recommended Limits
CalTRUST – A JPA Investment Trust for California Public Agencies	Same as LAIF (Currently at $50,000,000)	Twice the limit of LAIF deposits
CAMP – A JPA created to provide a statewide local government investment pool	Same as LAIF (Currently at $50,000,000)	Twice the limit of LAIF deposits

Recommendation:

The Treasury Oversight Committee reviewed the Annual Investment Policy for 2013 at its annual meeting held on January 16, 2013 and recommends its approval by the Board of Supervisors

Financial Impact:

There is no financial impact on the Treasurer's budget.

Very truly yours,

Donald R. White

Donald R. White
Treasurer – Tax Collector

Cc: Treasury Oversight Committee
Auditor-Controller
County Counsel
County Administrator

ALAMEDA COUNTY
Annual Investment Policy
Calendar Year 2013

Introduction

The Alameda County Board of Supervisors, by *Ordinance # O-2012-53 dated, December 18, 2012*, has renewed the annual delegation of its investment authority and responsibility to invest and/or to reinvest the funds in the Alameda County treasury to the Alameda County Treasurer. Accordingly, in order to provide a framework for the oversight of the Treasurer's investment responsibilities and activities, the *Government Code of the State of California through Section 27133* requires the County Treasurer to prepare an annual investment policy that provides the specific guidelines, pursuant to which, the Treasurer should carry-out investment-related functions. Participation in the Alameda County investment pool is limited to entities that are required by mandate to deposit their revenues in the county treasury.

Investment Philosophy

The Alameda County Treasurer shall invest monies in the treasury in accordance with the following basic principles of investing, in the order of priority:

1) preservation of capital;
2) liquidity; and
3) yield.

The investment portfolio shall be diversified and designed to attain a market-average rate of return that takes into account the cash-flow characteristics and operating cash needs of County departments, the County's various subdivisions, school districts and special districts.

The portfolio shall strive to attain an average maturity not to exceed 24 months. Investments shall be made with the general intention of holding to maturity and not for the purpose of trading. However, the Treasurer may, from time to time, swap or sell securities in order to re-position investment holdings to current coupon issues or to take advantage of market value appreciation by realizing profits on securities held by the portfolio.

The Treasurer may sell securities in which actual loss from such sale may be incurred under the following conditions:

1) to raise cash to meet unanticipated cash-flow need;
2) to swap old securities for current coupon securities; and
3) to avoid further erosion of the value of an investment due to rating downgrade or negative rating review on an issuer, or if interest rates are anticipated to continually rise.

Investment Guidelines and Eligible Securities

Section 53600 et seq. of the Government Code of the State of California prescribes the statutory requirements relating to investments by local treasurers, including types of allowable investments, proportional limits by investment type relative to the size of the investment pool, maximum maturity of investments, and credit rating criteria. The term to maturity of investments in the pool shall not exceed a final maturity of 5 years from date of purchase, except when specifically authorized by a resolution of the Alameda County Board of Supervisors.

Alameda County investments shall conform to the legal provisions set forth in the Government Code, except that, the County further prescribes the following requirements:

I. Bankers Acceptance - maximum limit - 30% of total portfolio

- Rating requirement:
  - at least A-rated by S & P or its equivalent by other rating agencies as listed on ATTACHMENT I for Domestic Banks;
  - at least AA-rated by S & P or its equivalent by other rating agencies as listed on ATTACHMENT I for US Branch of Foreign Banks.
- May not exceed 180 days from purchase date to final maturity.

II. Commercial Paper - maximum limit 25% of total portfolio

- Rating requirement:
  - prime rated by at least one rating agency (split rated), if maturity does not exceed 30 days;
  - prime rated by at least two rating agencies if maturity exceeds 30 days.
- May not exceed 270 days from purchase date to final maturity.

III. Medium-Term Corporate Notes - maximum limit - 30% of total portfolio

- Rating requirement:
  - at least A-rated by S & P or the equivalent rating by other rating agencies as listed on ATTACHMENT I if maturity is less than 3 years from purchase date;
  - at least AA-rated by S & P or the equivalent rating of other rating agencies as listed on ATTACHMENT I if maturity is more than 3 years from purchase date.

IV. Negotiable Certificates of Deposits or Bank Notes - maximum limit - 30% of total portfolio

- Rating requirement:
  - at least A-rated by S & P or the equivalent rating of other rating agencies as listed on ATTACHMENT I if issued by a domestic bank;
  - at least AA-rated by S & P or the equivalent rating of other rating agencies as listed on ATTACHMENT I if issued by a U.S. branch of a foreign bank.
- May not exceed one year in maturity from purchase date.

V. Money Market Funds - maximum limit - 20% of total portfolio

In order to be eligible for purchase for the Treasurer's investment pool, a money market fund must maintain a constant $1.00 NAV (Net Asset Value), and meet the either of the following requirements:

- The fund must be invested in securities and obligations permitted by subdivisions (a) to (1) inclusive, of Section 53601 of the Government Code of the State of California. The fund must attain the highest ranking or the highest letter and numerical rating by at least two of the three largest nationally recognized rating services; **or**

- The fund must be invested in securities and obligations permitted by subdivisions (a) to (1) inclusive, of Section 53601 of the Government Code of the State of California, and **if not rated**, must retain an investment adviser registered with the SEC
with not less than five years experience investing in the securities and obligations as authorized by subdivisions (a) to (m), inclusive, and with assets under management in excess of $500,000,000. Investments in any one money market fund may not exceed 5% of the portfolio or $75,000,000 whichever is lower. Exception to this limit shall apply during the months of November, December, March and April in order to accommodate short-term investment of large tax collections during the property tax season.

VI. <u>U.S. Treasury Bills, U.S. Government Notes and Bonds, Federal Agency Notes, debt issues of the State of California and debt issues of local agencies within the State of California - no limit</u>

Purchase of debt issues of the U.S. Government, Federal Agencies, State of California and other local agencies in the State of California are eligible for purchase without limit, subject to requirements and restrictions of Section 53601 et seq. of the Government Code, except that floating rate notes, structured notes and other derivative securities permitted for purchase under the Code shall be limited to an aggregate cap of 15% of the total portfolio. Plain callable securities are not subject to the 15% limit.

VII. <u>Repurchase Agreements</u>

1) Repurchase Agreements - maximum limit - 20% of the portfolio.

- counter-party requirement – a financial institution that will deliver the securities versus payment, either to the Treasurer's custodian bank or to a third party custodian.
- collateral - U.S. Government Securities or Federal Agency Securities with final maturity not exceeding 5 years from commencement of repurchase agreement.
- collateral value – at least 102% of the funds borrowed and marked-to-market daily during the term of agreement.
- maximum term of agreement - 180 days.

2) Reverse Repurchase Agreements – maximum limit – 20% of the portfolio. Borrowing for leveraging purposes shall conform in all aspects to the governing provisions of the Government Code Section 53601, et. seq. Reverse repurchase agreements which have been entered into for purposes of either raising temporary cash needs or for the purpose of leveraging to attain favorable investment spreads, must be approved by the Board of Supervisors, pursuant to Government Code guidelines.

VIII. LAIF (Local Agency Investment Fund) – up to the maximum amount as from time to time may be permitted/changed by the State Treasurer.

IX. CalTrust - A Joint Powers Authority Investment Trust for California Public Agencies – twice the limit of LAIF deposits.

X. CAMP - a Joint Powers Authority created to provide a statewide local government investment pool (LGIF) – twice the limit of LAIF deposits

XI. Collateralized/FDIC - Insured Time Deposits

The Treasurer may place interest-bearing inactive public time deposits with banks and savings and loan associations located within the State of California, collateralized in accordance with requirements of the Government Code. Further, pursuant to the requirement of Government Code Section 53635.2, in order to be eligible as a depository of local agency monies, the depository institution must have a CRA (Community Reinvestment Act) rating of at least "Satisfactory", received in its most recent evaluation by the appropriate federal rating agency. The Treasurer may also place with an eligible bank or savings and loan association, uncollateralized interest-bearing inactive time deposits for the FDIC-insured amount of up to $250,000, provided that the depository institution requests, and the Treasurer grants, a waiver of security in writing. FDIC-insured inactive time deposits may be placed only in banks that have at least one branch office in the San Francisco Bay Area, regardless of credit rating.

XII. Collateralized Money Market Bank Accounts

The Treasurer may open and deposit funds in interest-bearing active collateralized money market bank accounts in the banks that qualify under the eligibility requirements required for collateralized inactive time deposits, under item **XI** of this policy. Deposits in money market bank accounts are made to provide better short-term yield, as well as to provide another source of immediate liquidity.

XIII. Others – any other legally permitted investments by specific authorizing resolutions of the Alameda County Board of Supervisors shall be eligible investments.

Credit rating requirements for eligible securities referred-to in this policy shall mean the numeric, alpha, and/or alpha-numeric designations assigned by the following rating agencies:

Moody's Investor Service
Standard & Poor's Rating Services
Fitch IBCA, Inc.
Thompson Bank Watch

The list of possible investment grade ratings for Standard and Poor's, Moody's and Fitch is Attachment I.

Directed Investments and Withdrawal Policy

Self-directed investments made by any school district or any special district, including deposits by same districts into the State's Local Agency Investment Fund (LAIF) are considered withdrawal of funds from the County treasury. Each district withdrawing funds for the purpose of investing outside of the Treasurer's investment pool may only do so once each month, upon a 3-day written notice to the Treasurer in an amount not exceeding $20,000,000. Such withdrawal is hereafter referred to as a "Permissible Withdrawal". Permissible withdrawals are further subject to the following requirements:

- Each district wishing to invest bond proceeds and/or bond funds outside of the Treasurer's investment pool, must notify the Treasurer no later than on the day of the bond closing, so that the Treasurer could place such bond proceeds in short-term investment/s whose maturity would coincide with the settlement/purchase date of the directed investment.
- Securities representing district- directed investments shall be held solely for the purpose of safekeeping by the County Treasurer at the County's custodial bank.

- Directed investments shall be the direct responsibility of each respective district with respect to their accounting and accountability.

- Any school district or special district that has obtained a temporary loan from the Alameda County Treasurer may not invest operating funds outside of the Treasurer's investment pool until the temporary loan is fully liquidated.

<u>Securities Lending</u>

Pursuant to Section 53601 (i) (3) of the Government Code, the Alameda County Treasurer may engage in securities lending through a third party custodian and lending administrator. Revenues derived from securities lending will be considered incremental interest income to be shared among participating funds in the investment pool.

