NEW ISSUE -- FULL BOOK-ENTRY
BANK QUALIFIED

RATINGS: S&P: "AA" (Insured)
S&P: "A+" (Underlying)
(See "RATINGS" herein)

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purpose 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, and the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

$4,999,219.20
WRIGHT ELEMENTARY SCHOOL DISTRICT
(Sonoma County, California)
General Obligation Bonds
2012 Election, Series B

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

Issuance. The captioned Bonds (the "Bonds") are being issued by the Wright Elementary School District (the "District") pursuant to a resolution of the Governing Board of the District adopted August 21, 2014 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on June 5, 2012, which authorized a total of $14,000,000 principal amount of general obligation bonds (the "Authorization") to finance school facility improvements. In December 2012 the District issued its General Obligation Bonds, 2012 Election, Series A in the original principal amount of $7,000,000. The Bonds are the second series of general obligation bonds to be issued under the Authorization. The Bonds will be issued on a parity with all general obligation bonds of the District.

Security. The Board of Supervisors of the Sonoma County (the "County") has the power and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds. See "SECURITY FOR THE BONDS."

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 The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS – Description of the Bonds" and "APPENDIX F - BOOK-ENTRY-ONLY SYSTEM."

Payments. The Bonds are dated the date of delivery set forth above and are being issued as Current Interest Bonds and Capital Appreciation Bonds (each as defined herein). The Current Interest Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2015. The Capital Appreciation Bonds accrete interest at the accretion rate set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2015, until payment of the accreted value thereof at maturity or upon earlier redemption (if any). Payments of principal and accreted value of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as the designated paying agent, registrar and transfer agent (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 BONDS - Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS - Optional Redemption" and "- Mandatory Sinking Fund Redemption."

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.

BAM
BUILD AMERICA MUTUAL

MATURITY SCHEDULE
(See inside 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 are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel to the District. It is anticipated that the Bonds in definitive form will be available for delivery through the facilities of The Depository Trust Company, on or about September 17, 2014.

George K. Baum & Company

The date of this Official Statement is September 3, 2014.

MATURITY SCHEDULE

WRIGHT ELEMENTARY SCHOOL DISTRICT
(Sonoma County, California)
General Obligation Bonds
2012 Election, Series B

Base CUSIP†: 982233

$4,060,000 Current Interest Bonds

$1,330,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2017	$80,000	3.000%	0.760%	106.351%	CW6
2021	25,000	3.000	2.040	106.125	CZ9
2022	30,000	3.000	2.300	105.012	DA3
2023	40,000	3.000	2.500	103.954	DB1
2024	55,000	3.000	2.650	103.020	DC9
2025	75,000	3.000	2.920	100.679 C	DE5
2026	90,000	3.000	3.080	99.207	DF2
2027	110,000	3.000	3.210	97.797	DG0
2028	125,000	3.000	3.330	96.355	DH8
2029	145,000	3.125	3.450	96.241	DJ4
2030	170,000	3.125	3.510	95.342	DK1
2031	185,000	3.250	3.570	95.967	DL9
2032	200,000	3.375	3.630	96.665	DM7

$2,730,000 5.000% Term Bond maturing August 1, 2042; Yield 3.740%; Price: 110.317% C; CUSIP† DD7

Capital Appreciation Bonds
$939,219.20 Denominational Amount
($2,940,000 Maturity Value)

Maturity Date (August 1)	Initial Principal Amount	Accretion Rate	Yield to Maturity	Maturity Value	CUSIP†
2033	$79,517.10	4.810%	4.810%	$195,000	DN5
2034	81,996.70	4.910	4.910	215,000	DP0
2035	86,313.60	4.960	4.960	240,000	DQ8
2036	88,090.60	5.010	5.010	260,000	DR6
2037	89,485.20	5.050	5.050	280,000	DS4
2038	256,632.00	5.080	5.080	850,000	DT2
2039	257,184.00	5.100	5.100	900,000	DU9

C – priced to the par call date of August 1, 2024.

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.

Estimates and Projections. 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, 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.

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.

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.

Bond Insurance. Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX H - Specimen Municipal Bond Insurance Policy."

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, or the Securities Exchange Act of 1934, 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, Sonoma 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.

WRIGHT ELEMENTARY SCHOOL DISTRICT
(Sonoma County, California)

District Governing Board

Karen Irwin Magee, *President*
Carolyn Dixon, *Clerk*
Stan Greenberg, *Member*
Robin Jackson, *Member*
James Bergmann, *Member*

District Administration

Adam Stein, *Superintendent*
Margaret Skikos, *Business Manager*

Financial Advisor

Isom Advisors, A Division of Urban Futures, Inc.
Walnut Creek, California

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Paying Agent

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

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OFFICIAL STATEMENT

$4,999,219.20
WRIGHT ELEMENTARY SCHOOL DISTRICT
(Sonoma County, California)
General Obligation Bonds
2012 Election, Series B

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 by the Wright Elementary School District (the "**District**") of the bonds captioned above (the "**Bonds**"). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Bond Resolution (as defined below).

INTRODUCTION

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

The District. The District was established as a school district in 1865. The District is located in Sonoma County (the "County") and serves the communities in southwest Santa Rosa between West Third Street and Ludwig Avenue (north/south) and Stony Point and Merced Avenues (east/west). The District encompasses approximately 5.5 square miles serving approximately 1,615 students. The District currently operates three elementary schools. For more information on the District, see "APPENDIX A – DISTRICT GENERAL AND FINANCIAL INFORMATION."

Description of the Bonds. The Bonds are being issued as current interest bonds (the **"Current Interest Bonds"**) and capital appreciation bonds (the "**Capital Appreciation Bonds**"). The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Registration**.** The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to actual purchasers of the Bonds (the "**Beneficial Owners**") in the denominations set forth on the inside cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the

Bonds. See "APPENDIX F - BOOK-ENTRY ONLY SYSTEM." In the event that the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Bond Resolution described herein. See "THE BONDS -- Registration, Transfer and Exchange of Bonds."

Redemption. The Bonds are subject to redemption prior to maturity as described in "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by 55% or more of the voters of the District voting at an election held on June 5, 2012 (the "**Authorization**"), and the Bonds will be issued pursuant to certain provisions of the Government Code of the State of California (the **"State"**) and a resolution adopted by the District on August 21, 2014 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Security for the Bonds. The Bonds are general obligations of the District. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds when due upon all property within the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS" herein.

Bond Insurance. Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("**BAM**") will issue its Municipal Bond Insurance Policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement. See "BOND INSURANCE."

Purpose of Issue. The net proceeds of the Bonds will be used to finance the specific school facilities projects set forth in the ballot measure approved in connection with the Authorization. See "THE BONDS -- Purpose of Issue" and "SOURCES AND USES OF FUNDS" herein.

Offering and Delivery of the Bonds. The Bonds are offered when, as and if issued and received by the Underwriter identified on the cover page hereof, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, as bond counsel (**"Bond Counsel"**). It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about September 17, 2014.

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Bond Counsel, to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation will also serve as disclosure counsel (**"Disclosure Counsel"**) to the District. *Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.*

Tax Matters. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes, and the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Also in the opinion of Bond Counsel, interest on the Bonds will be exempt from State of California (the "**State**") personal income taxes. See "TAX MATTERS" herein.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Other Information. For limiting factors about this Official Statement, see "General Information About This Official Statement" inside the cover hereof.

Copies of documents referred to herein and information concerning the Bonds are available from the Superintendent, Wright Elementary School District, 4385 Price Avenue, Santa Rosa, California 95407 (the "**Superintendent's Office**"). The District may impose a charge for copying, mailing and handling.

THE BONDS

Authority for Issuance

The Bonds are 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 pursuant to the Bond Resolution. Pursuant to the Authorization, the District received approval by the requisite 55% vote of the qualified electors, to issue general obligation bonds in a principal amount not to exceed $14,000,000. In December 2012 the District issued its General Obligation Bonds, 2012 Election, Series A in the original principal amount of $7,000,000 (the "**Series A Bonds**"). The Bonds are the second series of bonds to be issued pursuant to the Authorization. Following the issuance of the Bonds, $2,000,780.80 principal amount of the Authorization is remaining.

Purpose of Issue

Pursuant to the Authorization, the District received voter approval to issue up to $14,000,000 principal amount of general obligation bonds for the following abbreviated purposes:

> *"To improve the quality of education; repair or replace leaky roofs; improve student access to computers and modern technology; construct additional classrooms, restrooms and school facilities; improve energy efficiency; upgrade inadequate electrical systems; make health and safety improvements; and replace old plumbing systems; shall the Wright Elementary School District issue $14,000,000 of bonds at legal interest rates, have an independent citizens' oversight committee and have no money used for administrative salaries or be taken by the State?"*

Proceeds of the Bonds to be used for the above-referenced purposes will be deposited into a building fund established and held by the County Treasurer (the **"Building Fund"**). Under the Bond Resolution, all moneys held in any of the funds or accounts established with the County Treasurer, including the Building Fund, are required to be invested in accordance with the investment policies of the County, as such policies exist at the time of investment, and obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

Description of the Bonds

The Bonds are being issued as Current Interest Bonds and Capital Appreciation Bonds, each as described below. The Bonds mature in the years and in the amounts and bear 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 will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "Book-Entry Only System" below and "APPENDIX F – DTC and the Book-Entry Only System."

Current Interest Bonds. The Current Interest Bonds shall be issued in the denomination of $5,000 principal amount each or any integral multiple thereof. Interest on the Current Interest Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2015 (each, an **"Interest Payment Date"**). Each Current Interest Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15^{th}) day of the month preceding the Interest Payment Date (the **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2015, in which event it will bear interest from the Closing Date identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Current Interest Bond is in default at the time of authentication thereof, such Current Interest Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Current Interest Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Current Interest Bonds.

Capital Appreciation Bonds. The Capital Appreciation Bonds are dated the date of delivery, and accrete interest from such date. The Capital Appreciation Bonds are issuable in denominations of $5,000 Maturity Value (defined below) or any integral multiple thereof. The Capital Appreciation Bonds are payable only at maturity (unless redeemed prior to maturity pursuant to the redemption provisions described herein), according to the amounts set forth in the accreted value table. See "APPENDIX G - Table of Accreted Values."

The Capital Appreciation Bonds do not bear current interest, but accrete in value, compounded on each February 1 and August 1, commencing on February 1, 2015, to maturity, from their original principal amounts (the **"Denominational Amount")** on the date of delivery thereof to their stated value at maturity thereof (the **"Maturity Value"**). See "APPENDIX G – Table of Accreted Values."

The interest portion of the Maturity Value of any Capital Appreciation Bond which is payable on the date of maturity shall represent interest accrued and coming due on such date. The Maturity Value of any Capital Appreciation Bond at maturity shall be payable by check mailed by first-class mail, in lawful money of the United State of America upon presentation and surrender of such Capital Appreciation Bond at the Office of the Paying Agent.

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

Paying Agent

Pursuant to the Bond Resolution, the District has appointed The Bank of New York Mellon Trust Company, N.A., as the registrar, transfer agent, and paying agent for the Bonds (the "**Paying Agent**"). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any 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 any action covered by such notice. 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.

Optional Redemption

Current Interest Bonds. The Current Interest Bonds maturing on or after August 1, 2025 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, 2024, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Capital Appreciation Bonds. The Capital Appreciation Bonds maturing on or after August 1, 2025 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, 2024, or on any date thereafter, at a price equal to 100% of the Accreted Value thereof.

Selection of Bonds for Purpose of Redemption. For the purpose of selection for optional redemption, Bonds will be deemed to consist of $5,000 portions (principal amount, Maturity Value or Conversion Value, as applicable), and any such portion may be separately redeemed. Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond will be deemed to consist of individual bonds of $5,000 portions (principal amount, Maturity Value or Conversion Value, as applicable). The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption

The Current Interest Bonds maturing on August 1, 2042 (the **"Term Bonds"**) are subject to mandatory sinking fund redemption in part by lot, on August 1 of each year in accordance with the schedule set forth below. The Current Interest Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Term Bonds to be redeemed, plus accrued but unpaid interest, without premium.