<u>Other Provisions</u>

Further, the Treasurer of Alameda County sets forth the following:

1) The Treasurer shall maintain sufficient funds in the County Treasury, to meet the estimated normal daily operating cash demands of the County and investment pool participants by investing funds to maturities that anticipate major cash needs. Investments shall, whenever possible, be made in securities that have active secondary or resale markets in order to provide maximum portfolio liquidity;

2) The treasurer's investment pool practices a "buy and hold" strategy, thus, funds are invested in securities that mature on dates coincident with the anticipated operating cash requirements of all participating entities. Consequently, withdrawal of funds for purposes other than to pay operating expenditures is unanticipated and could risk the pool's liquidity and stability. Nevertheless, subject to the **Directed Investments and Withdrawal Policy**, the Treasurer may liquidate securities in order to meet unanticipated cash withdrawals or disbursements made by the County or any pool participant, whether the purpose of such withdrawal or disbursement is to make payment for a legitimate obligation or to pull-out funds to reinvest outside the Treasurer's pool. Except for permissible withdrawals as described in the previous section, in the event the Treasurer is obligated to liquidate investments in an adverse market, the resulting loss, if any (calculated on the basis of comparing the accrued interest earned at the original purchase rate vs. the actual interest earned and/or lost at the current sale rate), due to an unanticipated school or special district withdrawal that normal pool liquidity cannot meet, and if the purpose of such withdrawal is to invest the funds outside of the Treasurer's investment pool, shall be borne by the withdrawing district/s alone. Losses due to the sale of securities to meet unanticipated cash needs other than for the purpose of investing funds outside the treasurer's pool shall be considered as normal cost of providing unanticipated liquidity needs; and

3) The Treasurer shall hold all securities including collateral on repurchase agreements, in safekeeping with the County's custodial bank or with a national bank located in a Federal Reserve City which has provided the County with a safekeeping agreement;
4) The Alameda County Treasurer's investment pool does not accept non-mandatory depositors.

Investment Report

The Treasurer shall submit a report on the monthly status of the investment pool to the Alameda County Board of Supervisors, the Treasurer's Oversight Committee and the participating districts. The investment report must include the total market value of securities held, as reported by the custodial bank in its custodial report to the County, in each of the following calendar-quarter monthly reports, September, December, March, and June.

Criteria for Selecting Securities Dealers and Brokers

The following criteria shall be required of securities brokers and dealers in order to qualify to do business with the Alameda County Treasurer:

1) Nationally recognized primary dealers in government securities that report to the New York Federal Reserve Bank, regardless of these institutions' locations of their national headquarters; or

2) Non-reporting dealers or brokers who are registered with the Securities and Exchange Commission and who maintain at least one branch office within the State of California or whose corporate headquarters are located in any of the money center cities of New York or Chicago; or

3) Dealers or brokers who are licensed to do business in the State of California and who maintain at least one branch office within the State of California; or

4) Securities dealership or brokerage division of domestic banking institutions; or

5) Agents that are authorized by mutual fund/money market fund institutions to broker the sale of their fund/s.

All securities bought and/or sold by the County shall be settled on the basis of delivery versus payment (DVP).

Further, any securities broker or dealer who has made a political contribution to the treasurer, any member of the Board of Supervisors, or any candidate for those offices, in an amount that exceeds the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board within any consecutive 48-month period following January 1, 1996, shall be disqualified from transacting securities trades (purchase, sale and/or exchange) with the County Treasurer.

Allocation of Interest Income and Costs

The Treasurer shall account for interest income on a cash basis to be apportioned based on average daily cash balances of participating funds during the quarterly allocation period.
The cost of operating the County treasury which includes tax and revenue receipt processing, county-wide central cashiering, investment banking, management, operations, safekeeping and accounting, daily redemption of county warrants/checks and other direct and indirect treasury operations costs, shall be netted on a quarterly basis against the unapportioned interest prior to its allocation to the pool participants. The treasury operations costs are determined each fiscal year as part of the budgeting process during which, the departmental budget is allocated among the various functioning units of the Treasurer-Tax Collector's department.

Treasury Oversight Committee

The Treasury Oversight Committee shall meet at least once annually on the 3rd Wednesday of January. The responsibilities of the Treasury Oversight Committee are:

1) To ensure that an annual audit of the investment portfolio is performed;
2) To review the Treasurer's Annual Investment Policy before it is submitted to the Board of Supervisors for authorization; and
3) To ensure that the Treasurer's investments conform to the requirements of the annual investment policy.

Limit on Receipt of Honoraria, Gifts and Gratuities

No individual responsible for the management of the County's investment portfolio or any member of the Treasury Oversight Committee shall accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker or other person with whom the county treasury conducts business, that aggregate in value in excess of $250.00 in any calendar year.

Conclusion

Any provision in this, the investment policy of Alameda County, which may later be disallowed by the governing sections of the Government Code of the State of California, shall also be so disallowed. Conversely, any new permissive provisions under the governing sections of the Government Code shall be allowed without necessarily amending the investment policy during the year that the law takes effect. However, such new provision shall be adopted by policy in the next annual investment policy.

This investment policy shall be in effect until revised or replaced by the investment policy of the following calendar year.

ATTACHMENT I

List of Possible Credit Ratings

	Standard and Poor's	Moody's	Fitch
1)	AAA Extremely Strong	Aaa Exceptional	AAA Exceptionally Strong
2)	AA+ Very Strong	Aa1 Excellent	AA+ Very Strong
3)	AA Very Strong	Aa2 Excellent	AA Very Strong
4)	AA- Very Strong	Aa3 Excellent	AA- Very Strong
5)	A+ Strong	A1 Good	A+ Strong
6)	A Strong	A2 Good	A Strong
7)	A- Strong	A3 Good	A- Strong

Agenda 39 June 11, 2013

TREASURER - TAX COLLECTOR

DONALD R. WHITE
TREASURER - TAX COLLECTOR

May 22, 2013

Board of Supervisors
County of Alameda
1221 Oak Street, 5th Floor
Oakland, CA 94612

Dear Board Members:

RE: Investment Report -April 2013

In accordance with the Treasurer's investment policy, submitted herewith is a report of the cash pool investments for the month of April 2013. Enclosed with this report is a detailed composition of all outstanding investments by securities category as of April 30, 2013 (1). This report reflects the cost of purchase. All investments in the Treasurer's investment portfolio conform to the statutory requirements of Government Code Section 53601 et. seq., authorities delegated by the County Board of Supervisors and the Treasurer's investment policy.

As Of April 30, 2013

Treasurer's Cash and Pool Investments – Book Value (2)	$ 3,653,425,729
Average Daily Balance during the month	3,559,830,539
Average Maturity of the portfolio	414 days
Total interest received during the month	1,121,768
Annualized cash basis rate of return for the month	0.383%

Total Securities Purchased During the Month

- In 12-month maturity $ 717,876,362
- In over 12-month maturity 100,000,000

Total purchased 817,876,362

Total Activity During the Month

Securities matured	325,873,564
Securities called by issuers	255,314,508
Net collateralized money market bank accounts purchased	100,000,000
Net money market mutual funds purchased	83,000,000

Liquidity Summary Of The Portfolio As Of April 30, 2013 [(3)]

Maturity	Amount	Percentage Held
1 to 90 days*	$ 1,546,229,736	41.91%
91 to 180 days	541,427,057	14.68%
181 to 365 days	316,390,416	8.58%
2 years	384,961,981	10.43%
3 years	403,268,995	10.93%
4 years	287,025,451	7.78%
5 years	210,098,090	5.69%
Total	**3,689,401,726**	**100.00%**

*Of the total cash and investment holdings listed above $1,546,229,736 or 41.91% consisted of cash and investments maturing within 90 days of this report.

Significant Market Activity in April 2013

US economy grew at an annually rate of 2.5% in April. Dismal job growth report and Japanese Central Bank's action to exit a 15-year deflationary period added additional downward pressure on US Treasury yields. In April, Treasury yields declined to the lowest levels of 2013.

Conclusion

Based on investment activity during the month of April 2013, the Treasurer expects to meet all operating cash needs for the pool participants within the next six months from the portfolio's most liquid assets and current revenues. For your review, a copy of the Investment Status Report for the month of April 2013 is on file with the Office of the Clerk of the Board of Supervisors.

Very truly yours,

Donald R. White
Treasurer-Tax Collector

Attachment 1
Attachment 2
Attachment 3

cc: Patrick O'Connell, Auditor-Controller
Susan Muranishi, County Administrator
School District Participants
Special District Participants
Treasury Oversight Committee

ALAMEDA COUNTY
COMPOSITION OF TREASURER'S INVESTMENT POOL BY CATEGORY

Attachment 1

April 30, 2013

Securities	Book Value *	Percentage Held	Percentage Allowed by Section 53601 - Investment Policy
LAIF	$ 50,000,000	1.36%	N.A.
Certificate of Deposit	$ 48,000,000	1.30%	no limit
Money Market Funds	$ 284,000,000	7.70%	20%
Collateralized Money Market Bank A/C	$ 262,000,000	7.10%	N.A.
Commercial paper	$ 124,938,695	3.39%	25%
Federal Agency Notes & Bonds	$ 1,571,937,825	42.61%	no limit
Federal Agency Discount Notes	$ 384,845,207	10.43%	no limit
Negotiable CD	$ 249,982,957	6.78%	30%
Medium term Notes	$ 129,271,562	3.50%	30%
Treasury Securities - Coupon	$ 74,990,213	2.03%	no limit
Treasury Securities - Discount	$ 274,767,670	7.45%	no limit
Crossover TRANS	$ 93,000,000	2.52%	no limit
Municipal Bonds	$ 105,691,600	2.86%	no limit
Total Investment Portfolio	**$ 3,653,425,729**	**99.02%**	
Cash in Bank and on Hand	$ 35,975,997	0.98%	
Total Treasurer's Pool	**$ 3,689,401,726**	**100.00%**	

*The Book Value is obtained from the Union Bank Custodial Report

Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
April 30, 2013

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Certificates of Deposit - Bank											
SYS10500	10500	BAYCOM	250,000.00	0.550	07/10/2013	07/10/2012	0.550	0.558		250,000.00	250,000.00
SYS10507	10507	COMBK	500,000.00	0.150	06/12/2013	12/14/2012	0.150	0.152		500,000.00	500,000.00
SYS10508	10508	COMBK	500,000.00	0.150	06/12/2013	12/14/2012	0.150	0.152		500,000.00	500,000.00
SYS10510	10510	SUMMIT	500,000.00	0.200	05/30/2013	03/01/2013	0.200	0.203		500,000.00	500,000.00
SYS10506	10506	TORREY	1,000,000.00	0.200	06/04/2013	12/04/2012	0.200	0.203		1,000,000.00	1,000,000.00
SYS10511	10511	TORREY	40,000,000.00	0.200	10/07/2013	04/10/2013	0.200	0.203		40,000,000.00	40,000,000.00
SYS10509	10509	TRIVAL	250,000.00	0.300	06/25/2013	12/25/2012	0.300	0.304		250,000.00	250,000.00
SYS10512	10512	UB-LOC	5,000,000.00	0.200	04/16/2014	04/19/2013	0.200	0.203		5,000,000.00	5,000,000.00
	Certificates of Deposit - Bank Totals		48,000,000.00				0.201	0.204	0.00	48,000,000.00	48,000,000.00
Commercial Paper - Discount											
89116ETS2	27260	TD	50,000,000.00	0.160	06/26/2013	02/28/2013	0.162	0.165		49,973,778.00	49,973,778.00
89116EVM2	27265	TD	25,000,000.00	0.130	08/21/2013	04/23/2013	0.132	0.134		24,989,166.67	24,989,166.67
90526MSNU8	27259	UBOC	50,000,000.00	0.180	05/22/2013	02/14/2013	0.183	0.185		49,975,750.00	49,975,750.00
	Commercial Paper - Discount Totals		125,000,000.00				0.164	0.167	0.00	124,938,694.67	124,938,694.67
Federal Agency Issues - Coupon											
3133EACS5	32830	FFCB	5,000,000.00	0.460	02/09/2015	02/07/2012	0.453	0.459		5,000,000.00	5,000,000.00
3133EACS5	32831	FFCB	25,000,000.00	0.460	02/09/2015	02/07/2012	0.462	0.468		24,993,750.00	24,993,750.00
3133EACR7	32832	FFCB	10,000,000.00	0.420	11/07/2014	02/07/2012	0.414	0.420		10,000,000.00	10,000,000.00
3133EACR7	32833	FFCB	10,000,000.00	0.420	11/07/2014	02/07/2012	0.414	0.420		10,000,000.00	10,000,000.00
3133EAPB8	32882	FFCB	5,000,000.00	1.230	05/02/2017	05/03/2012	1.213	1.230	Received	5,000,000.00	5,000,000.00
3133EAPB8	32883	FFCB	5,000,000.00	1.230	05/02/2017	05/03/2012	1.213	1.230	Received	5,000,000.00	5,000,000.00
3133EAPB8	32884	FFCB	10,000,000.00	1.230	05/02/2017	05/04/2012	1.216	1.233	Received	9,998,500.00	9,998,500.00
3133EAPP7	32885	FFCB	10,000,000.00	0.900	05/09/2016	05/09/2012	0.888	0.900		10,000,000.00	10,000,000.00
3133EAPP7	32886	FFCB	10,000,000.00	0.900	05/09/2016	05/09/2012	0.888	0.900		10,000,000.00	10,000,000.00
3133EARL4	32902	FFCB	15,000,000.00	0.600	05/25/2015	05/29/2012	0.608	0.617	Received	14,992,500.00	14,992,500.00
3133EATN8	32915	FFCB	5,000,000.00	0.370	06/11/2014	06/22/2012	0.367	0.373	Received	4,999,750.00	4,999,750.00
3133EAQP6	32917	FFCB	5,000,000.00	0.320	05/16/2014	06/25/2012	0.355	0.360	Received	4,996,231.68	4,996,231.68
3133EAVU9	32918	FFCB	10,000,000.00	0.480	12/26/2014	06/26/2012	0.473	0.480		10,000,000.00	10,000,000.00
3133EAVU9	32919	FFCB	10,000,000.00	0.480	12/26/2014	06/26/2012	0.473	0.480		10,000,000.00	10,000,000.00
3133EAVU9	32920	FFCB	5,000,000.00	0.480	12/26/2014	06/26/2012	0.473	0.480		5,000,000.00	5,000,000.00
3133EAZK7	32930	FFCB	5,000,000.00	0.970	07/24/2017	07/25/2012	0.957	0.970	Received	5,000,000.00	5,000,000.00
3133EAZG6	32931	FFCB	5,000,000.00	0.800	11/23/2016	07/25/2012	0.821	0.833	Received	5,000,000.00	5,000,000.00
3133EAUM8	32932	FFCB	5,960,000.00	0.375	06/18/2014	07/26/2012	0.301	0.305	Received	5,967,867.20	5,967,867.20

Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
April 30, 2013

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Issues - Coupon											
3133EAZK7	32933	FFCB	5,000,000.00	0.970	07/24/2017	07/26/2012	0.962	0.975	Received	4,998,750.00	4,998,750.00
3133EAYL6	32935	FFCB	5,000,000.00	0.300	07/18/2014	07/27/2012	0.311	0.315	Received	4,998,500.00	4,998,500.00
3133EAA81	32938	FFCB	5,000,000.00	0.780	01/30/2017	07/30/2012	0.769	0.780		5,000,000.00	5,000,000.00
3133EAA81	32939	FFCB	5,000,000.00	0.780	01/30/2017	07/30/2012	0.769	0.780		5,000,000.00	5,000,000.00
3133EAYL6	32940	FFCB	5,000,000.00	0.300	07/18/2014	07/30/2012	0.317	0.321	Received	4,997,950.00	4,997,950.00
3133EAYL6	32941	FFCB	5,000,000.00	0.300	07/18/2014	07/30/2012	0.317	0.321	Received	4,997,950.00	4,997,950.00
3133EAZF8	32947	FFCB	7,655,000.00	0.625	03/23/2016	08/17/2012	0.680	0.690	Received	7,655,000.00	7,655,000.00
3133EAK98	32955	FFCB	7,500,000.00	0.850	02/15/2017	08/24/2012	0.838	0.850	Received	7,500,000.00	7,500,000.00
3133EAU30	32963	FFCB	5,000,000.00	0.320	03/12/2015	09/17/2012	0.338	0.342	Received	4,997,250.00	4,997,250.00
3133EAZ68	32968	FFCB	5,000,000.00	0.400	09/25/2015	09/25/2012	0.395	0.400		5,000,000.00	5,000,000.00
3133EA2P2	32969	FFCB	5,000,000.00	0.590	06/27/2016	09/27/2012	0.624	0.633		5,000,000.00	5,000,000.00
3133EA2L1	32970	FFCB	5,000,000.00	0.720	12/27/2016	09/27/2012	0.755	0.766		5,000,000.00	5,000,000.00
3133EAX94	32972	FFCB	5,000,000.00	0.300	12/24/2014	09/28/2012	0.333	0.338	166.67	5,000,000.00	5,000,166.67
3133EA2H0	32973	FFCB	5,000,000.00	0.440	10/01/2015	10/01/2012	0.454	0.460		4,997,000.00	4,997,000.00
3133EAX94	32974	FFCB	5,000,000.00	0.300	12/24/2014	10/03/2012	0.351	0.356	Received	4,998,250.00	4,998,250.00
3133EA3T3	32977	FFCB	5,000,000.00	0.330	04/09/2015	10/11/2012	0.345	0.350	Received	4,997,500.00	4,997,500.00
3133EA3T3	32978	FFCB	5,000,000.00	0.330	04/09/2015	10/11/2012	0.355	0.360	Received	4,996,250.00	4,996,250.00
3133EA3K2	32979	FFCB	5,000,000.00	0.620	10/11/2016	10/11/2012	0.637	0.645		4,995,000.00	4,995,000.00
3133EA3T3	32980	FFCB	5,000,000.00	0.330	04/09/2015	10/15/2012	0.345	0.350	Received	4,997,500.00	4,997,500.00
3133EA3T3	32987	FFCB	5,000,000.00	0.330	04/09/2015	10/17/2012	0.351	0.356	Received	4,996,750.00	4,996,750.00
3133EA4Q8	32991	FFCB	5,000,000.00	0.500	04/18/2016	10/18/2012	0.493	0.500		5,000,000.00	5,000,000.00
3133EA4Q8	32992	FFCB	5,000,000.00	0.500	04/18/2016	10/18/2012	0.493	0.500		5,000,000.00	5,000,000.00
3133EA4Q8	32993	FFCB	5,000,000.00	0.500	04/18/2016	10/18/2012	0.493	0.500		5,000,000.00	5,000,000.00
3133EAU30	32996	FFCB	5,000,000.00	0.320	03/12/2015	10/19/2012	0.347	0.351	Received	4,996,250.00	4,996,250.00
3133EA3T3	32997	FFCB	12,000,000.00	0.330	04/09/2015	10/19/2012	0.333	0.338	Received	11,997,600.00	11,997,600.00
3133EA4Z8	32998	FFCB	8,000,000.00	0.410	10/22/2015	10/22/2012	0.404	0.410		8,000,000.00	8,000,000.00
3133EA3T3	32999	FFCB	5,000,000.00	0.330	04/09/2015	10/22/2012	0.366	0.371	Received	4,995,000.00	4,995,000.00
3133EA3U0	33000	FFCB	5,000,000.00	0.300	01/09/2015	10/24/2012	0.374	0.380	Received	4,996,000.00	4,996,000.00
3133EA6P8	33002	FFCB	5,000,000.00	0.500	11/05/2015	11/05/2012	0.493	0.500		5,000,000.00	5,000,000.00
3133EA6P8	33003	FFCB	5,000,000.00	0.500	11/05/2015	11/05/2012	0.493	0.500		5,000,000.00	5,000,000.00
3133EA6P8	33005	FFCB	5,000,000.00	0.500	11/05/2015	11/05/2012	0.493	0.500		5,000,000.00	5,000,000.00
3133EA3U0	33008	FFCB	10,000,000.00	0.300	01/09/2015	11/08/2012	0.335	0.339	2,416.67	10,000,000.00	10,002,416.67
3133EC2L7	33013	FFCB	10,000,000.00	0.440	11/13/2015	11/13/2012	0.434	0.440		10,000,000.00	10,000,000.00
3133EC2L7	33014	FFCB	10,000,000.00	0.440	11/13/2015	11/13/2012	0.434	0.440		10,000,000.00	10,000,000.00
3133EC3B8	33022	FFCB	10,000,000.00	0.520	05/19/2016	11/19/2012	0.513	0.520		10,000,000.00	10,000,000.00

Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
April 30, 2013

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Issues - Coupon											
3133EAU30	33023	FFCB	10,000,000.00	0.320	03/12/2015	11/21/2012	0.316	0.320	Received	10,000,000.00	10,000,000.00
3133EC3B8	33025	FFCB	10,000,000.00	0.520	05/19/2016	11/23/2012	0.543	0.550	577.78	9,989,500.00	9,990,077.78
3133EC3F9	33026	FFCB	10,000,000.00	0.550	08/26/2016	11/26/2012	0.562	0.570		9,992,500.00	9,992,500.00
3133EC3F9	33027	FFCB	10,000,000.00	0.550	08/26/2016	11/26/2012	0.542	0.550		10,000,000.00	10,000,000.00
3133EC3F9	33028	FFCB	10,000,000.00	0.550	08/26/2016	11/26/2012	0.562	0.570		9,992,500.00	9,992,500.00
3133EC3B8	33029	FFCB	7,475,000.00	0.520	05/19/2016	11/28/2012	0.513	0.520	971.75	7,475,000.00	7,475,971.75
3133EC5B6	33030	FFCB	10,000,000.00	0.640	11/29/2016	11/30/2012	0.644	0.653	177.78	9,995,000.00	9,995,177.78
3133EA4F2	33032	FFCB	10,000,000.00	0.640	01/11/2017	12/06/2012	0.673	0.682	Received	10,000,000.00	10,000,000.00
3133EC5H3	33036	FFCB	29,300,000.00	0.200	12/03/2013	12/12/2012	0.197	0.200	1,465.00	29,300,000.00	29,301,465.00
3133ECAJ37	33044	FFCB	10,000,000.00	0.417	12/18/2015	12/18/2012	0.428	0.434		9,995,000.00	9,995,000.00
3133ECAJ37	33045	FFCB	10,000,000.00	0.417	12/18/2015	12/18/2012	0.444	0.450		9,990,000.00	9,990,000.00
3133ECAK0	33049	FFCB	25,000,000.00	0.670	03/20/2017	12/20/2012	0.734	0.744		24,968,750.00	24,968,750.00
3133ECBS2	33050	FFCB	10,000,000.00	0.230	06/26/2014	12/26/2012	0.243	0.247		9,997,500.00	9,997,500.00
3133ECBL7	33051	FFCB	10,000,000.00	0.270	12/26/2014	12/26/2012	0.266	0.270		10,000,000.00	10,000,000.00
3133ECBT0	33052	FFCB	15,000,000.00	0.375	06/26/2015	12/26/2012	0.370	0.375		15,000,000.00	15,000,000.00
3133ECAS3	33054	FFCB	15,000,000.00	0.450	03/21/2016	12/27/2012	0.459	0.466	Received	14,992,500.00	14,992,500.00
3133ECBT0	33055	FFCB	10,000,000.00	0.375	06/26/2015	12/27/2012	0.376	0.381	104.17	9,998,500.00	9,998,604.17
3133EC6V1	33062	FFCB	10,000,000.00	0.390	12/17/2015	01/10/2013	0.407	0.412	2,491.67	9,993,500.00	9,995,991.67
3133ECAL8	33063	FFCB	10,000,000.00	0.730	06/19/2017	01/10/2013	0.743	0.753	4,258.33	9,990,000.00	9,994,258.33
3133EA6W3	33066	FFCB	10,000,000.00	0.270	11/05/2014	01/18/2013	0.266	0.270	5,475.00	10,000,000.00	10,005,475.00
3133ECCY8	33069	FFCB	5,000,000.00	0.650	01/17/2017	01/23/2013	0.641	0.650	541.67	5,000,000.00	5,000,541.67
3133ECEL4	33081	FFCB	10,000,000.00	0.510	02/08/2016	02/08/2013	0.516	0.523		9,996,000.00	9,996,000.00
3133ECEL4	33082	FFCB	5,000,000.00	0.510	02/08/2016	02/11/2013	0.503	0.510	212.50	5,000,000.00	5,000,212.50
3133ECFN9	33086	FFCB	5,000,000.00	0.820	02/21/2017	02/21/2013	0.809	0.820		5,000,000.00	5,000,000.00
3133ECFM1	33087	FFCB	10,000,000.00	0.490	02/22/2016	02/22/2013	0.508	0.515		9,992,500.00	9,992,500.00
3133ECG65	33088	FFCB	15,000,000.00	0.500	02/25/2016	02/25/2013	0.493	0.500		15,000,000.00	15,000,000.00
3133ECFG4	33089	FFCB	5,000,000.00	0.300	05/14/2015	02/27/2013	0.346	0.351	541.67	4,998,750.00	4,999,291.67
3133ECGF5	33090	FFCB	10,000,000.00	0.800	02/27/2017	02/27/2013	0.789	0.800		10,000,000.00	10,000,000.00
3133ECHB3	33094	FFCB	10,000,000.00	0.450	03/07/2016	03/07/2013	0.477	0.484		9,990,000.00	9,990,000.00
3133ECHB3	33095	FFCB	5,000,000.00	0.450	03/07/2016	03/07/2013	0.469	0.475		4,996,250.00	4,996,250.00
3133ECFN9	33098	FFCB	10,000,000.00	0.820	02/21/2017	03/11/2013	0.809	0.820	4,555.56	10,000,000.00	10,004,555.56
3133ECHE7	33099	FFCB	5,000,000.00	0.350	09/11/2015	03/11/2013	0.345	0.350		5,000,000.00	5,000,000.00
3133ECJ96	33101	FFCB	12,100,000.00	0.470	03/18/2016	03/18/2013	0.475	0.482		12,095,765.00	12,095,765.00
3133ECJQ8	33103	FFCB	10,000,000.00	0.750	03/20/2017	03/20/2013	0.740	0.750		10,000,000.00	10,000,000.00
3133ECHV9	33106	FFCB	5,000,000.00	0.350	07/30/2015	03/21/2013	0.345	0.350	291.67	5,000,000.00	5,000,291.67

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3133ECK52	33110	FFCB	5,000,000.00	0.450	03/28/2016	03/28/2013	0.460	0.467		4,997,500.00	4,997,500.00
3133ECKG8	33111	FFCB	10,000,000.00	0.900	10/02/2017	04/02/2013	0.888	0.900		10,000,000.00	10,000,000.00
3133ECLA0	33116	FFCB	10,000,000.00	0.410	04/12/2016	04/12/2013	0.404	0.410		10,000,000.00	10,000,000.00
3133ECL77	33117	FFCB	10,000,000.00	0.200	10/15/2014	04/15/2013	0.197	0.200		10,000,000.00	10,000,000.00
313373F49	32574	FHLB	7,300,000.00	1.200	11/29/2013	04/12/2011	1.403	1.422		7,296,350.00	7,296,350.00
313376J55	32779	FHLB	10,000,000.00	0.375	07/09/2013	12/08/2011	0.501	0.508		10,000,000.00	10,000,000.00
313378U25	32867	FHLB	15,000,000.00	0.375	10/18/2013	04/18/2012	0.376	0.382		14,998,500.00	14,998,500.00
313379TL3	32905	FHLB	5,000,000.00	0.375	06/12/2014	06/13/2012	0.370	0.375	Received	5,000,000.00	5,000,000.00
313379T58	32906	FHLB	5,000,000.00	0.320	12/11/2013	08/13/2012	0.316	0.320	Received	5,000,000.00	5,000,000.00
313379T58	32907	FHLB	5,000,000.00	0.320	12/11/2013	06/13/2012	0.316	0.320	Received	5,000,000.00	5,000,000.00
313379TL3	32909A	FHLB	10,000,000.00	0.375	06/12/2014	06/20/2012	0.384	0.389		9,998,000.00	9,998,000.00
313376NT8	32910	FHLB	10,000,000.00	0.350	07/11/2013	06/21/2012	0.250	0.253	Received	10,010,220.00	10,010,220.00
313379SC4	32911A	FHLB	10,000,000.00	0.300	12/12/2013	06/21/2012	0.311	0.315		9,998,500.00	9,998,500.00
313379TL3	32916A	FHLB	5,000,000.00	0.375	06/12/2014	06/22/2012	0.388	0.393		4,998,750.00	4,998,750.00
313379TL3	32921A	FHLB	5,000,000.00	0.375	06/12/2014	06/26/2012	0.385	0.390		4,999,250.00	4,999,250.00
313378U25	32922	FHLB	10,000,000.00	0.375	10/18/2013	06/26/2012	0.315	0.319	Received	10,007,283.90	10,007,283.90
313379SK6	32936	FHLB	5,000,000.00	0.400	07/02/2014	07/27/2012	0.210	0.213	Received	5,008,800.00	5,008,800.00
3133804V6	32944	FHLB	10,000,000.00	1.000	08/09/2017	08/09/2012	0.988	1.002		9,999,000.00	9,999,000.00
3133804V6	32945	FHLB	5,000,000.00	1.000	08/09/2017	08/09/2012	0.987	1.001		4,999,750.00	4,999,750.00
313379SK6	32946	FHLB	10,000,000.00	0.400	07/02/2014	08/15/2012	0.229	0.232	4,777.78	10,013,090.00	10,017,867.78
313380B22	32957	FHLB	5,000,000.00	0.450	08/20/2015	08/27/2012	0.444	0.450	Received	5,000,000.00	5,000,000.00
313376ZQ1	32962	FHLB	5,000,000.00	0.375	03/13/2015	09/13/2012	0.313	0.317		5,009,300.00	5,009,300.00
313380MF1	32965	FHLB	5,000,000.00	1.000	09/18/2017	09/18/2012	1.012	1.026		4,993,750.00	4,993,750.00
313376ZQ1	32971	FHLB	6,250,000.00	0.375	03/13/2015	09/28/2012	0.356	0.361	976.56	6,254,750.00	6,255,726.56
313380L96	33001	FHLB	5,000,000.00	0.500	11/20/2015	10/26/2012	0.512	0.519	Received	5,003,750.00	5,003,750.00
3133813G8	33004	FHLB	12,775,000.00	0.640	11/01/2016	11/05/2012	0.631	0.640	908.44	12,775,000.00	12,775,908.44
3133813R42	33009	FHLB	10,000,000.00	1.000	11/09/2017	11/09/2012	0.986	1.000		10,000,000.00	10,000,000.00
3133813R4	33010	FHLB	5,000,000.00	1.000	11/09/2017	11/09/2012	0.986	1.000		5,000,000.00	5,000,000.00
3133813R42	33011	FHLB	5,000,000.00	1.000	11/09/2017	11/09/2012	0.986	1.000		5,000,000.00	5,000,000.00
3133812R5	33012	FHLB	10,000,000.00	1.250	11/13/2017	11/13/2012	0.779	0.790		10,000,000.00	10,000,000.00
313381AN5	33024	FHLB	5,000,000.00	0.800	05/23/2017	11/23/2012	0.800	0.811		4,997,500.00	4,997,500.00
313381DQ5	33031	FHLB	10,000,000.00	0.300	08/04/2014	12/04/2012	0.296	0.300		10,000,000.00	10,000,000.00
313381HJ7	33033	FHLB	25,000,000.00	0.160	06/06/2013	12/06/2012	0.158	0.160		25,000,000.00	25,000,000.00
313381HG3	33034	FHLB	25,000,000.00	0.125	12/06/2013	12/10/2012	0.200	0.203	347.22	24,980,750.00	24,981,097.22
313381HJ7	33038	FHLB	25,000,000.00	0.160	06/06/2013	12/13/2012	0.150	0.152	777.78	25,001,000.00	25,001,777.78