$2,730,000 Term Bond Maturing August 1, 2042

Redemption Year (August 1)	Principal Amount to be Redeemed
2040	$830,000
2041	875,000
2042 (maturity)	1,025,000

If any such Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

Notice of Redemption

The Paying Agent, at the direction of the District, shall 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 respective owners of any Bonds designated for redemption, at their addresses appearing on the Registration Books; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice shall not affect the validity of the proceedings for the redemption of such Bonds. Notice of any redemption of Bonds shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, and that from and after such date, interest thereon shall cease to accrue.

Neither failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

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 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 under the Bond Resolution.

Partial Redemption of Bonds

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

Registration, Transfer and Exchange of Bonds

If the book-entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds, and the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

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 Office at the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The Paying Agent shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Bond is surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Bond, for like aggregate principal amount.

Bonds may be exchanged at the Office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Paying Agent shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Defeasance of Bonds

Any or all of the Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable under the Bond Resolution by the District:

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

(ii) 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

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

If the District pays all outstanding Bonds and also pays or causes to be paid all other sums payable under the Bond Resolution by the District, then and in that case, at the election of the District, and notwithstanding that any Bonds have not been surrendered for payment, the

Bond Resolution and other assets made under the Bond Resolution and all covenants, agreements and other obligations of the District under the Bond Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only that, upon a deposit in trust prior to maturity of money or securities in the amount to pay the Bonds, the District shall remain liable for payment of such amount, but only out of such money or securities deposited with the Paying Agent for such payment.

DEBT SERVICE SCHEDULES

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

WRIGHT ELEMENTARY SCHOOL DISTRICT
Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
2015	-	$155,261.01	$155,261.01
2016	-	178,006.26	178,006.26
2017	$80,000.00	178,006.26	258,006.26
2018	-	175,606.26	175,606.26
2019	-	175,606.26	175,606.26
2020	-	175,606.26	175,606.26
2021	25,000.00	175,606.26	200,606.26
2022	30,000.00	174,856.26	204,856.26
2023	40,000.00	173,956.26	213,956.26
2024	55,000.00	172,756.26	227,756.26
2025	75,000.00	171,106.26	246,106.26
2026	90,000.00	168,856.26	258,856.26
2027	110,000.00	166,156.26	276,156.26
2028	125,000.00	162,856.26	287,856.26
2029	145,000.00	159,106.26	304,106.26
2030	170,000.00	154,575.00	324,575.00
2031	185,000.00	149,262.50	334,262.50
2032	200,000.00	143,250.00	343,250.00
2033	$79,517.10	251,982.90	331,500.00
2034	81,996.70	269,503.30	351,500.00
2035	86,313.60	290,186.40	376,500.00
2036	88,090.60	308,409.40	396,500.00
2037	89,485.20	327,014.80	416,500.00
2038	256,632.00	729,868.00	986,500.00
2039	257,184.00	779,316.00	1,036,500.00
2040	830,000.00	136,500.00	966,500.00
2041	875,000.00	95,000.00	970,000.00
2042	1,025,000.00	51,250.00	1,076,250.00
Total	$4,999,219.20	$6,249,466.95	$11,248,686.15

The District has previously issued general obligation bonds in 1993 (the "**1993 Bonds**") and in 2003 (the "**2003 Bonds**") and the Series A Bonds, which are also payable from *ad valorem* taxes. See APPENDIX A – "DISTRICT GENERAL AND FINANCIAL INFORMATION – Long-Term Borrowing." The following table shows the debt service schedule with respect to the 1993 Bonds, the 2003 Bonds, the Series A Bonds and the Bonds (assuming no optional redemptions).

WRIGHT ELEMENTARY SCHOOL DISTRICT
Debt Service Schedule
All General Obligation Bonds

Bond Year Ending (August 1)	Debt Service on 1993 Bonds	Debt Service on 2003 Bonds	Debt Service on Series A Bonds	Debt Service on the Bonds	Total Debt Service
2015	$425,000.00	$33,660.00	$382,025.00	$155,261.01	$995,946.01
2016	450,000.00	33,660.00	388,325.00	178,006.26	1,049,991.26
2017	505,000.00	33,660.00	399,425.00	258,006.26	1,196,091.26
2018	550,000.00	33,660.00	330,225.00	175,606.26	1,089,491.26
2019	-	33,660.00	336,600.00	175,606.26	545,866.26
2020	-	798,660.00	341,950.00	175,606.26	1,316,216.26
2021	-	825,000.00	347,000.00	200,606.26	1,372,606.26
2022	-	850,000.00	356,750.00	204,856.26	1,411,606.26
2023	-	880,000.00	366,050.00	213,956.26	1,460,006.26
2024	-	910,000.00	374,900.00	227,756.26	1,512,656.26
2025	-	945,000.00	383,300.00	246,106.26	1,574,406.26
2026	-	975,000.00	391,250.00	258,856.26	1,625,106.26
2027	-	1,010,000.00	403,750.00	276,156.26	1,689,906.26
2028	-	1,045,000.00	415,650.00	287,856.26	1,748,506.26
2029	-	-	426,950.00	304,106.26	731,056.26
2030	-	-	437,650.00	324,575.00	762,225.00
2031	-	-	452,750.00	334,262.50	787,012.50
2032	-	-	462,100.00	343,250.00	805,350.00
2033	-	-	479,912.50	331,500.00	811,412.50
2034	-	-	491,750.00	351,500.00	843,250.00
2035	-	-	507,775.00	376,500.00	884,275.00
2036	-	-	522,825.00	396,500.00	919,325.00
2037	-	-	536,900.00	416,500.00	953,400.00
2038	-	-	-	986,500.00	986,500.00
2039	-	-	-	1,036,500.00	1,036,500.00
2040	-	-	-	966,500.00	966,500.00
2041	-	-	-	970,000.00	970,000.00
2042	-	-	-	1,076,250.00	1,076,250.00
Total	$1,930,000.00	$8,406,960.00	$9,535,812.50	$11,248,686.15	$31,121,458.65

SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Principal Amount of Bonds	$4,999,219.20
Plus: Original Issue Premium	258,328.15
Total Sources	$5,257,547.35
Uses of Funds:	
Deposit to Building Fund	4,799,778.11
Deposit to Debt Service Fund	258,328.15
Costs of Issuance(1)	199,441.09
Total Uses	$5,257,547.35

(1) Costs of issuance include legal fees, printing costs, financial advisor's fees, Underwriter's discount, rating agency fee, bond insurance premium, and other miscellaneous expenses.

APPLICATION OF PROCEEDS OF BONDS

Building Fund

Pursuant to the Bond Resolution, the County will create and maintain a fund known as the **"**2012 Election, Series B Building Fund**"** (the "**Building Fund**"), to be maintained by the County Treasurer-Tax Collector (the **"County Treasurer"**), into which the County Treasurer will deposit the proceeds from the sale of the Bonds. The County Treasurer will maintain separate accounting for the proceeds of the Bonds, including all earnings received from the investment thereof. Amounts credited to the Building Fund for the Bonds will be expended by the District solely for the financing of projects for which the Bond proceeds are authorized to be expended under the Authorization, and for payment of costs of issuance, if any. See "THE BONDS – Purpose of Issue" herein. All interest and other gain arising from the investment of proceeds of the Bonds will be retained in the Building Fund and used for the purposes thereof. At the written request of the District filed with the County Treasurer, any amounts remaining on deposit in the Building Fund and not needed for the purposes thereof shall be withdrawn from the Building Fund and transferred to the Debt Service Fund (defined below), to be applied to pay the principal of and interest on the Bonds. If excess amounts remain on deposit in the Building Fund after payment in full of the Bonds, any such excess amounts shall be transferred to the general fund of the District, to be applied for the purposes for which the Bonds have been authorized or otherwise in accordance with the Bond Law. The County has no obligation regarding the use or application of the proceeds of the Bonds.

Debt Service Fund

The accrued interest and any premium, if any, received by the County from the sale of the Bonds will be deposited in a separate fund known as the "2012 Election, Series B Debt Service Fund" (the **"Debt Service Fund"**), together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Bonds. Interest earnings on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund and used by the County to pay the principal of and interest on the Bonds when due. The Debt Service Fund will be maintained by the County Treasurer as a separate account, distinct from all other funds of the District.

Amounts in the Debt Service Fund will be transferred by the County to the Paying Agent to the extent required to pay principal and interest on the Bonds when due. In addition, amounts on deposit in the Debt Service Fund will be applied to pay the fees and expenses of the Paying Agent insofar as permitted by law.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the County shall transfer such amounts to the general fund of the District as provided in Section 15234 of the Education Code of the State.

Investment of Proceeds of Bonds

All moneys held in any of the funds or accounts established with the County under the Bond Resolution will be invested in any one or more investments generally permitted to school districts under the laws of the State, consistent with the County's current investment policy. Such investments will be made under the direction and at the discretion of the County Treasurer. Obligations purchased as an investment of moneys in any fund or account constitute a part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Bond Resolution will be deposited in the fund or account from which such investment was made, and will be expended for the purposes thereof. See "COUNTY INVESTMENT POOL" herein.

SECURITY FOR THE BONDS

General

The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest accreting thereon upon all property within the District subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates). Such taxes are required to be levied annually, in addition to all other taxes, during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be deposited into the Debt Service Fund for the Bonds, which is maintained by the County and which is created by statute for the payment of the principal of and interest on the Bonds when due. **Although the County is obligated to levy an *ad valorem tax* for the payment of the Bonds, and will maintain the Debt Service Fund pledged to the repayment of the Bonds, the Bonds are not a debt of the County.**

The moneys in the Debt Service Fund, to the extent necessary to pay the principal and interest on the Bonds as the same become due and payable, shall be transferred by the County to the Paying Agent which, in turn, shall pay such moneys to DTC to pay the principal of and interest on the Bonds. DTC will thereupon make payments of the principal of and interest on the Bonds to the DTC Participants who will thereupon make payments of such principal of and interest on the Bonds to the beneficial owners of the Bonds. See "APPENDIX F – BOOK-ENTRY ONLY SYSTEM."

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. A reduction in the assessed valuation of taxable property in the District caused by economic factors beyond the District's control, such as economic recession, slower growth, or deflation of land values, a relocation out of the District by one or more major property owners, or the complete or partial destruction of such property caused by, among other eventualities, an earthquake, flood or other natural disaster, could cause a reduction in the assessed value of the District and necessitate an unanticipated increase in the annual tax levy.

Ad Valorem Property Taxation

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

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

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid by 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

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. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see "APPENDIX A – DISTRICT GENERAL AND FINANCIAL INFORMATION."

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.

Property within the District had a taxable assessed valuation for fiscal year 2014-15 of $1,624,062,190. Shown in the following table are the assessed valuations for the District from 2002-03 to 2014-15.

WRIGHT ELEMENTARY SCHOOL DISTRICT
Assessed Valuation
Fiscal Year 2002-03 through Fiscal Year 2014-25

	Local Secured	Utility	Unsecured	Total Before Rdv. Increment
2002-03	$1,090,321,759	$3,821,787	$111,712,696	$1,205,856,242
2003-04	1,255,501,566	1,336,348	101,865,637	1,358,703,551
2004-05	1,369,468,697	1,336,348	100,086,102	1,470,891,147
2005-06	1,545,015,107	1,107,973	88,378,631	1,634,501,711
2006-07	1,702,554,384	1,107,973	89,160,357	1,792,822,714
2007-08	1,830,969,070	1,107,973	91,418,397	1,923,495,440
2008-09	1,740,559,045	1,107,973	132,359,955	1,874,026,973
2009-10	1,608,046,176	1,107,973	130,739,972	1,739,894,121
2010-11	1,461,523,356	0	124,716,157	1,586,239,513
2011-12	1,426,627,621	0	129,494,135	1,556,121,756
2012-13	1,357,712,268	0	137,705,796	1,495,418,064
2013-14	1,387,910,000	0	121,310,664	1,509,220,664
2014-15	1,501,384,735	0	122,677,455	1,624,062,190

Source: California Municipal Statistics, Inc.; Sonoma County Assessor's Office for fiscal year 2014-15.