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Federal Agency Issues - Coupon											
313381JB2	33039	FHLB	25,000,000.00	0.125	12/10/2013	12/13/2012	0.190	0.193	260.42	24,983,250.00	24,983,510.42
3133813R4	33046	FHLB	10,000,000.00	1.000	11/09/2017	12/18/2012	0.986	1.000	10,833.33	10,000,000.00	10,010,833.33
3133813R4	33047	FHLB	15,000,000.00	1.000	11/09/2017	12/18/2012	0.991	1.005	16,250.00	14,996,250.00	15,012,500.00
313381LL7	33048	FHLB	10,000,000.00	0.170	12/18/2013	12/18/2012	0.168	0.170		10,000,000.00	10,000,000.00
313381M85	33053	FHLB	20,000,000.00	0.170	02/26/2014	12/27/2012	0.168	0.170		20,000,000.00	20,000,000.00
3133813R4	33056	FHLB	10,000,000.00	1.000	11/09/2017	12/27/2012	0.986	1.000	13,333.33	10,000,000.00	10,013,333.33
313381HL2	33057	FHLB	10,000,000.00	0.450	12/28/2015	12/28/2012	0.444	0.450		10,000,000.00	10,000,000.00
313381KQ7	33058	FHLB	10,000,000.00	0.500	06/28/2016	12/28/2012	0.493	0.500		10,000,000.00	10,000,000.00
313381HL2	33059	FHLB	10,000,000.00	0.450	12/28/2015	12/28/2012	0.444	0.450		10,000,000.00	10,000,000.00
313381MG7	33061	FHLB	10,000,000.00	0.500	01/08/2016	01/08/2013	0.493	0.500		10,000,000.00	10,000,000.00
3133813R4	33064	FHLB	10,000,000.00	1.000	11/09/2017	01/15/2013	0.988	1.002	18,333.33	9,999,000.00	10,017,333.33
3133813R4	33065	FHLB	10,000,000.00	1.000	11/09/2017	01/15/2013	0.988	1.002	18,333.33	9,999,000.00	10,017,333.33
313381MG7	33067	FHLB	10,000,000.00	0.500	01/08/2016	01/18/2013	0.493	0.500	1,388.89	10,000,000.00	10,001,388.89
313381YP4	33070	FHLB	5,000,000.00	0.250	02/20/2015	01/25/2013	0.365	0.370		4,995,550.00	4,995,550.00
313381YP4	33071	FHLB	10,000,000.00	0.250	02/20/2015	01/25/2013	0.365	0.370		9,991,100.00	9,991,100.00
313381QX6	33072	FHLB	10,000,000.00	0.550	07/25/2016	01/25/2013	0.542	0.550		10,000,000.00	10,000,000.00
313381SV82	33073	FHLB	15,680,000.00	0.500	01/29/2016	01/29/2013	0.493	0.500		15,680,000.00	15,680,000.00
313381SV8	33074	FHLB	10,000,000.00	0.500	01/29/2016	01/29/2013	0.493	0.500		10,000,000.00	10,000,000.00
313381WL5	33075	FHLB	5,000,000.00	0.670	01/30/2017	01/30/2013	0.661	0.670		5,000,000.00	5,000,000.00
313381UR4	33076	FHLB	10,000,000.00	0.375	07/30/2015	01/30/2013	0.370	0.375		10,000,000.00	10,000,000.00
313381UD5	33077	FHLB	10,000,000.00	1.100	02/01/2018	02/01/2013	1.085	1.100		10,000,000.00	10,000,000.00
3133813R42	33078	FHLB	10,000,000.00	1.000	11/09/2017	02/01/2013	0.986	1.000	22,777.78	10,000,000.00	10,022,777.78
313381UD5	33079	FHLB	10,000,000.00	1.100	02/01/2018	02/01/2013	1.085	1.100		10,000,000.00	10,000,000.00
313381UD5	33080	FHLB	10,000,000.00	1.100	02/01/2018	02/01/2013	1.085	1.100		10,000,000.00	10,000,000.00
313381PY5	33083	FHLB	5,000,000.00	0.400	10/23/2015	02/15/2013	0.460	0.466	Received	4,997,000.00	4,997,000.00
313382A78	33092	FHLB	5,000,000.00	0.625	08/15/2016	02/28/2013	0.616	0.625	1,128.47	5,000,000.00	5,001,128.47
313382DC4	33096	FHLB	10,000,000.00	0.470	03/07/2016	03/07/2013	0.464	0.470		10,000,000.00	10,000,000.00
313382LY7	33114	FHLB	20,000,000.00	0.250	04/10/2014	04/10/2013	0.247	0.250		20,000,000.00	20,000,000.00
313382LY7	33115	FHLB	10,000,000.00	0.250	04/10/2014	04/10/2013	0.247	0.250		10,000,000.00	10,000,000.00
313382LN1	33118	FHLB	10,000,000.00	0.600	04/15/2016	04/15/2013	0.592	0.600		10,000,000.00	10,000,000.00
313382UN1	33119	FHLB	30,000,000.00	0.125	01/22/2014	04/22/2013	0.094	0.096		29,999,400.00	29,999,400.00
313382UP6	33120	FHLB	50,000,000.00	0.110	10/25/2013	04/25/2013	0.110	0.112		49,999,500.00	49,999,500.00
313382S87	33121	FHLB	10,000,000.00	0.350	04/28/2015	04/29/2013	0.346	0.350		10,000,000.00	10,000,000.00
313382S87	33122	FHLB	10,000,000.00	0.350	04/28/2015	04/29/2013	0.346	0.350		10,000,000.00	10,000,000.00
313382XZ1	33125	FHLB	20,000,000.00	0.100	10/30/2013	04/30/2013	0.099	0.100		20,000,000.00	20,000,000.00

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Federal Agency Issues - Coupon											
313382X65	33126	FHLB	25,000,000.00	0.100	10/30/2013	04/30/2013	0.099	0.100		25,000,000.00	25,000,000.00
313382GR8	33104	FHLBDN	10,000,000.00	0.750	03/20/2017	03/20/2013	0.749	0.759		9,998,500.00	9,996,500.00
3136GODN9	33093	FNMA	10,000,000.00	0.625	06/21/2017	03/06/2013	0.594	0.603	13,020.83	10,009,450.00	10,022,470.83
3136G1BW8	33100	FNMA	10,000,000.00	0.550	07/29/2016	03/13/2013	0.542	0.550	6,722.22	10,000,000.00	10,006,722.22
3135G0WH2	33123	FNMA	10,000,000.00	0.375	10/29/2015	04/29/2013	0.370	0.375		10,000,000.00	10,000,000.00
3135G0WH2	33124	FNMA	10,000,000.00	0.375	10/29/2015	04/29/2013	0.370	0.375		10,000,000.00	10,000,000.00
	Federal Agency Issues - Coupon Totals		1,571,995,000.00				0.480	0.487	154,417.60	1,571,783,407.78	1,571,937,825.38
Federal Agency Issues - Discount											
313385GM2	37881	FHLBDN	25,000,000.00	0.150	06/05/2013	12/06/2012	0.150	0.152		24,981,145.75	24,981,145.75
313385GM2	37883	FHLBDN	25,000,000.00	0.140	06/05/2013	12/07/2012	0.140	0.142		24,982,500.00	24,982,500.00
313385GW0	37888	FHLBDN	40,000,000.00	0.100	06/14/2013	03/18/2013	0.100	0.101		39,990,222.22	39,990,222.22
313385NA0	37892	FHLBDN	50,000,000.00	0.100	10/16/2013	04/18/2013	0.100	0.101		49,974,861.11	49,974,861.11
313385PL4	37893	FHLBDN	50,000,000.00	0.100	11/19/2013	04/22/2013	0.102	0.103		49,970,694.50	49,970,694.50
313397JV4	37890	FHLMCD	50,000,000.00	0.070	07/31/2013	04/08/2013	0.070	0.071		49,988,916.67	49,988,916.67
313397PE5	37894	FHLMCD	50,000,000.00	0.095	11/13/2013	04/23/2013	0.097	0.098		49,973,083.50	49,973,083.50
313589FA6	37891	FNMADN	70,000,000.00	0.060	05/01/2013	04/12/2013	0.060	0.061		69,997,783.34	69.997,783.34
313397LJ8	37889	FREDIE	25,000,000.00	0.120	09/06/2013	03/22/2013	0.120	0.122		24,986,000.00	24,986,000.00
	Federal Agency Issues - Discount Totals		385,000,000.00				0.096	0.097	0.00	384,845,207.09	384,845,207.09
Local Agency Investment Funds											
SYS40003	40003	LAIF	50,000,000.00	0.363		07/01/2010	0.358	0.363		50,000,000.00	50,000,000.00
	Local Agency Investment Funds Totals		50,000,000.00				0.358	0.363	0.00	50,000,000.00	50,000,000.00
Medium Term Notes											
88579YAD3	45580B	3M	10,025,511.12	1.375	09/29/2016	03/22/2012	1.506	1.527		10,025,511.12	10,025,511.12
084670AV0	45594B	BERKSH	10,000,000.00	3.200	02/11/2015	06/12/2012	1.976	2.004		10,416,194.44	10,416,194.44
149123BU4	45591A	CAT	10,000,000.00	1.375	05/27/2014	05/25/2012	1.149	1.165		10,109,500.00	10,109,500.00
19416QDT4	45593A	CL	500,000.00	1.250	05/01/2014	06/06/2012	0.703	0.713		505,672.00	505,672.00
19416QD61	45597A	CL	4,750,000.00	0.278	05/15/2013	06/25/2012	0.274	0.278		4,860,168.33	4,860,168.33
24702RAN1	45614B	DELL	2,538,291.67	2.100	04/01/2014	08/28/2012	2.617	2.653		2,538,291.67	2,538,291.67
24702RAK7	45617A	DELL	2,000,000.00	1.400	09/10/2013	09/14/2012	0.879	0.892		2,010,300.00	2,010,300.00
36962G4G6	45564C	GE	5,000,000.00	3.750	11/14/2014	11/15/2011	2.440	2.474		5,183,786.40	5,183,786.40
38962G4X9	45566B	GE	2,000,000.00	2.100	01/07/2014	07/12/2011	1.784	1.808		2,014,697.65	2,014,697.65
36962G4Q4	45567C	GE	3,000,000.00	1.875	09/16/2013	09/16/2011	1.683	1.707		3,009,884.29	3,009,884.29