The District is composed of mostly residential properties, with over 93% of total parcels used for residential properties, representing over 81% of the District's assessed valuation in fiscal year 2013-14. Shown in the following table are the secured assessed valuations and parcels by land use for fiscal year 2013-14.

WRIGHT ELEMENTARY SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use

	2013-14 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	$ 5,709,129	0.41%	24	0.42%
Commercial/Office	116,152,052	8.37	109	1.90
Vacant Commercial	5,046,783	0.36	14	0.24
Industrial	117,899,063	8.49	37	0.64
Vacant Industrial	9,955,862	0.72	28	0.49
Government/Social/Institutional	4,780,305	0.34	148	2.57
Miscellaneous	3,960,920	0.29	35	0.61
Subtotal Non-Residential	$263,504,114	18.99%	395	6.87%
Residential:				
Single Family Residence	$ 813,088,316	58.58%	3,334	57.98%
Condominium/Townhouse	162,871,138	11.73	1,145	19.91
Mobile Home	45,415,954	3.27	402	6.99
Mobile Home Park	3,300,840	0.24	1	0.02
2-4 Residential Units	72,428,228	5.22	225	3.91
5+ Residential Units/Apartments	14,513,387	1.05	9	0.16
Vacant Residential	12,788,023	0.92	239	4.16
Subtotal Residential	$1,124,405,886	81.01%	5,355	93.13%
Total	$1,387,910,000	100.00%	5,750	100.00%

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

The following table summarizes the total ad valorem tax rates levied by all taxing entities in a representative tax rate area in the District during fiscal year 2009-10 through 2013-14.

WRIGHT ELEMENTARY SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation (TRA 4-036) (1)

	2009-10	2010-11	2011-12	2012-13	2013-14
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Warm Springs Dam	.0070	.0070	.0070	.0070	.0070
Wright School District	.0130	.0130	.0240	.0580	.0525
Santa Rosa High School District	.0490	.0490	.0579	.0579	.0550
Sonoma County Community College District	.0250	.0210	.0210	.0210	.0188
Total	$1.0940	$1.0900	$1.1099	$1.1439	$1.1333

(1) Assessed valuation of TRA 4-036 is $644,444,018.
Source: California Municipal Statistics, Inc.

The following table shows the assessed valuation of single family homes in the District in $25,000 increments of assessed valuation, including the median and mean assessed valuation per parcel.

WRIGHT ELEMENTARY SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes

	No. of Parcels	2013-14 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	3,334	$813,088,316	$243,878	$244,000

2013-14 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	8	0.240%	0.240%	$ 150,310	0.018%	0.018%
$25,000 - $49,999	45	1.350	1.590	1,765,683	0.217	0.236
$50,000 - $74,999	99	2.969	4.559	6,156,108	0.757	0.993
$75,000 - $99,999	76	2.280	6.839	6,639,530	0.817	1.809
$100,000 - $124,999	87	2.609	9.448	9,747,916	1.199	3.008
$125,000 - $149,999	146	4.379	13.827	20,469,229	2.517	5.526
$150,000 - $174,999	153	4.589	18.416	24,804,301	3.051	8.576
$175,000 - $199,999	193	5.789	24.205	36,361,157	4.472	13.048
$200,000 - $224,999	428	12.837	37.043	91,333,234	11.233	24.281
$225,000 - $249,999	544	16.317	53.359	129,038,268	15.870	40.151
$250,000 - $274,999	619	18.566	71.926	161,570,563	19.871	60.023
$275,000 - $299,999	273	8.188	80.114	78,274,843	9.627	69.649
$300,000 - $324,999	272	8.158	88.272	85,115,145	10.468	80.118
$325,000 - $349,999	155	4.649	92.921	51,783,764	6.369	86.486
$350,000 - $374,999	58	1.740	94.661	20,928,408	2.573	89.060
$375,000 - $399,999	39	1.170	95.831	15,045,942	1.850	90.911
$400,000 - $424,999	18	0.540	96.371	7,375,699	0.907	91.818
$425,000 - $449,999	13	0.390	96.761	5,667,558	0.697	92.515
$450,000 - $474,999	12	0.360	97.121	5,557,110	0.683	93.198
$475,000 - $499,999	10	0.300	97.421	4,913,636	0.604	93.803
$500,000 and greater	86	2.579	100.000	50,389,912	6.197	100.000
Total	3,334	100.000%		$813,088,316	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.

One type of assessed valuation appeal is based on the provisions of Article XIIIA of the California Constitution, which was amended with the passage of Proposition 8 in November 1978, and is known as a "Proposition 8 Appeal." Under Article XIIIA, 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 A.

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 A hereto.

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.

Property Tax Collections

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the **"Teeter Plan"**), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code, "to accomplish a simplification of the tax-levying and tax apportioning process and an increased flexibility in the use of available cash resources." This alternative method is used for distribution of the *ad valorem* property tax revenues.

The County will be responsible for determining the amount of the *ad valorem* tax levy on each parcel in the District, which will be entered onto the secured real property tax roll. Upon completion of the secured real property tax roll, the County Auditor determines the total amount of taxes and assessments actually extended on the roll for each fund for which a tax levy has been included, and apportions 100% of the tax and assessment levies to that fund's credit. Such monies may thereafter be drawn against by the taxing agency in the same manner as if the amount credited had been collected.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors shall receive a petition for its discontinuance joined in by resolutions adopted by two thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. In addition, the Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency.

So long as the Teeter Plan remains in effect with respect to the District, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Overlapping Debt Obligations

Set forth on the following page is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of August 1, 2014. 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.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the District; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the District's assessed valuation represented in column 2.

WRIGHT ELEMENTARY SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of August 1, 2014

2013-14 Assessed Valuation: $1,509,220,664

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 8/1/14	
Sonoma County Joint Community College District	2.218%	$ 3,765,499	
Santa Rosa High School District	6.178	5,942,309	
Wright School District	**100.**	**10,133,416**	(1)
City of Santa Rosa Wastewater District	7.851	135,822	
City of Santa Rosa 1915 Act Bonds	100.	410,000	
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$20,387,046	
Less: City of Santa Rosa Wastewater District		135,822	
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$20,251,224	
OVERLAPPING GENERAL FUND DEBT:			
Sonoma County Certificates of Participation	2.239%	$ 631,048	
Sonoma County Pension Obligations	2.239	10,280,704	
Sonoma County Office of Education Certificates of Participation	2.239	33,585	
Sonoma County Joint Community College District General Fund Obligations	2.218	38,039	
Santa Rosa High School District Certificates of Participation	6.178	372,207	
City of Santa Rosa Certificates of Participation	7.845	1,944,776	
City of Santa Rosa Pension Obligations	7.845	2,566,492	
TOTAL OVERLAPPING GENERAL FUND DEBT		$15,866,851	
OVERLAPPING TAX INCREMENT DEBT:			
Santa Rosa Southwest Redevelopment Project area	23.330%	$4,853,807	
TOTAL OVERLAPPING TAX INCREMENT DEBT		$4,853,807	
GROSS COMBINED TOTAL DEBT		$41,107,704	(2)
NET COMBINED TOTAL DEBT		$40,971,882	

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:
Direct Debt ($10,133,416)..0.67%
Total Gross Direct and Overlapping Tax and Assessment Debt.....1.35%
Total Net Direct and Overlapping Tax and Assessment Debt.........1.34%
Gross Combined Total Debt..2.72%
Net Combined Total Debt..2.71%

Ratios to Redevelopment Incremental Valuation ($114,279,780):
Total Overlapping Tax Increment Debt 4.25%

Source: California Municipal Statistics, Inc.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("**BAM**") will issue its Municipal Bond Insurance Policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement.

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

Build America Mutual Insurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281; its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("**S&P**"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM. BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $477.8 million, $17.9 million and $459.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

Additional Information Available from BAM.

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/.

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM and have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and they assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

COUNTY INVESTMENT POOL

Under the California Education Code, the District is required to pay all monies received from any source into the County of Sonoma Treasury to be held on behalf of the District. Therefore, the District's funds, including monies in the Debt Service Fund and Building Fund, will be held by the County Treasurer.

The County Treasurer manages the County's investment pool (the **"County Pool"**) in which certain funds of the County and certain funds of other participating entities are invested pending disbursement. Amounts held for the County, school districts and special districts located within the County constitute approximately 99% of the County Pool. The County Treasurer is ex-officio treasurer of each of these participating entities, which therefore are legally required to deposit their cash receipts and revenues in the County treasury. Under State law, withdrawals are allowed only to pay for expenses which have become due.

For more information regarding the County's investment policy and quarterly reports regarding the County Pool, see: the County's website: http://www.sonoma-county.org/tax/about_treasurer.htm. *The reference to this internet website is shown for reference and convenience only, the information contained within the website may not be current, has not been reviewed by the District and is not incorporated herein by reference.*

LEGAL OPINION

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality by Bond Counsel for the District. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each Bond. Certain legal matters will also be passed upon for the District by Disclosure Counsel, and for the Underwriter by 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

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 purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the **"Tax Code"**).

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. 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.

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 each 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 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 straightline 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 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 straightline 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.

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.

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished by the District 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, sell and retire the Bonds, or the application of the proceeds of the sale thereof.

RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("**S&P**") is expected to assign its rating of "AA" to the Bonds, with the understanding that BAM will issue the Policy with respect to the Bonds at closing. In addition, S&P has assigned an underlying rating of "A+" to the Bonds. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). Such rating reflects only the view of S&P and an explanation of the significance of such rating outlook may be obtained only from S&P. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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 to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2015 with the report for the 2013-14 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 material events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

In the past five years, the District failed to file complete and timely annual reports in 2008-09 and 2009-10 with respect to previous undertakings with regard to said Rule to provide annual reports or notices of material events. Additionally, the District failed to file material events notices regarding bond insurer downgrades. All of such filings have since been made with the MSRB and the District is currently in compliance with its prior undertakings under the Rule.

UNDERWRITING

George K. Baum & Company (the "**Underwriter**") has agreed to purchase the Bonds at a price of $5,207,555.16, which is equal to the initial principal amount of the Bonds of $4,999,219.20, plus original issue premium of $258,328.15, less an Underwriter's discount of $49,992.19. 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 and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to such documents and statutes for full and complete statements of such provisions. Copies of these documents mentioned are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, 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.

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.

WRIGHT ELEMENTARY SCHOOL DISTRICT

By: /s/ Adam Stein
Superintendent

APPENDIX A

DISTRICT GENERAL AND FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's general fund finances 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 and interest of 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" herein.

DISTRICT GENERAL INFORMATION

General Information

The District was established as a school district in 1865. The District is located in Sonoma County (the "County") and serves the communities in southwest Santa Rosa between West Third Street and Ludwig Avenue (north/south) and Stony Point and Merced Avenues (east/west). The District encompasses approximately 5.5 square miles serving approximately 1,600 students. The District currently operates three elementary schools.

District Governance and Administration

Governing Board. The District is governed by a five-member Governing Board, each member of which is elected to a four-year term, and elections are held every two years.

The current members of the Board are as follows:

Name	Board Position	Term Expires
Karen Irwin Magee	President	December 2016
Carolyn Dixon	Clerk	December 2014
Stan Greenberg	Member	December 2014
Robin Jackson	Member	December 2016
James Bergmann	Member	December 2014

Administration. The management and policies of the District are administered by the Superintendent, who is appointed by the Board and responsible for day-to-day District operations as well as the supervision of the District's other key personnel. The Superintendent of the District is appointed by the Board and is responsible for management of the day-to-day operations of the District and supervises the work of other District administrators. On July 1, 2012 Adam Stein began serving as Superintendent. Margaret Skikos serves as Business Manager of the District.

Recent Enrollment Trends and Average Daily Attendance

The following table shows enrollment and average daily attendance (**"ADA"**) history for the District, with estimated figures for fiscal year 2013-14 and 2014-15.

WRIGHT ELEMENTARY SCHOOL DISTRICT
Annual Enrollment and A.D.A.
Fiscal Years 2005-06 through 2014-15

School Year	Enrollment	ADA (1)
2005-06	1,425	1,417.70
2006-07	1,488	1,409.93
2007-08	1,435	1,409.72
2008-09	1,409	1,393.32
2009-10	1,487	1,516.21
2010-11	1,551	1,510.06
2011-12	1,600	1,573.92
2012-13	1,590	1,562.57
2013-14(2)	1,615	1,554.74
2014-15(2)	1,615	1,572.46

(1) District ADA excludes adult education, county programs and independent charter schools.
(2) Estimates provided by the District.
Source: Enrollment – California Basic Educational Demographics. ADA and Base Revenue Limit – the District.

Employee Relations

For fiscal year 2014-15, the District has budgeted to employ 81.3 certificated and 51.3 classified employees. Certificated and classified employees are represented by two bargaining agents: the Wright Education Association (the "**WEA**"), which is the exclusive bargaining agent for all certificated non-management employees of the District, and the California School Employees' Association (the "**CSEA**"), which is the bargaining agent for all classified or uncertificated personnel within the District. The WEA contract is updated with an annual memorandum of understanding and has not been settled for fiscal year 2014-15. The CSEA contract expired on June 30, 2014 and has not been settled for fiscal year 2014-15. Management and confidential employees are not represented by a bargaining unit.

District Retirement Systems

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

STRS. The District participates in 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 an actuarially determined rate, which was 8.25% of payroll for the 2013-14 fiscal year. The District's contribution to STRS for the fiscal years ended June 30, 2011, 2012 and 2013 were $410,605, $430,453 and $420,219, respectively (audited figures), for the 2013-14 fiscal year was $449,275 (estimated actual) and for the 2014-15 fiscal year, $554,560 is budgeted.

PERS. The District also participates in PERS. This plan covers all classified personnel who are employed more than four hours per day. 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 District's contribution to PERS for fiscal years ended June 30, 2011, 2012 and 2013 were $155,839, $169,560 and $172,848, respectively (audited figures), and for the 2013-14 fiscal year was $174,923 (estimated actual) and for the 2014-15 fiscal year, $200,524is budgeted.

Both the PERS and STRS systems are operated on a statewide basis. District contribution rates to these two retirement systems vary annually depending on changes in actuarial assumptions and other factors, such as liability. STRS has a substantial State unfunded liability. Since this liability has not been broken down by agency, information is not available showing the District's share.

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. Both PERS and STRS have substantial State unfunded actuarial liabilities, being $14.6 billion and $71.0 billion, respectively, as of June 30, 2012.

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 paragraph 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 enacted 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, will have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no agreement is reached by January 1, 2018, a city, public agency or school district could require employees to pay a portion of the costs of PERS pension benefits.

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.

Insurance

The District participates in two joint ventures under joint powers agreements with the Redwood Empire Schools' Insurance Group for property and liability and workers' compensation insurance coverage and West County Transportation Agency for pupil transportation services. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

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

DISTRICT 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 and interest of 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.

Accounting Practices

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 California Education Code, is to be followed by all California school districts.

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund which accounts for all financial resources not required to be accounted for in another fund. The District’s fiscal year begins on July 1 and ends on June 30.

All governmental funds and fiduciary funds are maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, that is, both measurable and available to finance expenditures for the current period. For more information on the District’s accounting method, see Note 1, Section B of “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2013” attached hereto.

Financial Statements

The District's Audited Financial Statements for the fiscal year ending fiscal year 2012-13 were prepared by Stephen Roatch Accountancy Corporation, Certified Public Accountants, Folsom, California. Audited financial statements for the District for the fiscal year ended June 30, 2013 and prior fiscal years are on file with the District and available for public inspection at the Superintendent’s Office. See Appendix B hereto for the 2012-13 Audited Financial Statements. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District.

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.

Past Years’ Audits. The following table shows the audited income and expense statements for the District for fiscal years 2010-11 through 2012-13.

WRIGHT ELEMENTARY SCHOOL DISTRICT
Summary of General Fund
Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2010-11 through 2012-13 (audited)

	2010-11 Audited	2011-12 Audited	2012-13 Audited
Revenues			
Revenue Limit sources/LCFF	$7,857,488	$8,237,234	$8,242,640
Federal Revenue	968,014	1,104,233	658,085
Other State Revenue	2,445,707	2,634,439	2,579,075
Other Local Revenue	987,649	1,033,958	1,172,858
Total Revenue	12,258,858	13,009,864	12,652,658
Expenditures			
Instruction	8,729,038	9,182,406	8,634,379
Supervision of instruction	90,821	73,823	115,546
Instruction library, media & technology	106,887	95,922	91,101
School site administration	721,231	748,777	740,220
Home-to-school transportation	164,228	226,922	18,593
Food Services	-	149	2,830
All other pupil services	477,108	564,374	724,414
Data processing	33,600	71,750	37,844
All other general administration	857,590	865,652	844,400
Plant services	894,516	978,985	971,244
Ancillary services	12,807	7,427	121
Debt service - principal	2,348	-	-
Debt service - interest	36	-	-
Other Outgo	212,434	156,717	372,884
Total Expenditures	12,302,644	12,972,904	12,553,576
Excess of Revenues Over (Under) Expenditures	(43,786)	36,960	99,082
Other Financing Sources (Uses)			
Operating Transfer In	2,869	2,169	3,000
Operating Transfer Out	-	-	-
Total Other Sources & Uses	2,869	2,169	3,000
Net Change in Fund Balance	(40,917)	39,129	102,082
Fund Balance, Beginning of Year[1]	2,399,298	2,358,381	2,397,510
Fund Balance, End of Year	$2,358,381	$2,397,510	$2,499,592

(1) 2010-11 Beginning Fund Balance restated by $446,326 to include beginning fund balances from the deferred maintenance fund and special revenue - special reserve fund, pursuant to GASB 54.
Source: Wright Elementary School District Audit Reports.

Current Budget and Projections. The following table shows the 2013-14 Estimated Actuals and the 2014-15 Adopted Budget.

WRIGHT ELEMENTARY SCHOOL DISTRICT
Summary of General Fund
Revenues, Expenditures and Changes in Fund Balance
2013-14 Estimated Actuals and 2014-15 Adopted Budget

	Estimated Actuals 2013-14	**Budgeted 2014-15**
REVENUES		
LCFF/Revenue Limit Sources	$10,830,612	$12,033,635
Federal	747,116	819,914
Other State	1,117,298	582,141
Other Local	1,537,511	1,634,217
Total Revenues	14,232,536	14,669,907
EXPENDITURES		
Certificated Salaries	5,529,913	5,983,628
Classified Salaries	1,749,012	1,981,829
Employee Benefits	2,699,984	3,166,038
Books and Supplies	550,413	374,956
Services and Other Operating Expenses	3,135,280	2,936,398
Capital Outlay	-	-
Other Outgo (excl. transfers of indirect costs)	408,825	387,735
Other Outgo: Indirect Costs	(36,000)	
Total Expenditures	14,190,947	14,750,584
Excess of Revenues over Expenditures	41,587	119,323
OTHER FINANCING SOURCES/USES:		
Interfund Transfers In	58,770	450
Interfund Transfers Out	-	-
Total Other Financing Sources/Uses	58,770	450
Net Change in Fund Balance	100,359	119,773
Beginning Balance, July 1	2,052,980	2,153,339
Ending Balance, June 30	$2,153,339	$2,273,112

(1) Fund balance at the time of budget adoption.
Source: Wright Elementary School District.

Reserve Levels. The District has successfully maintained its reserve for economic uncertainties above the State requirement, with its unrestricted general fund balance being 5.1% in fiscal year 2011-12, 4.10% in fiscal year 2012-13, 5.00% in fiscal year 2013-14, and for fiscal year 2014-15, 7.88% is budgeted.

In connection with the State's fiscal year 2014-15 Budget, a constitutional amendment will be presented to State voters at the November 4, 2014 general election. See APPENDIX A herein under the heading "2014-15 Adopted State Budget." The amendment would establish a rainy day fund at the State level, as well as a Proposition 98 reserve to attempt to minimize large fluctuations from year to year in the State's education spending. If approved by the voters, related legislation will become effective that could limit the amount of reserves that may be maintained at the District level. The District cannot predict how this legislation will impact is reserves and future spending.

Local Control Funding Formula. Legislation adopted in connection with the State's 2013-14 Budget included the implementation of the Local Control Funding Formula (the **"LCFF")**, which changed the formula by which school districts in California receive funding from the State. As described in more detail herein under the heading "STATE FUNDING OF EDUCATION - Recent State Budgets- 2013-14 State Budget" 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. <u>Base grant</u> of $7,643 per ADA, plus

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

3. <u>A concentration grant</u> for districts with enrollment of more than 55 percent 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. <u>An economic recovery target</u>, 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 benefited under the LCFF, with an unduplicated pupil count percentage of 80.39%. In addition to the base grant amount, LCFF funds the supplemental grants at 20% of the base grant amount and the concentration grant at 50% of the base grand amount. The District receives concentration grant money equal to 80.39% - 55% = 25.39% of the base grant amount.

District Budget and Interim Financial Reporting

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

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1. The District adopted its 2012-13 Budget on June 21, 2012.

For both dual and single budgets submitted on July 1, the county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than August 20, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget has been disapproved.

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

Interim Certifications Regarding Ability to Meet Financial Obligations. A State law adopted in 1991 (**"A.B. 1200"**) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent 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 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 not received any qualified or negative certifications of its financial reports in the past five years, nor have any of its budgets been disapproved. The District's most recent interim report, the Second Interim for fiscal year 2013-14, received a positive certification.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 4385 Price Avenue, Santa Rosa, California 95407. The District may impose charges for copying, mailing and handling.

Long-Term Borrowing

General Obligation Bonds. The District issued its General Obligation Bonds, Series 1993 (the "1993 Bonds") as capital appreciation bonds in the original denominational amount of $1,099,928 and its General Obligation Bonds, Series 2003 (the "2003 Bonds") issued as current interest bonds in the original principal amount of $765,000 and capital appreciation bonds, in the original denominational amount of $2,335,043.

The debt service on the District's general obligation bonds is payable from *ad valorem* taxes levied by the County. See "DEBT SERVICE SCHEDULES – Combined Debt Service Schedule" in the front part of the Official Statement for the debt service requirements for the 1993 Bonds and the 2003 Bonds.

The District has never defaulted on the payment of principal or interest on any of its indebtedness.

Early Retirement Incentives

The District adopted an early retirement incentive program where by the service credit to eligible certificated employees was increased by two years. The future liability of these early retirement incentive benefits at June 30, 2013 was $30,274.

Termination Benefits

The District periodically offers an early retirement incentive to certificated employees who have reached the age of 55 in the retirement year and have taught in the District for a minimum of 10 years. Termination benefits consist of a yearly stipend that can be received as a monthly check, a single lump sum payment or applied to health and welfare benefits. For the fiscal year ended June 30, 2013, the cost of providing these benefits for 14 retirees totaled $66,229. The liability for the accrued termination benefits payable at June 30, 2013 is $182,230, which consists entirely of voluntary termination benefits to be paid between July 1, 2013 and June 30, 2018 for 17 ongoing retirees. For a description of the actuarial valuation and methods and assumptions used to determine liabilities for the termination benefits, see “APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2013 – Note 9.”

State Funding of Education and Revenue Limitations

Annual State apportionments of basic and equalization aid to school districts for general purposes are computed up to a revenue limit per unit of average daily attendance (**“A.D.A.”**). Such apportionments will, generally speaking, amount 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.

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.