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Medium Term Notes											
459200GZ8	45571B	IBM	10,000,000.00	0.875	10/31/2014	11/08/2011	0.806	0.817		10,018,805.97	10,018,805.97
459200GT2	45582B	IBM	3,500,000.00	1.000	08/05/2013	03/28/2012	0.899	0.912		3,509,286.66	3,509,286.66
478160AY0	45595A	JNJ	7,500,000.00	2.150	05/15/2016	06/13/2012	0.959	0.973		7,849,256.25	7,849,256.25
191216AN0	45605A	KO	5,285,000.00	0.750	11/15/2013	08/13/2012	0.578	0.586		5,305,523.42	5,305,523.42
59217GAE9	45569C	MET	5,000,000.00	2.000	01/10/2014	08/26/2011	1.844	1.870		5,027,803.21	5,027,803.21
594918AB0	45598A	MSFT	5,000,000.00	2.950	06/01/2014	06/26/2012	1.174	1.190		5,182,962.50	5,182,962.50
594918AF1	45618B	MSFT	5,000,000.00	0.875	09/27/2013	09/21/2012	0.954	0.967		5,016,510.42	5,016,510.42
64952WBE2	45615A	NYL	5,000,000.00	1.300	01/12/2015	09/04/2012	0.802	0.814		5,066,000.00	5,066,000.00
64952WBH5	45620B	NYL	5,000,000.00	0.750	07/24/2015	09/26/2012	0.677	0.686		5,015,166.67	5,015,166.67
713448BX5	45584C	PEP	5,000,000.00	0.750	03/05/2015	04/27/2012	0.751	0.762		5,003,733.34	5,003,733.34
713448BM9	45588A	PEP	5,000,000.00	3.100	01/15/2015	05/08/2012	1.469	1.489		5,259,875.00	5,259,875.00
742718DV8	45581B	PG	5,000,000.00	1.450	08/15/2016	03/28/2012	1.317	1.335		5,033,016.66	5,033,016.66
742718DV8	45590B	PG	1,400,000.00	1.450	08/15/2016	05/22/2012	1.141	1.157		1,422,333.12	1,422,333.12
931142DC4	45577C	WMT	7,500,000.00	2.800	04/15/2016	01/10/2012	1.782	1.807		7,852,125.74	7,852,125.74
931142CX9	45586B	WMT	2,000,000.00	1.500	10/25/2015	05/02/2012	0.980	0.993		2,035,157.14	2,035,157.14
	Medium Term Notes Totals		126,998,802.79				1.267	1.285	0.00	129,271,562.00	129,271,562.00
Crossover TRANS											
CHALASUSD	50004	CHAUSD	22,500,000.00	0.160	10/01/2013	04/30/2013	0.160	0.162		22,500,000.00	22,500,000.00
CASVALUSD	50003	CVAUSD	12,500,000.00	0.160	10/01/2013	04/30/2013	0.160	0.162		12,500,000.00	12,500,000.00
NHAVENUSD	50001	NHUS	18,000,000.00	0.160	10/01/2013	04/30/2013	0.160	0.162		18,000,000.00	18,000,000.00
OAKLDUSD	50002	OAKUSD	40,000,000.00	0.160	10/01/2013	04/30/2013	0.160	0.162		40,000,000.00	40,000,000.00
	Crossover TRANS Totals		93,000,000.00				0.160	0.162	0.00	93,000,000.00	93,000,000.00
Negotiable CD's - Bank - S & L											
06366XS86	65692	BMO	50,000,000.00	0.180	06/20/2013	03/20/2013	0.180	0.183		50,000,000.00	50,000,000.00
06366X3V2	65695	BMO	50,000,000.00	0.190	07/19/2013	04/18/2013	0.180	0.182		50,001,277.19	50,001,277.19
06416JUG6	65694	BNS	50,000,000.00	0.160	07/16/2013	04/17/2013	0.320	0.325		49,980,000.00	49,980,000.00
89112WZG5	65690	TD	50,000,000.00	0.185	06/21/2013	03/13/2013	0.185	0.188		50,000,000.00	50,000,000.00
89112WN29	65693	TD	50,000,000.00	0.160	08/15/2013	04/18/2013	0.150	0.152		50,001,679.50	50,001,679.50
	Negotiable CD's - Bank - S & L Totals		250,000,000.00				0.203	0.206	0.00	249,982,956.69	249,982,956.69
Money Market Mutual Funds											
SYS70048	70048	AMBECN	19,000,000.00	0.050		07/01/2010	0.049	0.050		19,000,000.00	19,000,000.00
SYS70037	70037	BLACKR	1,000,000.00	0.010		07/01/2010	0.010	0.010		1,000,000.00	1,000,000.00

Alameda County Treasury
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CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Money Market Mutual Funds											
SYS70058	70058	CAMP	50,000,000.00	0.240		03/02/2011	0.237	0.240		50,000,000.00	50,000,000.00
SYS70056	70056	FID1	5,000,000.00	0.060		07/01/2010	0.059	0.060		5,000,000.00	5,000,000.00
SYS70056A	70056A	FID2	2,000,000.00	0.010		07/01/2010	0.010	0.010		2,000,000.00	2,000,000.00
SYS70043	70043	INVCO1	1,000,000.00	0.020		07/01/2010	0.020	0.020		1,000,000.00	1,000,000.00
SYS70053A	70053	INVCO2	1,000,000.00	0.200		07/01/2010	0.197	0.200		1,000,000.00	1,000,000.00
SYS70041	70041	JPM	2,000,000.00	0.120		07/01/2010	0.118	0.120		2,000,000.00	2,000,000.00
SYS70040	70040	MLSTNE	3,000,000.00	0.010		07/01/2010	0.010	0.010		3,000,000.00	3,000,000.00
SYS70052	70052	MS1	75,000,000.00	0.110		07/01/2010	0.108	0.110		75,000,000.00	75,000,000.00
SYS70052A	70052A	MS2	50,000,000.00	0.050		07/01/2010	0.049	0.050		50,000,000.00	50,000,000.00
SYS70046	70046	WLMCAP	75,000,000.00	0.020		07/01/2010	0.020	0.020		75,000,000.00	75,000,000.00
	Money Market Mutual Funds Totals		284,000,000.00				0.090	0.092	0.00	284,000,000.00	284,000,000.00
Treasury Securities - Coupon											
912828RK86	80253	TNTS	25,000,000.00	0.163	09/30/2013	12/07/2012	0.208	0.211	5,837.91	24,992,187.50	24,998,025.41
912828RK8	80254	TNTS	50,000,000.00	0.125	09/30/2013	12/20/2012	0.143	0.145	Received	49,992,187.50	49,992,187.50
	Treasury Securities - Coupon Totals		75,000,000.00				0.165	0.167	5,837.91	74,984,375.00	74,990,212.91
Treasury Securities - Discount											
9127957A3	85220	TBILLS	25,000,000.00	0.165	07/25/2013	07/26/2012	0.168	0.170		24,958,291.67	24,958,291.67
9127957E5	85221	TBILLS	50,000,000.00	0.163	08/22/2013	11/02/2012	0.165	0.167		49,933,871.53	49,933,871.53
9127956W6	85225	TBILLS	50,000,000.00	0.120	06/27/2013	12/27/2012	0.122	0.123		49,969,666.67	49,969,666.67
9127956W6	85226	TBILLS	50,000,000.00	0.123	06/27/2013	12/27/2012	0.124	0.126		49,969,034.72	49,969,034.72
9127956W6	85227	TBILLS	50,000,000.00	0.125	06/27/2013	12/27/2012	0.127	0.129		49,968,402.78	49,968,402.78
9127956W6	85228	TBILLS	50,000,000.00	0.125	06/27/2013	12/27/2012	0.127	0.129		49,968,402.78	49,968,402.78
	Treasury Securities - Discount Totals		275,000,000.00				0.136	0.138	0.00	274,767,670.15	274,767,670.15
Collateralized MMKT Bank Accounts											
SYS100102	100002	CALBK	57,000,000.00	0.200		07/01/2011	0.197	0.200		57,000,000.00	57,000,000.00
SYS100003	100003	EWEST	60,000,000.00	0.300		07/01/2011	0.296	0.300		60,000,000.00	60,000,000.00
SYS100004	100004	TRIVAL	3,000,000.00	0.010		12/27/2012	0.010	0.010		3,000,000.00	3,000,000.00
SYS100000	100011	UBOC	52,000,000.00	0.085		07/01/2011	0.084	0.085		52,000,000.00	52,000,000.00
SYS100000	100022	UBOC	90,000,000.00	0.085		07/01/2011	0.084	0.085		90,000,000.00	90,000,000.00
	Collateralized MMKT Bank Accounts Totals		262,000,000.00				0.156	0.158	0.00	262,000,000.00	262,000,000.00

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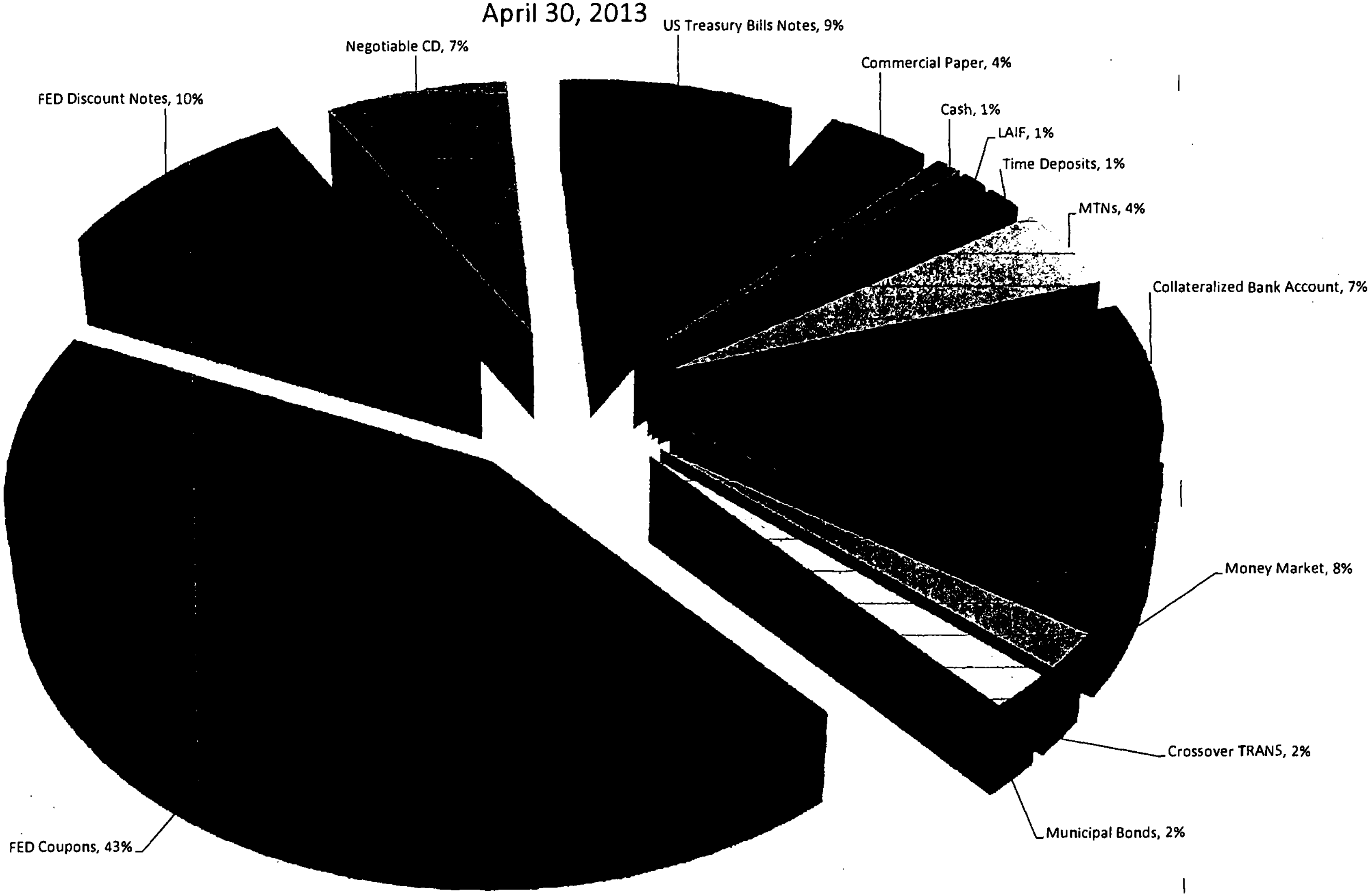
CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Municipal Bonds											
13063BB50	200000	CALRAN	10,000,000.00	2.500	05/30/2013	08/23/2012	0.360	0.365		10,166,000.00	10,166,000.00
13063BB50	200001	CALRAN	10,000,000.00	2.500	05/30/2013	08/23/2012	0.360	0.365		10,166,000.00	10,166,000.00
13063BB50	200002	CALRAN	40,000,000.00	2.500	05/30/2013	08/23/2012	0.360	0.365		40,664,000.00	40,664,000.00
13063BB68	200003	CALRAN	5,000,000.00	2.500	06/20/2013	08/23/2012	0.458	0.464		5,085,050.00	5,085,050.00
13063BB68	200004	CALRAN	10,000,000.00	2.500	06/20/2013	08/23/2012	0.458	0.464		10,170,100.00	10,170,100.00
13063BB68	200005	CALRAN	5,000,000.00	2.500	06/20/2013	08/23/2012	0.458	0.464		5,085,050.00	5,085,050.00
13063BB68	200006	CALRAN	20,000,000.00	2.500	06/20/2013	08/23/2012	0.458	0.464		20,340,200.00	20,340,200.00
13063BN65	200007	CALRAN	4,000,000.00	0.850	02/01/2015	03/27/2013	0.634	0.643		4,015,200.00	4,015,200.00
	Municipal Bonds Totals		**104,000,000.00**				**0.408**	**0.414**	**0.00**	**105,691,600.00**	**105,691,600.00**
	Investment Totals		**3,649,993,802.79**				**0.336**	**0.341**	**160,255.51**	**3,653,265,473.38**	**3,653,425,728.89**