Revenue Sources

The District categorizes its general fund revenues into four sources:

WRIGHT ELEMENTARY SCHOOL DISTRICT
District Revenue Sources

	Percentage of Total District General Fund Revenues				
Revenue Source	Audited 2010-11	Audited 2011-12	Audited 2012-13	Estimated 2013-14	Budgeted 2014-15
Revenue limit sources/LCFF [(1)]	64.1%	63.3%	65.1%	76.1%	79.9%
Federal revenues	7.9	8.5	5.2	5.2	5.4
Other State revenues	20.0	20.2	20.4	7.9	3.9
Other local revenues	8.0	8.0	9.3	10.8	10.8

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

Each of these revenue sources is described below.

Revenue Limit Sources. Beginning in fiscal year 1973-74, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were 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 were 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 was provided by a mix of (1) local property taxes and (2) State apportionments of basic and equalization aid. Generally, the State apportionments amounted 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. 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 is now determined with a funding model that attempts to better meet the needs of students, particularly those students which come from low-income families or are English language learners requiring more support for success in school. The LCFF is meant to give local school officials more control in order to better 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 some District programs, including special education programs and No Child Left Behind.

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 unrestricted as a result of the State Budget Flexibility for 2008-2009 through 2014-15. Unrestricted State revenues include categorical revenues for hourly programs, instructional materials, deferred maintenance, adult education, school safety, school and library block grant, professional development block grant, GATE, adult education, pupil retention block grant, supplemental high school counseling, and other formerly restricted revenue. Restricted State revenues include Economic Impact Aid and specialized grant programs.

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. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instructional materials.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as rental income, interest earnings and other local sources.

Effect of State Budget on Revenues

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 percent 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. School districts also receive substantial funding from the State for various categorical programs.

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"), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process.

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 percent 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. School districts also receive substantial funding from the State for various categorical programs.

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"), 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, the County, nor the Underwriter 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 (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. 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.*

- 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.

- 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.

- 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.

- 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)".

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 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 a new funding formula known as the "Local Control Funding Formula," described in greater detail below (the **"LCFF"**). Under the 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 $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.

State Funding under the LCFF. The LCFF changes the State funding system for school districts, charter schools and county offices of education by, among other changes, 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 instead 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, parent engagement, and school climate.

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 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:

- <u>Common Core Implementation Funding</u>. 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.

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

- <u>K-12 Mandates Block Grant</u>. $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.

- <u>K-12 Budget Deferral Repayment</u>. 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.

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

- <u>Special Education Funding Reform</u>. 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's 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.

2014-15 Adopted State Budget

On June 20, 2014, Governor Brown approved the 2014-15 Budget Act (the **"2014-15 Budget"**), projecting $108 billion in general fund revenues, which is $7.3 million more in general fund revenues than in fiscal year 2013-14. The 2014-15 Budget is balanced and projects paying down more than $10 billion in unprecedented amounts of budgetary debt from past years, including paying down deferral of payments to schools by $5 billion, paying off Economic Recovery Bonds, repaying various special fund loans, and funding $100 million in mandate claims that have been owed to local governments since 2004. The budgetary deficit is projected to be reduced to below $5 billion by the end of 2016-17. The fiscal year begins with a 2014-15 State Budget reserve of $2 billion dollars, including $1.6 billion in the State's Budget Stabilization Account, also known as the State's rainy day fund. 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 8, 2011) and spending cuts have allowed for continued economic growth in the State. The 2014-15 State Budget also contains triggers allowing for additional spending, if various revenue benchmarks are exceeded. If revenues surpass certain estimates, then the Budget calls for more funds to be applied to higher education and to pay down debt. Certain highlights of the 2014-15 Budget are described below.

Plan for Reducing STRS Unfunded Liability. The California State Teachers' Retirement System ("**STRS**") has funded significant unfunded liability. Without changes to how the system is funded, STRS is expected to run out of money in about 33 years. To prevent this, the 2014-15 Budget sets forth a plan that shares responsibility among the school districts, the state, and teachers to better fund STRS. Contributions for the first year from all three of these sources will total $275 million. Contributions will increase in subsequent years, reaching more than $5 billion annually. This plan is projected to eliminate unfunded liability by 2046.

Constitutional Amendment on November, 2014 Ballot: Rainy Day Fund. The 2014-15 State Budget includes a proposed constitutional amendment which will be placed before State voters in November, 2014. The measure, upon approval, would alter the State's existing requirements for the Budget Stabilization Account, the State's existing rainy day account. If approved, this amendment would:

- Require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8 percent of General Fund tax revenues, and would set the maximum size of the Rainy Day Fund at 10 percent of the General Fund revenues.

- Require half of each year's deposit for the next 15 years be used for supplemental payments of debt or other long-term liabilities.

- Allow for withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years. The maximum amount that could be withdrawn in the first year of a recession would be limited to half of the Rainy Day Fund's balance.

- Require that the state provide a multiyear budget forecast to better manage the state's long-term finances.

- Create a Proposition 98 reserve, known as the Public School System Stabilization Account, where spikes in funding would be saved for future years. This is intended to smooth school spending and minimize future cuts to education funding.

In addition, if approved in November, additional legislation will become effective which could limit the amount school districts may maintain in reserves. Specifically, the legislation provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the Public School System Stabilization Account, a school district may not adopt a budget that contains a reserve in excess of twice the applicable minimum reserve amount.

K - 12 Budget Adjustments. The 2014-15 State Budget includes total funding of $76.6 billion ($45.3 billion General Fund and $31.3 billion other funds) for all K-12 education programs. Prop. 98 funding has contributed $10 billion to the total funding amount and the 2014-15 State Budget provides $1,954 more per K-12 student in 2014-15 than was provided in 2011-12. The 2014-15 State Budget also provides $4.7 billion for the second year of implementing the LCFF and continues to commit most new funding to districts serving English language learners, students from low-income families, and youth in foster care. The Education Budget Trailer Bill ("**SB 858**") is included in the 2014-15 State Budget and contains two separate provisions that have the potential to affect district reserve funds. In addition, the 2014-15 State Budget includes the following:

- Local Control Funding Formula. The 2014-15 State Budget contains an increase of $4.75 billion in the Proposition 98 General Fund to continue the State's transition to the LCFF. This increase will close the remaining funding implementation gap by more than 29 percent. Additionally, the 2014-15 State Budget addresses an administrative problem related to the collection of income eligibility forms that are used to determine student eligibility for free or reduced-price meals.

- K-12 Deferrals. The 2014-15 State Budget repays nearly $4.7 billion Proposition 98 General Fund for K-12 expenses that had been deferred from one year to the next during the past few years. This repayment will leave an outstanding balance of less than $900 million in K-12 deferrals. The 2014-15 State Budget also contains a trigger mechanism that will appropriate any additional funding resources attributable to the 2013-14 and 2014-15 fiscal years subsequent to the enactment of the 2014-15 State Budget for the purpose of retiring the remaining $900 million in K-12 deferrals.

- Independent Study. The 2014-15 State Budget reduces administrative burdens and frees up time for teachers to spend on student instruction and support, making it easier for schools to offer and expand instructional opportunities available to students through non-classroom based instruction.

- K-12 Mandates. The 2014-15 State Budget provides $400.5 million in one-time Proposition 98 General Fund to reimburse K-12 local educational agencies for the costs of state-mandated programs. These funds will make a significant down payment on outstanding mandate debt, while providing school districts, county offices of education, and charter schools with discretionary resources to support critical investments such as Common Core implementation.

- K-12 High-Speed Internet Access. The 2014-15 State Budget increases the one-time Proposition 98 General Fund for the K-12 High Speed Network by $26.7 million. This Fund provides technical assistance and grants to local educational agencies to address the technology requirements necessary for Common Core implementation.

- Career Technical Education Pathways Program. The 2014-15 State Budget increases by $250 million the one-time Proposition 98 General Fund to support a second cohort of competitive grants for participating K-12 local educational agencies. Established in the 2013 Budget Act, the Career Pathways Trust Program provides grant awards to improve career technical programs and linkages between employers, schools and community colleges.

Higher Education and Healthcare. The 2014-15 State Budget includes total funding of $26.2 billion ($14.7 billion General Fund and local property tax and $11.5 billion other funds). It also provides for up to a 20 percent increase in General Fund appropriations over a four-year period. The 2014-15 Budget includes a 5 percent increase in 2014-15 for each university system, which equals $284 million total. Regarding healthcare, the state's adoption of the optional expansion of Medi-Cal under federal law known as the Affordable Care Act created major new spending commitments. The 2014-15 Budget assumes an additional Medi-Cal caseload of 2.5 million individuals and a rise in costs of $2.4 billion over fiscal year 2012-13.

Emergency Drought Response. On January 17, 2014, Governor Brown proclaimed a state of emergency due to the severe drought conditions faced by the state. Legislation was enacted in February which provided $687.4 million to support drought relief. The 2014-15 Budget includes additional one-time resources to continue immediate drought-related efforts started in 2014, such as an increase of $53.8 million General Fund and $12.2 million other funds for firefighting efforts, and an increase of $18.1 million General Fund to aid in assessing water conditions and provide public outreach regarding water conservation.

Numerous Factors Affecting Budget and Projections. The execution of the 2014-15 State Budget 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's 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 2014-15 State Budget to be unattainable. The District cannot predict the impact that the 2014-15 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 2014-15 State Budget.

The complete 2014-15 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted 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.

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 (except certain personal property which is taxable at limited rates), 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 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 "STATE FUNDING OF EDUCATION AND RECENT STATE BUDGETS" above.

2010 Robles-Wong Litigation. 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. In January 2013, various amicus curiae briefs were filed in support of the plaintiffs. On August 7, 2013, a letter was filed by the Office of the Attorney General regarding the restructuring of the K-12 financing system and the implementation of the LCFF. The District cannot predict the ultimate outcome of the Robles-Wong litigation.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds is payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. 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 55% of the voters of the district, but only if certain accountability measures are included in the proposition. As described under "THE BONDS – Authority for Issuance", the District received authorization by a requisite 55% of voters to issue the Bonds and has stated that it will comply with all applicable accountability measures required by law. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

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

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.

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

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

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 and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State can not (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-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, 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 amended 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. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes.

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.

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.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2013

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STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

Stephen Roatch - President
Habbas Nassar - Vice President

December 9, 2013

To the Governing Board
Wright Elementary School District
Santa Rosa, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wright Elementary School District for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our annual engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wright Elementary School District are described in Note 1 to the financial statements. As described in Note 1B to the financial statements, the Wright Elementary School District changed accounting policies related to reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position by adopting the Governmental Accounting Standards Board issued GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in fiscal year 2012-13. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has been notified of all such misstatements. The material misstatements detected as a result of audit procedures that were corrected by management, are summarized in your District's 2012-13 audit report in the Supplementary Information Section on the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.

P.O. Box 2196 ■ Folsom, CA 95763-2196 ■ Phone (916) 966-3883 ■ Fax (916) 966-3815

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 9, 2013.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

This information is intended solely for the use of the Governing Board and management of Wright Elementary School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Stephen Roatch

Stephen Roatch, Certified Public Accountant
President

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

Stephen Roatch - President
Habbas Nassar - Vice President

December 9, 2013

To the Governing Board and Management of
Wright Elementary School District
Santa Rosa, California

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wright Elementary School District as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Wright Elementary School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the Schedule of Findings and Questioned Costs section of this year's audit report to be a material weakness. The finding is identified as **"Material Weakness"** in the Schedule of Findings and Questioned Costs section of the audit report.

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. We consider the deficiencies described in the Schedule of Findings and Questioned Costs section of this year's audit report to be significant deficiencies. These findings are identified as **"Significant Deficiency"** in the Schedule of Findings and Questioned Costs section of the audit report.

This communication is intended solely for the information and use of the Governing Board and management of Wright Elementary School District, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Stephen Roatch

Stephen Roatch, Certified Public Accountant
President

P.O. Box 2196 ■ Folsom, CA 95763-2196 ■ Phone (916) 966-3883 ■ Fax (916) 966-3815

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Certified Public Accountants

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Board of Education
Wright Elementary School District
Santa Rosa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wright Elementary School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wright Elementary School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the budgetary comparison information on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wright Elementary School District's basic financial statements. The accompanying combining fund financial statements and supplementary schedules listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is presented as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* are presented for purposes of additional analysis and are not a required part of the basic financial statements. .

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013 on our consideration of Wright Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wright Elementary School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 9, 2013

This section of Wright Elementary School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 16 and 17, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 18 through 21, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statement provides financial information about activities for which the District acts solely as a trustee for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

- The District's financial status declined over the course of the year as total net position decreased 5.2%.
- On the Statement of Activities, total current year expenses exceeded total current year revenues by $782,413
- On the Statement of Revenues, Expenditures, and Changes in Fund Balances, total current year revenues and other financing sources exceeded current year expenditures and other financing uses by $5,461,393, due mainly to the current year issuance of general obligation bonds that remain unspent at June 30, 2013.
- Capital assets, net of depreciation, increased $628,048, due to the current year acquisition and/or construction of $1,294,162 of new capital assets and the current year recognition of $666,114 of depreciation expense.
- Total long-term liabilities increased $7,048,274 due primarily to the $7,000,000 issuance of general obligation bonds in fiscal year 2012-13.
- The District's P-2 total average daily attendance (ADA) remained relatively stable, increasing slightly from 1,548 ADA in fiscal year 2011-12 to 1,555 ADA in fiscal year 2012-13, an increase of less than 1%.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of general fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2012-13, General Fund expenditures and other financing uses totaled $12,553,576. At June 30, 2013, the District has available reserves of $1,931,878 in the General Fund, which represents a reserve of 15.4%.

THE FINANCIAL REPORT

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

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

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

Reporting the District as a Whole

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

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

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

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

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

Governmental Activities:

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

Business-type Activities:

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

Reporting the District's Most Significant Funds

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

Governmental Funds:

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

Proprietary Funds:

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. These include both enterprise funds and internal service funds. Enterprise funds are considered business-type activities and are also reported under a full accrual method. This is the same basis as business-type activities; therefore no reconciling entries are required. Internal service funds are reported with the Governmental Funds. The District has no funds of this type.

Fiduciary Funds:

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in a separate fiduciary statement. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENTAL ACTIVITIES

The District's total net position decreased from $15,020,840 at June 30, 2012, to $14,238,427 at June 30, 2013, a decrease of 5.2%.

Comparative Statement of Net Position

	Governmental Activities 2012	Governmental Activities 2013
Assets		
Deposits and Investments	$ 2,942,996	$ 10,773,989
Receivables	3,857,409	2,654,932
Stores Inventory	5,450	5,064
Prepaid Expenses	0	261,080
Capital Assets, net	16,376,444	17,004,492
Total Assets	23,182,299	30,699,557
Liabilities		
Current	1,692,956	3,234,605
Long-term	6,468,503	13,226,525
Total Liabilities	8,161,459	16,461,130
Net Position		
Investment in Capital Assets - Net of Related Debt	13,170,083	11,935,249
Restricted for Capital Projects	2,204,220	2,231,667
Restricted for Debt Service	(2,682,630)	(2,438,837)
Restricted for Educational Programs	143,452	175,263
Restricted for Other Purposes *	240,672	284,644
Unrestricted *	1,945,043	2,050,441
Total Net Position	$ 15,020,840	$ 14,238,427

Table includes financial data of the combined governmental funds

* *The prior year balances have been adjusted to ensure comparability.*

The deficit balance presented above for Restricted for Debt Service represents the difference between the obligation for accumulated accreted interest on the District's outstanding capital appreciation bonds and the accrued interest on the District's long-term liabilities and amounts available in the Bond Interest and Redemption Fund. The deficit will be eliminated by future property tax collections.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

The District's total current year expenses exceeded total current year revenues by $782,413.

Comparative Statement of Changes in Net Assets

	Governmental Activities	
	2012	2013
Program Revenues		
Charges for Services	$ 83,141	$ 93,744
Operating Grants & Contributions	2,921,619	2,763,360
Capital Grants & Contributions	392	0
General Revenues		
Taxes Levied	3,669,378	4,258,669
Federal & State Aid	7,127,633	6,793,399
Interest & Investment Earnings	28,943	56,937
Miscellaneous	316,586	335,846
Total Revenues	14,147,692	14,301,955
Expenses		
Instruction	9,518,812	9,111,996
Instruction-Related Services	1,133,815	1,121,989
Pupil Services	1,397,537	1,425,866
General Administration	980,409	936,358
Plant Services	1,062,424	1,631,176
Ancillary Services	7,427	121
Interest on Long-Term Debt	374,197	480,674
Other Outgo	166,582	376,188
Total Expenses	14,641,203	15,084,368
Changes in Net Assets	$ (493,511)	$ (782,413)

Table includes financial data of the combined governmental funds

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

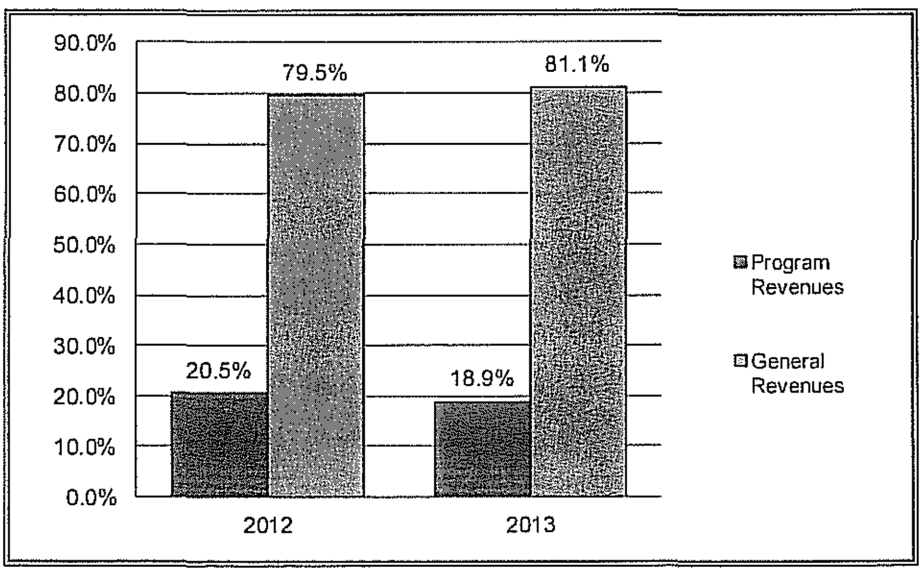
GOVERNMENTAL ACTIVITIES (CONTINUED)

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost of Services	
	2012	2013	2012	2013
Instruction	$ 9,518,812	$ 9,111,996	$ 7,791,770	$ 7,654,841
Instruction-Related Services	1,133,815	1,121,989	1,061,000	1,025,353
Pupil Services	1,397,537	1,425,866	370,152	224,931
General Administration	980,409	936,358	887,544	883,342
Plant Services	1,062,424	1,631,176	1,061,635	1,629,445
Ancillary Services	7,427	121	7,427	121
Interest on Long-Term Debt	374,197	480,674	374,197	480,674
Other Outgo	166,582	376,188	82,326	328,557
Totals	$ 14,641,203	$ 15,084,368	$ 11,636,051	$ 12,227,264

Table includes financial data of the combined governmental funds

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The $12,227,264 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



In 2012-13, program revenues financed 18.9% of the total cost of providing the services listed above, while the remaining 81.1% was financed by the general revenues of the District.

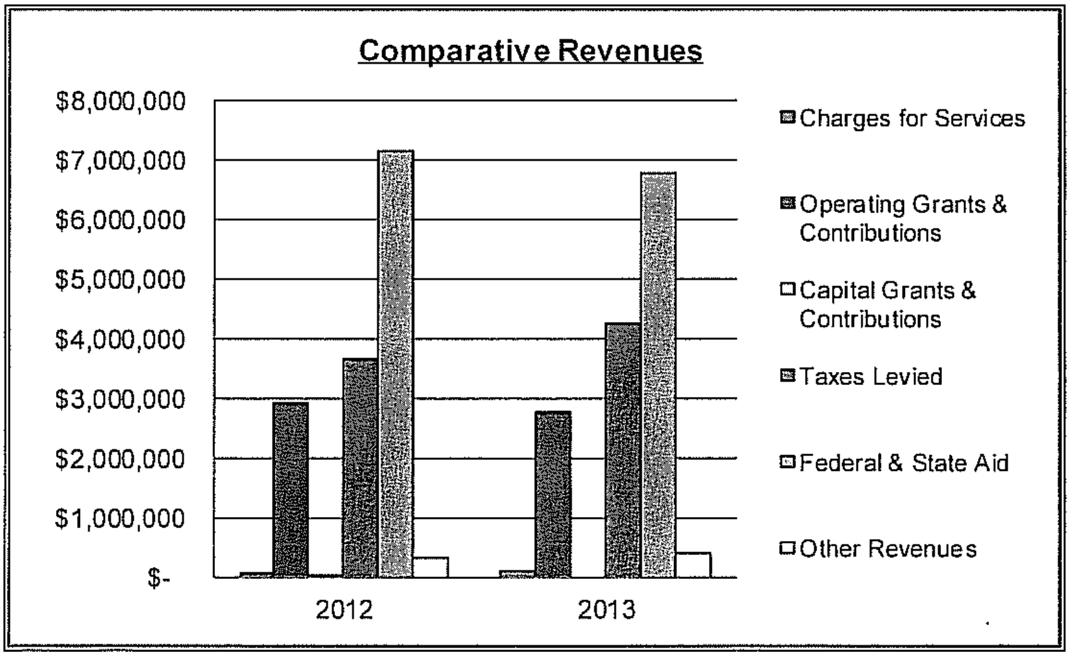
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Schedule of Revenues For Governmental Functions

	FYE 2012 Amount	Percent of Total	FYE 2013 Amount	Percent of Total
Program Revenues				
Charges for Services	$ 83,141	0.59%	$ 93,744	0.66%
Operating Grants & Contributions	2,921,619	20.65%	2,763,360	19.32%
Capital Grants & Contributions	392	0.00%	0	0.00%
General Revenues				
Taxes Levied	3,669,378	25.94%	4,258,669	29.78%
Federal & State Aid	7,127,633	50.38%	6,793,399	47.50%
Other Revenues	345,529	2.44%	392,783	2.75%
Total Revenues	$ 14,147,692	100.00%	$ 14,301,955	100.00%

Table includes financial data of the combined governmental funds



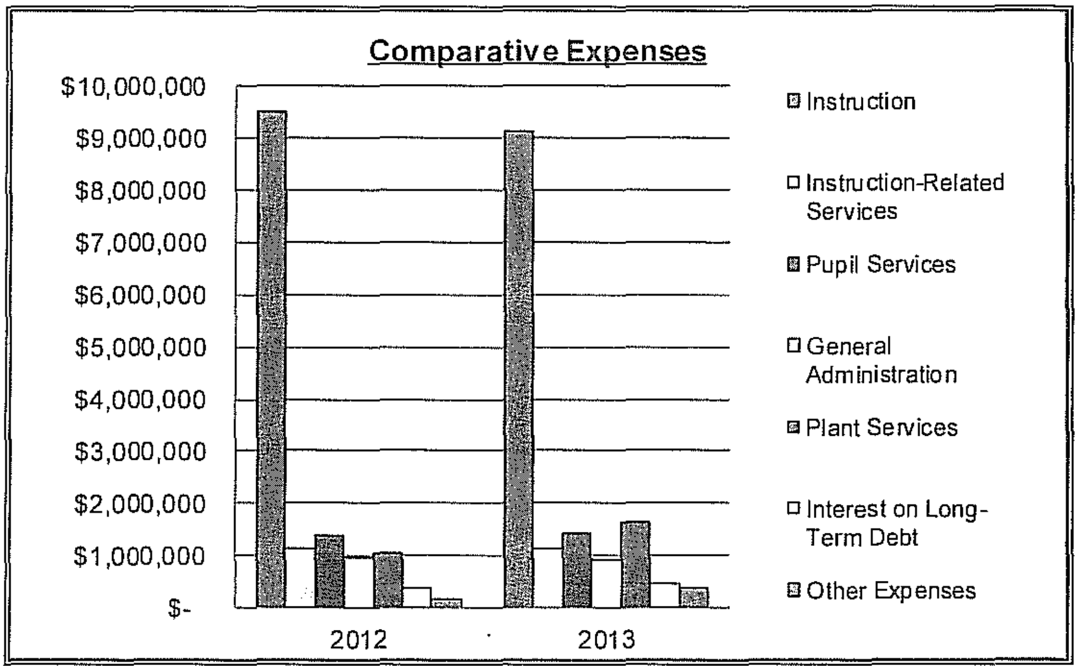
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Schedule of Expenses For Governmental Functions