Alameda County
Summary of Treasurer's Investment Pool By Major Categories

Attachment 2

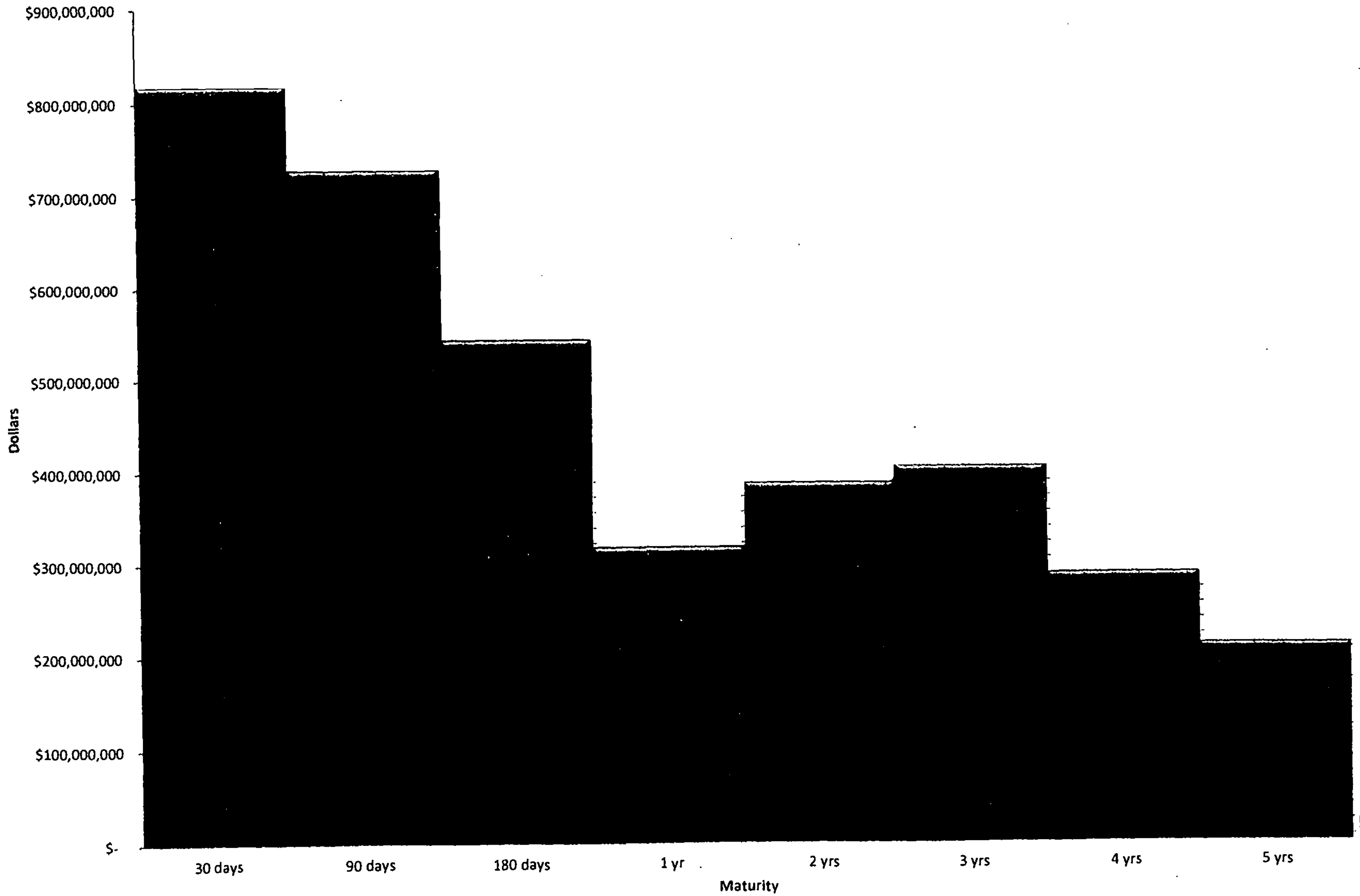
April 30, 2013



Attachment 3

Alameda County
Summary of Treasurer's Investments By Maturity

April 30, 2013



APPENDIX H

TABLE OF ACCRETED VALUES

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Date	CAB Serial Bonds 08/01/2027 5.28%	CAB Serial Bonds 08/01/2028 5.52%	CAB Serial Bonds 08/01/2029 5.74%	CAB Serial Bonds 08/01/2030 5.86%	CAB Serial Bonds 08/01/2031 5.93%	CAB Serial Bonds 08/01/2032 6.01%	CAB Serial Bonds 08/01/2033 6.07%	CAB Serial Bonds 08/01/2034 6.12%	CAB Serial Bonds 08/01/2035 10.15%	CAB Serial Bonds 08/01/2036 10.15%	CAB Serial Bonds 08/01/2037 6.2%	CAB Serial Bonds 08/01/2038 6.23%
8/21/13	2,417.45	2,215.95	2,028.10	1,879.00	1,752.05	1,628.45	1,517.10	1,414.60	569.35	515.65	1,158.85	1,082.30
2/1/14	2,474.10	2,270.20	2,079.75	1,927.90	1,798.15	1,671.90	1,557.95	1,453.00	594.95	538.85	1,190.70	1,112.20
8/1/14	2,539.40	2,332.85	2,139.45	1,984.35	1,851.45	1,722.10	1,605.25	1,497.45	625.15	566.20	1,227.60	1,146.85
2/1/15	2,606.45	2,397.25	2,200.85	2,042.50	1,906.35	1,773.90	1,653.95	1,543.30	656.85	594.95	1,265.65	1,182.60
8/1/15	2,675.25	2,463.40	2,264.00	2,102.35	1,962.90	1,827.20	1,704.15	1,590.50	690.20	625.15	1,304.90	1,219.45
2/1/16	2,745.90	2,531.40	2,329.00	2,163.95	2,021.10	1,882.10	1,755.90	1,639.20	725.25	656.85	1,345.35	1,257.40
8/1/16	2,818.40	2,601.30	2,395.85	2,227.35	2,081.00	1,938.65	1,809.20	1,689.35	762.05	690.20	1,387.05	1,296.60
2/1/17	2,892.80	2,673.10	2,464.60	2,292.60	2,142.70	1,996.90	1,864.10	1,741.05	800.70	725.25	1,430.05	1,336.95
8/1/17	2,969.15	2,746.85	2,535.35	2,359.80	2,206.25	2,056.90	1,920.65	1,794.30	841.35	762.05	1,474.40	1,378.60
2/1/18	3,047.55	2,822.65	2,608.10	2,428.95	2,271.65	2,118.70	1,978.95	1,849.20	884.05	800.70	1,520.10	1,421.55
8/1/18	3,128.00	2,900.60	2,682.95	2,500.10	2,339.05	2,182.40	2,039.00	1,905.80	928.90	841.35	1,567.25	1,465.85
2/1/19	3,210.60	2,980.65	2,759.95	2,573.35	2,408.40	2,247.95	2,100.90	1,964.15	976.05	884.05	1,615.80	1,511.50
8/1/19	3,295.35	3,062.90	2,839.15	2,648.75	2,479.80	2,315.50	2,164.65	2,024.25	1,025.60	928.90	1,665.90	1,558.60
2/1/20	3,382.35	3,147.45	2,920.65	2,726.35	2,553.30	2,385.10	2,230.35	2,086.20	1,077.65	976.05	1,717.55	1,607.15
8/1/20	3,471.65	3,234.30	3,004.50	2,806.25	2,629.00	2,456.80	2,298.05	2,150.00	1,132.35	1,025.60	1,770.80	1,657.20
2/1/21	3,563.30	3,323.55	3,090.70	2,888.50	2,706.95	2,530.60	2,367.80	2,215.80	1,189.80	1,077.65	1,825.70	1,708.85
8/1/21	3,657.35	3,415.30	3,179.40	2,973.10	2,787.25	2,606.65	2,439.65	2,283.60	1,250.20	1,132.35	1,882.30	1,762.05
2/1/22	3,753.90	3,509.55	3,270.65	3,060.20	2,869.90	2,685.00	2,513.70	2,353.50	1,313.65	1,189.80	1,940.65	1,816.95
8/1/22	3,853.00	3,606.45	3,364.55	3,149.90	2,954.95	2,765.65	2,590.00	2,425.50	1,380.30	1,250.20	2,000.80	1,873.55
2/1/23	3,954.75	3,705.95	3,461.10	3,242.20	3,042.60	2,848.80	2,668.60	2,499.75	1,450.35	1,313.65	2,062.85	1,931.90
8/1/23	4,059.15	3,808.25	3,560.45	3,337.20	3,132.80	2,934.40	2,749.60	2,576.20	1,523.95	1,380.30	2,126.80	1,992.10
2/1/24	4,166.30	3,913.35	3,662.60	3,434.95	3,225.70	3,022.55	2,833.05	2,655.05	1,601.30	1,450.35	2,192.70	2,054.15
8/1/24	4,276.30	4,021.35	3,767.75	3,535.60	3,321.35	3,113.40	2,919.05	2,736.30	1,682.60	1,523.95	2,260.70	2,118.15
2/1/25	4,389.20	4,132.35	3,875.85	3,639.20	3,419.80	3,206.95	3,007.65	2,820.05	1,768.00	1,601.30	2,330.75	2,184.10
8/1/25	4,505.05	4,246.40	3,987.10	3,745.80	3,521.20	3,303.30	3,098.90	2,906.30	1,857.70	1,682.60	2,403.00	2,252.15
2/1/26	4,624.00	4,363.60	4,101.55	3,855.60	3,625.60	3,402.60	3,192.95	2,995.25	1,952.00	1,768.00	2,477.50	2,322.30
8/1/26	4,746.05	4,484.05	4,219.25	3,968.55	3,733.10	3,504.85	3,289.90	3,086.90	2,051.05	1,857.70	2,554.30	2,394.65
2/1/27	4,871.35	4,607.80	4,340.35	4,084.85	3,843.80	3,610.15	3,389.75	3,181.35	2,155.15	1,952.00	2,633.50	2,469.25
8/1/27	5,000.00	4,735.00	4,464.90	4,204.50	3,957.75	3,718.65	3,492.60	3,278.70	2,264.50	2,051.05	2,715.15	2,546.15
2/1/28		4,865.70	4,593.05	4,327.70	4,075.10	3,830.40	3,598.60	3,379.05	2,379.45	2,155.15	2,799.30	2,625.45
8/1/28		5,000.00	4,724.85	4,454.50	4,195.95	3,945.50	3,707.85	3,482.45	2,500.20	2,264.50	2,886.10	2,707.25
2/1/29			4,860.50	4,585.05	4,320.35	4,064.05	3,820.35	3,589.00	2,627.10	2,379.45	2,975.55	2,791.60
8/1/29			5,000.00	4,719.35	4,448.45	4,186.20	3,936.30	3,698.85	2,760.40	2,500.20	3,067.80	2,878.55
2/1/30				4,857.65	4,580.35	4,311.95	4,055.80	3,812.05	2,900.50	2,627.10	3,162.90	2,968.20
8/1/30				5,000.00	4,716.15	4,441.55	4,178.85	3,928.70	3,047.70	2,760.40	3,260.95	3,060.65
2/1/31					4,856.00	4,575.00	4,305.70	4,048.90	3,202.35	2,900.50	3,362.05	3,156.00
8/1/31					5,000.00	4,712.50	4,436.40	4,172.80	3,364.90	3,047.70	3,466.25	3,254.30
2/1/32						4,854.10	4,571.00	4,300.50	3,535.65	3,202.35	3,573.75	3,355.70
8/1/32						5,000.00	4,709.75	4,432.05	3,715.10	3,364.90	3,684.50	3,460.25
2/1/33							4,852.70	4,567.70	3,903.65	3,535.65	3,798.75	3,568.00
8/1/33							5,000.00	4,707.45	4,101.75	3,715.10	3,916.50	3,679.15
2/1/34								4,851.50	4,309.90	3,903.65	4,037.90	3,793.75
8/1/34								5,000.00	4,528.65	4,101.75	4,163.10	3,911.95
2/1/35									4,758.50	4,309.90	4,292.15	4,033.80
8/1/35									5,000.00	4,528.65	4,425.20	4,159.45
2/1/36										4,758.50	4,562.40	4,289.00
8/1/36										5,000.00	4,703.80	4,422.65
2/1/37											4,849.65	4,560.40
8/1/37											5,000.00	4,702.45
2/1/38												4,848.95
8/1/38												5,000.00
2/1/39												
8/1/39												
2/1/40												
8/1/40												
2/1/41												
8/1/41												
2/1/42												
8/1/42												
2/1/43												
8/1/43												