	FYE 2012 Amount	Percent of Total	FYE 2013 Amount	Percent of Total
Expenses				
Instruction	$ 9,518,812	65.01%	$ 9,111,996	60.41%
Instruction-Related Services	1,133,815	7.74%	1,121,989	7.44%
Pupil Services	1,397,537	9.55%	1,425,866	9.45%
General Administration	980,409	6.70%	936,358	6.21%
Plant Services	1,062,424	7.26%	1,631,176	10.81%
Interest on Long-Term Debt	374,197	2.56%	480,674	3.19%
Other Expenses	174,009	1.19%	376,309	2.49%
Total Expenses	$ 14,641,203	100.00%	$ 15,084,368	100.00%

Table includes financial data of the combined governmental funds



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)

GOVERNMENTAL ACTIVITIES (CONCLUDED)

Comparative Schedule of Capital Assets

	Governmental Activities	
	2012	2013
Land	$ 5,909,800	$ 5,909,800
Sites and Improvements	3,096,920	3,096,920
Buildings and Improvements	16,494,920	17,007,660
Furniture and Equipment	201,407	216,307
Work-in-Progress	966,202	1,732,724
Subtotals	26,669,249	27,963,411
Less: Accumulated Depreciation	(10,292,805)	(10,958,919)
Capital Assets, net	$ 16,376,444	$ 17,004,492

Capital assets, net of depreciation, increased $628,048, due to the current year acquisition and/or construction of $1,294,162 of new capital assets and the current year recognition of $666,114 of depreciation expense.

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	2012	2013
Compensated Absences	$ 79,438	$ 72,165
General Obligation Bonds	6,677,200	13,661,125
Unamortized Bond Premium	0	101,925
Early Retirement Incentives	35,162	30,274
Termination Benefits	207,645	182,230
Totals	$ 6,999,445	$ 14,047,719

Total long-term liabilities increased $7,048,274 due primarily to the issuance of $7,000,000 of general obligation bonds in fiscal year 2012-13. The general obligation bonds are financed by local taxpayers and represent 97.2% of the District's total long-term liabilities. The liabilities related to compensated absences, early retirement incentives and termination benefits are financed by the General Fund and represent 2.0% of the total long-term liabilities. The District has satisfied all of its debt service requirements for its bonded debt and continues to maintain an excellent credit rating on its current debt issues.

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

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

Comparative Schedule of Fund Balances

	Fund Balances June 30, 2012	Fund Balances June 30, 2013	Increase (Decrease)
General	$ 2,397,510	$ 2,499,592	$ 102,082
Capital Facilities	2,111,833	2,108,971	(2,862)
Building	581,795	5,451,753	4,869,958
Cafeteria	237,572	281,544	43,972
Bond Interest & Redemption	220,285	640,668	420,383
State School Building	4	0	(4)
County School Facilities	28,038	28,261	223
Capital Projects - Special Reserve	80,675	108,316	27,641
Totals	$ 5,657,712	$ 11,119,105	$ 5,461,393

The combined fund balances of all District funds increased $5,461,393, which includes a $102,082 increase in the General Fund. The primary reason for the overall fund balance increase is due to the issuance of general obligation bonds in fiscal year 2012-13 that remain unspent at June 30, 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim to reflect the most current financial information available at that point in time. The original budget presented on page 45 includes only new revenues for fiscal year 2012-13.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The 2013-14 Budget Act and related trailer bills manifests many significant improvements and overdue changes to California Schools funding system. We recognize that these are extraordinary economic times and though the implementation of the new Local Control Funding Formula (LCFF) brings positive changes to most districts, there is still much uncertainty. It is currently very difficult to gauge the future with an eight-year phase-in for full implementation of LCFF and complete details have yet to be released regarding the new funding and accountability requirements. As a result, school district budgets should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, please contact the Business Manager, Wright Elementary School District, 4385 Price Avenue, Santa Rosa, California, 95407.

BASIC FINANCIAL STATEMENTS

WRIGHT ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
Assets	
Deposits and Investments (Note 2)	$ 10,773,989
Receivables (Note 4)	2,654,932
Stores Inventory (Note 1I)	5,064
Prepaid Expenses (Note 1I)	261,080
Capital Assets: (Note 6)	
Land	5,909,800
Sites and Improvements	3,096,920
Buildings and Improvements	17,007,660
Furniture and Equipment	216,307
Work-in-Progress	1,732,724
Less: Accumulated Depreciation	(10,958,919)
Total Assets	30,699,557
Liabilities	
Accounts Payable and Other Current Liabilities	2,406,260
Deferred Revenue (Note 1I)	7,151
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Compensated Absences (Note 1I)	72,165
General Obligation Bonds	
Current Interest	250,000
Capital Appreciation	390,000
Unamortized Bond Premium	4,232
Early Retirement Incentives (Note 8)	30,274
Termination Benefits	74,523
Portion Due or Payable After One Year:	
General Obligation Bonds (Note 7)	
Current Interest	7,515,000
Capital Appreciation	5,506,125
Unamortized Bond Premium	97,693
Termination Benefits (Note 9)	107,707
Total Liabilities	16,461,130
Net Position	
Investment in Capital Assets, Net of Related Debt	11,935,249
Restricted:	
For Capital Projects	2,231,667
For Debt Service	(2,438,837)
For Educational Programs	175,263
For Other Purposes	284,644
Unrestricted	2,050,441
Total Net Position	$ 14,238,427

WRIGHT ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 9,111,996		$ 1,457,155		$ (7,654,841)
Instruction-Related Services:					
Supervision of Instruction	116,864		57,365		(59,499)
Instructional Library and Technology	156,052				(156,052)
School Site Administration	849,073		39,271		(809,802)
Pupil Services:					
Home-to-School Transportation	18,593		7,254		(11,339)
Food Services	682,859	$ 89,963	629,272		36,376
Other Pupil Services	724,414		474,446		(249,968)
General Administration:					
Data Processing Services	41,082				(41,082)
Other General Administration	895,276	3,582	49,434		(842,260)
Plant Services	1,631,176	199	1,532		(1,629,445)
Ancillary Services	121				(121)
Interest on Long-Term Debt	480,674				(480,674)
Other Outgo	376,188		47,631		(328,557)
Total Governmental Activities	$ 15,084,368	$ 93,744	$ 2,763,360	$ 0	(12,227,264)
General Revenues					
Taxes Levied for General Purposes					3,399,064
Taxes Levied for Debt Service					829,515
Taxes Levied for Specific Purposes					30,090
Federal and State Aid - Unrestricted					6,793,399
Interest and Investment Earnings					56,937
Miscellaneous					335,846
Total General Revenues					11,444,851
Change in Net Position					(782,413)
Net Position - July 1, 2012					15,020,840
Net Position - June 30, 2013					$ 14,238,427

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

WRIGHT ELEMENTARY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Capital Facilities	Building	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and Investments (Note 2)	$ 1,117,466	$ 2,109,196	$ 6,640,294	$ 907,033	$ 10,773,989
Receivables (Note 4)	2,507,203			147,729	2,654,932
Due from Other Funds (Note 5)	60,126		1,832	30,090	92,048
Stores Inventory (Note 1I)				5,064	5,064
Total Assets	$ 3,684,795	$ 2,109,196	$ 6,642,126	$ 1,089,916	$ 13,526,033
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	$ 1,147,624	$ 225	$ 1,158,325	$ 1,555	$ 2,307,729
Due to Other Funds (Note 5)	30,428		32,048	29,572	92,048
Deferred Revenue (Note 1I)	7,151				7,151
Total Liabilities	1,185,203	225	1,190,373	31,127	2,406,928
Fund Balances: (Note 11)					
Nonspendable	3,100			5,064	8,164
Restricted	175,263	2,108,971	5,451,753	1,039,844	8,775,831
Committed	300,000				300,000
Assigned	89,351			13,881	103,232
Unassigned	1,931,878				1,931,878
Total Fund Balances	2,499,592	2,108,971	5,451,753	1,058,789	11,119,105
Total Liabilities and Fund Balances	$ 3,684,795	$ 2,109,196	$ 6,642,126	$ 1,089,916	$ 13,526,033

WRIGHT ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total Fund Balances - Governmental Funds		$ 11,119,105
Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Capital assets and accumulated depreciation are:		
Capital Assets	$ 27,963,411	
Accumulated Depreciation	(10,958,919)	
Net		17,004,492
Unamortized costs: In governmental funds, debt issuance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issuance costs are amortized over the life of the debt. Unamortized debt issuance costs included in prepaid expenses on the statement of net position are:		261,080
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Compensated Absences	$ 72,165	
General Obligation Bonds:		
Current Interest	7,765,000	
Capital Appreciation	5,896,125	
Unamortized Bond Premium	101,925	
Early Retirement Incentives	30,274	
Termination Benefits	182,230	
Total		(14,047,719)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(98,531)
Total Net Position - Governmental Activities		$ 14,238,427

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General	Capital Facilities	Building	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Revenue Limit Sources:					
State Apportionment	$ 4,843,576				$ 4,843,576
Local Taxes	3,399,064				3,399,064
Total Revenue Limit Sources	8,242,640				8,242,640
Federal Revenue	658,085			$ 600,807	1,258,892
State Revenue	2,579,075			64,957	2,644,032
Local Revenue	1,172,858	$ 8,627	$ 30,043	944,863	2,156,391
Total Revenues	12,652,658	8,627	30,043	1,610,627	14,301,955
Expenditures					
Instruction	8,634,379				8,634,379
Supervision of Instruction	115,546				115,546
Instructional Library and Technology	91,101				91,101
School Site Administration	740,220				740,220
Home-To-School Transportation	18,593				18,593
Food Services	2,830			674,953	677,783
Other Pupil Services	724,414				724,414
Data Processing Services	37,844				37,844
Other General Administration	844,400	9,591		26,876	880,867
Plant Services	971,244		55,543	1,494	1,028,281
Facilities Acquisition and Construction		1,898	1,942,083		1,943,981
Ancillary Services	121				121
Debt Service:					
Principal Retirement				355,000	355,000
Interest and Issuance Costs			266,500	57,089	323,589
Other Outgo	372,884				372,884
Total Expenditures	12,553,576	11,489	2,264,126	1,115,412	15,944,603
Excess of Revenues Over (Under) Expenditures	99,082	(2,862)	(2,234,083)	495,215	(1,642,648)
Other Financing Sources (Uses)					
Operating Transfers In	3,000			4	3,004
Operating Transfers Out				(3,004)	(3,004)
Other Sources			7,104,041		7,104,041
Total Other Financing Sources (Uses)	3,000	0	7,104,041	(3,000)	7,104,041
Net Change in Fund Balances	102,082	(2,862)	4,869,958	492,215	5,461,393
Fund Balances - July 1, 2012	2,397,510	2,111,833	581,795	566,574	5,657,712
Fund Balances - June 30, 2013	$ 2,499,592	$ 2,108,971	$ 5,451,753	$ 1,058,789	$ 11,119,105

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

WRIGHT ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net Change in Fund Balances - Governmental Funds		$ 5,461,393
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Capital Outlay Expenditures	$ 1,294,162	
Depreciation Expense	(666,114)	
Net		628,048
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premiums or discounts, were:		(7,000,000)
Bond premiums: In governmental funds, bond premiums are recognized as Other Financing Sources in the period they are received. In the government-wide statements, bond premiums are amortized over the life of the debt. The difference between premiums recognized in the current period and premiums amortized for the period are:		
Bond Premium	$ (104,041)	
Bond Premium Amortized	2,116	
Net		(101,925)
Debt issue costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issue costs are amortized over the life of the debt. The difference between debt issue costs recognized in the current period and issue costs amortized for the period is:		
Cost of Issuance	$ 266,500	
Cost of Issuance Amortized	(5,420)	
Net		261,080
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		355,000
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		7,273
Early Retirement Incentives and Termination Benefits: In governmental funds, early retirement incentives and termination benefits are measured by the amounts paid during the period. In the statement of activities, early retirement incentives and termination benefits are measured by the amounts earned. The difference between amounts paid and amounts earned was:		30,303
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized as an expenditure in the period that it becomes due. In the government-wide statements, it is recognized in the period incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from a prior period, was:		(423,585)
Change in Net Position of Governmental Activities		$ (782,413)

WRIGHT ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Funds	Total Fiduciary Funds
Assets		
Deposits and Investments (Note 2)	$ 3,413	$ 3,413
Receivables (Note 4)	1,277	1,277
Total Assets	4,690	4,690
Liabilities		
Due to Student Groups	4,690	4,690
Net Position		
Total Net Position	$ 0	$ 0

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Wright Elementary School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Education elected by registered voters of the District, which comprises an area in Sonoma County. The District was established in 1865 and serves students in kindergarten through grade eight.