Date	CAB Serial Bonds 08/01/2039 6.26%	CAB Serial Bonds 08/01/2040 6.29%	CAB Serial Bonds 08/01/2041 6.31%	CAB Serial Bonds 08/01/2042 6.32%	CAB Serial Bonds 08/01/2043 6.33%
8/21/13	1,010.25	942.45	881.05	825.65	773.60
2/1/14	1,038.30	968.75	905.70	848.80	795.35
8/1/14	1,070.80	999.20	934.30	875.65	820.50
2/1/15	1,104.30	1,030.65	963.75	903.30	846.45
8/1/15	1,138.90	1,063.05	994.20	931.85	873.25
2/1/16	1,174.55	1,096.50	1,025.55	961.30	900.90
8/1/16	1,211.30	1,130.95	1,057.90	991.70	929.40
2/1/17	1,249.20	1,166.55	1,091.30	1,023.00	958.85
8/1/17	1,288.30	1,203.20	1,125.70	1,055.35	989.20
2/1/18	1,328.65	1,241.05	1,161.25	1,088.70	1,020.50
8/1/18	1,370.20	1,280.10	1,197.85	1,123.10	1,052.80
2/1/19	1,413.10	1,320.35	1,235.65	1,158.60	1,086.10
8/1/19	1,457.35	1,361.90	1,274.65	1,195.20	1,120.50
2/1/20	1,502.95	1,404.70	1,314.85	1,232.95	1,155.95
8/1/20	1,550.00	1,448.90	1,356.35	1,271.95	1,192.55
2/1/21	1,598.50	1,494.45	1,399.15	1,312.10	1,230.30
8/1/21	1,648.55	1,541.45	1,443.30	1,353.60	1,269.20
2/1/22	1,700.15	1,589.95	1,488.80	1,396.35	1,309.40
8/1/22	1,753.35	1,639.95	1,535.80	1,440.50	1,350.85
2/1/23	1,808.25	1,691.50	1,584.25	1,486.00	1,393.60
8/1/23	1,864.85	1,744.70	1,634.25	1,532.95	1,437.70
2/1/24	1,923.20	1,799.60	1,685.80	1,581.40	1,483.20
8/1/24	1,983.40	1,856.20	1,739.00	1,631.40	1,530.15
2/1/25	2,045.50	1,914.55	1,793.85	1,682.95	1,578.55
8/1/25	2,109.50	1,974.80	1,850.45	1,736.10	1,628.55
2/1/26	2,175.55	2,036.90	1,908.80	1,791.00	1,680.10
8/1/26	2,243.65	2,100.95	1,969.05	1,847.55	1,733.25
2/1/27	2,313.85	2,167.05	2,031.15	1,905.95	1,788.10
8/1/27	2,386.30	2,235.20	2,095.25	1,966.20	1,844.70
2/1/28	2,461.00	2,305.50	2,161.35	2,028.30	1,903.10
8/1/28	2,538.00	2,378.00	2,229.55	2,092.40	1,963.35
2/1/29	2,617.45	2,452.75	2,299.90	2,158.55	2,025.45
8/1/29	2,699.40	2,529.90	2,372.45	2,226.75	2,089.60
2/1/30	2,783.90	2,609.50	2,447.30	2,297.10	2,155.70
8/1/30	2,871.00	2,691.55	2,524.50	2,369.70	2,223.95
2/1/31	2,960.90	2,776.20	2,604.15	2,444.60	2,294.35
8/1/31	3,053.55	2,863.50	2,686.35	2,521.85	2,366.95
2/1/32	3,149.15	2,953.55	2,771.10	2,601.50	2,441.85
8/1/32	3,247.70	3,046.45	2,858.50	2,683.75	2,519.15
2/1/33	3,349.35	3,142.25	2,948.70	2,768.55	2,598.90
8/1/33	3,454.20	3,241.10	3,041.75	2,856.05	2,681.15
2/1/34	3,562.30	3,343.05	3,137.70	2,946.30	2,766.00
8/1/34	3,673.80	3,448.15	3,236.70	3,039.40	2,853.55
2/1/35	3,788.80	3,556.60	3,338.80	3,135.45	2,943.85
8/1/35	3,907.40	3,668.45	3,444.15	3,234.50	3,037.00
2/1/36	4,029.70	3,783.85	3,552.85	3,336.70	3,133.15
8/1/36	4,155.85	3,902.85	3,664.90	3,442.15	3,232.30
2/1/37	4,285.90	4,025.60	3,780.55	3,550.95	3,334.60
8/1/37	4,420.05	4,152.20	3,899.80	3,663.15	3,440.15
2/1/38	4,558.40	4,282.80	4,022.85	3,778.90	3,549.05
8/1/38	4,701.10	4,417.50	4,149.80	3,898.30	3,661.35
2/1/39	4,848.20	4,556.40	4,280.70	4,021.50	3,777.25
8/1/39	5,000.00	4,699.70	4,415.75	4,148.60	3,896.80
2/1/40		4,847.50	4,555.10	4,279.70	4,020.15
8/1/40		5,000.00	4,698.80	4,414.90	4,147.35
2/1/41			4,847.05	4,554.45	4,278.65
8/1/41			5,000.00	4,698.35	4,414.05
2/1/42				4,846.80	4,553.75
8/1/42				5,000.00	4,697.90
2/1/43					4,846.60
8/1/43					5,000.00

APPENDIX I

OPTIONAL REDEMPTION PRICES OF PREMIUM CAPITAL APPRECIATION BONDS

Redemption Prices of Premium Capital Appreciation Bonds[1]
(The Bonds maturing August 1, 2035 and 2036)
(Per $5,000 Maturity Value)

Date [2]	CAB Serial Bond Maturing 8/1/35 @6.14%	CAB Serial Bond Maturing 8/1/36 @6.16%
8/1/23	$2,419.85	$2,272.10
2/1/24	2,494.15	2,342.10
8/1/24	2,570.75	2,414.25
2/1/25	2,649.65	2,488.60
8/1/25	2,731.00	2,565.25
2/1/26	2,814.85	2,644.25
8/1/26	2,901.25	2,725.70
2/1/27	2,990.30	2,809.65
8/1/27	3,082.10	2,896.20
2/1/28	3,176.75	2,985.40
8/1/28	3,274.25	3,077.35
2/1/29	3,374.80	3,172.15
8/1/29	3,478.40	3,269.85
2/1/30	3,585.20	3,370.55
8/1/30	3,695.25	3,474.35
2/1/31	3,808.70	3,581.35
8/1/31	3,925.65	3,691.65
2/1/32	4,046.15	3,805.40
8/1/32	4,170.35	3,922.60
2/1/33	4,298.40	4,043.40
8/1/33	4,430.35	4,167.95
2/1/34	4,566.35	4,296.30
8/1/34	4,706.55	4,428.65
2/1/35	4,851.05	4,565.05
8/1/35	5,000.00	4,705.65
2/1/36	-	4,850.60
8/1/36	-	5,000.00

(1) *Represents the accreted value based on the initial offering price per $5,000 Maturity Value accreting at the initial offering yield.*

(2) *For the purpose of optional redemption occurring on a date other than a compounding date, the redemption price shall be determined by a straight-line interpolation between the values for the applicable semi-annual compounding dates, based on 30-day months. With respect to redemption in part, Bonds shall be selected among maturities on such basis as shall be designated by the District and by lot within a maturity.*

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