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

The financial reporting entity consists of the following:

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations for which the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity under GASB Statement No. 14 (GASB14) as amended by GASB Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*, and has determined that there are no organizations, with financial activities that benefit the District, which should be included within its financial reporting entity under these criteria.

The District has also reviewed criteria to determine whether other organizations, for which the District is not financially accountable, should be reported within its financial reporting entity, based on the nature and significance of its relationship with the District, under GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units, and* has determined that there are no organizations, for which the District is not financially accountable, which should be reported within its financial reporting entity.

B. Implementation of New Accounting Pronouncements

In June of 2011, the Governmental Accounting Standard Board issued Statement No. 63 (GASB 63) *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, with required implementation for the District during the year ended June 30, 2013. The objective of GASB 63 is to identify net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. There was no effect on beginning net position/fund balance as a result of implementing GASB 63.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units. The effect of interfund activity within the governmental activities column has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Concluded)

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. 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 apportionments, the California Department of Education has defined available as collectible within one year.

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

Deferred Revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/Expenditures:

On an accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting

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

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's funds are organized into major, non-major, and fiduciary funds as follows:

Major Governmental Funds:

General Fund is the general operating fund of the District. For financial reporting purposes the financial activities and balances of the Deferred Maintenance Fund and the Special Revenue - Special Reserve Fund have been combined with the General Fund.

Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provision of the California Environmental Quality Act (CEQA).

Building Fund is used to account for the acquisition and/or construction of major capital facilities and buildings financed from the sale of general obligation bonds.

Non-major Governmental Funds:

Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria program.

Bond Interest and Redemption Fund is used to account for District taxes received and expended to pay bond interest and redeem bond principal and related costs.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting (Concluded)

Non-major Governmental Funds (Concluded):

State School Building Lease - Purchase Fund was created to account for the revenues and expenditures related to the construction of the J.X. Wilson School permanent addition, Wright School reconstruction, and construction of the Robert L. Stevens School.

County School Facilities Fund is used to account for state apportionments (Education Code Sections 17009.5 and 17070.10-17076.10).

Capital Projects - Special Reserve Fund is used to account for expenditures made to acquire or replace equipment. This fund is also used to account for redevelopment agency (RDA) funds received to use for land acquisition and facilities construction and reconstruction.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund to account for the various student body related accounts maintained at each school site, which are used to account for the raising and expending of money to promote the general welfare, and educational experience of the student body.

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 45.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account (See Note 3).

G. Use of Estimates

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Encumbrances

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

I. Assets, Liabilities and Equity

1. Deposits and Investments

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

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001).

The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

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

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

2. Stores Inventory

Inventory is recorded using the purchase method in that the cost (handling charge for state surplus food) is recorded as an expenditure at the time individual inventory items are purchased. Inventory is valued at average cost and consists of expendable supplies held for consumption. Reported inventory is equally offset by a reserve, which indicates that this amount is not available for appropriation.

3. Prepaid Expenses

Prepaid expenses consist of the costs of issuance associated with the bonds issued since the implementation of GASB Statement No. 34, which will be amortized over the life of the bonds. Reported prepaid expenses are equally offset by a reserve, which indicates that this amount is not available for appropriation.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Liabilities and Equity (Continued)

4. Capital Assets

Furniture and equipment purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Beginning in fiscal year 2009-10, capital improvement acquisition or construction with an original cost of $20,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Years
Sites and Improvements	14-20
Buildings and Improvements	10-50
Furniture and Equipment	5-20

5. Deferred Revenue

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

6. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

7. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as long-term liabilities in the Statement of Net Position. Premiums and discounts as well as issuance costs, related to long-term liabilities issued since the implementation of GASB Statement No. 34, are deferred and amortized over the life of the obligation, when material to the financial statements. Long-term liabilities are reported net of the applicable premiums, discounts or issuance costs.

In the fund financial statements, governmental funds recognize premiums and discounts as well as issuance costs, during the period the debt is issued. The face amount of the debt issued, premiums, and discounts are reported as other financing sources or uses.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Liabilities and Equity (Continued)

8. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The allowable classifications in the governmental fund financial statements are as follows:

Nonspendable Fund Balance consist of funds that are inherently nonspendable, due to their form (e.g. inventories and prepaid amounts), or that are legally or contractually required to be maintained intact.

Restricted Fund Balance consists of funds that have limitations on use that are externally enforceable by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the district's highest level of decision making authority, the Governing Board. The Governing Board may commit fund balance by taking formal action, such as majority vote or resolution, no later than June 30th; however, the amount can be determined subsequent to the release of the financial statements. The same formal action must be taken by the Governing Board to remove or change the limitations placed on the funds.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District. The Governing Board approved a resolution giving authority to assign fund balances to the Superintendent with the recommendation of the Business Manager and confirmed by the Governing Board.

Unassigned Fund Balance consists of positive net resources of the General Fund in excess of what can properly be classified in the previous four categories. Included in this fund balance category is the Reserve for Economic Uncertainty, which the District will maintain in an amount of at least 3% of total General Fund operating expenditures (including other financing). The primary purpose of this reserve is to avoid the need for service level reductions in the event revenues come in lower than budgeted. The reserve may be increased from time to time in order to address specific anticipated revenue shortfalls (state actions, etc.)

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

9. Revenue Limit/Property Tax

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

I. Assets, Liabilities and Equity (Concluded)

9. Revenue Limit/Property Tax (Concluded)

The County of Sonoma is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county.

The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

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

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

The District's Base Revenue Limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the applicable attendance period ADA to derive the District's total entitlement. The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the state apportionment.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2013, consist of the following:

	Governmental Activities	Fiduciary Activities
Cash on Hand and in Banks	$ 2,500	$ 3,413
Cash in Revolving Fund	3,100	
County Pool Investments	10,768,389	
Total Deposits and Investments	$ 10,773,989	$ 3,413

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash on Hand and in Banks

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District, exclusive of amounts held in revolving funds.

Cash in Revolving Fund

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

County Pool Investments

County pool investments consist of District cash held by the Sonoma County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

General Authorization

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Segmented Time Distribution

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

Investment Type	Carrying Value	Fair Value	Less Than 1 Year	More Than 1 Year
County Pool Investments	$ 10,768,389	$ 10,683,319	$ 3,181,890	$ 7,586,499

Credit Risk

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

	Carrying	Fair	Rating as of Year End		
Investment Type	Value	Value	AAA	Aa	Unrated
County Pool Investments	$ 10,768,389	$ 10,683,319			$ 10,768,389

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. However, the District does not hold any investments in any one issuer, at year-end, that represents five percent or more of the total investments held by the District.

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 agencies.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Custodial Credit Risk - Deposits (Concluded)

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, 2013, the District does not have a bank balance that is exposed to custodial credit risk.

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 does not have a policy limiting the amount of securities that can be held by counterparties. As of June 30, 2013, the District does not have any investments that are held by counterparties.

Derivative Investments

The District does not directly invest in any derivative investments. Information related to the use of derivative investments by the Sonoma County Treasury was not available.

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There was no excess of expenditures over appropriations in the General Fund in 2012-13.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2013 consist of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Fiduciary Activities
Federal Government	$ 256,339	$ 140,902	$ 397,241	
State Government	1,720,551	6,827	1,727,378	
Local Governments	488,908		488,908	
Miscellaneous	41,405		41,405	$ 1,277
Totals	$ 2,507,203	$ 147,729	$ 2,654,932	$ 1,277

NOTE 5 - INTERFUND ACTIVITIES

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

NOTE 5 - INTERFUND ACTIVITIES (CONCLUDED)

A. Due From/Due To Other Funds

All interfund receivables and payables are scheduled to be paid within one year. Individual fund interfund receivable and payable balances at June 30, 2013 were as follows:

Funds	Interfund Receivables	Interfund Payables
General	$ 60,126	$ 30,428
Building	1,832	32,048
Cafeteria		29,572
Capital Projects - Special Reserve	30,090	
Totals	$ 92,048	$ 92,048

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. The interfund transfers in fiscal year 2012-13 were as follows:

Transfer $3,000 technology reserve funds from the Capital Projects - Special Reserve Fund to the General Fund to cover technology related purchases.

Transfer $4 from the State School Building Fund to the County School Facilities Fund to close out the fund.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2013, is presented below:

	Balances July 1, 2012	Additions	Deletions	Balances June 30, 2013
Land	$ 5,909,800			$ 5,909,800
Sites and Improvements	3,096,920			3,096,920
Buildings and Improvements	16,494,920	$ 512,740		17,007,660
Furniture and Equipment	201,407	14,900		216,307
Work-in-Progress	966,202	1,922,279	$ 1,155,757	1,732,724
Totals at Historical Cost	26,669,249	2,449,919	1,155,757	27,963,411
Less Accumulated Depreciation for:				
Sites and Improvements	2,717,552	60,664		2,778,216
Buildings and Improvements	7,431,237	597,124		8,028,361
Furniture and Equipment	144,016	8,326		152,342
Total Accumulated Depreciation	10,292,805	666,114	0	10,958,919
Governmental Activities Capital Assets, net	$ 16,376,444	$ 1,783,805	$ 1,155,757	$ 17,004,492

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 460,301
Supervision of Instruction	1,318
Instructional Library and Technology	64,951
School Site Administration	115,446
Food Services	3,732
Other General Administration	14,409
Plant Services	5,957
Total Depreciation Expense	$ 666,114

NOTE 7 - GENERAL OBLIGATION BONDS

On December 20, 2012, the District issued $7,000,000 of general obligation bonds with interest rates ranging from 2.0% to 3.5%. The general obligation bonds were issued to finance the renovation, construction and improvement of school facilities. The bonds were authorized at an election of registered voters in the District held on June 5, 2012, at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of general obligation bonds not to exceed the principal amount of $14,000,000.

The outstanding general obligation bonded debt of the District as of June 30, 2013 was as follows:

A. Current Interest

Date Of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2012	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2013
2003	4.40	8/1/20	$ 765,000	$ 765,000			$ 765,000
2012	2.0-3.5	8/1/37	7,000,000	0	$ 7,000,000		7,000,000
	Totals		$ 7,765,000	$ 765,000	$ 7,000,000	$ 0	$ 7,765,000

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2013, are as follows:

Year Ended June 30	Principal	Interest	Totals
2014	$ 250,000	$ 236,885	$ 486,885
2015	185,000	232,535	417,535
2016	185,000	228,835	413,835
2017	195,000	225,035	420,035
2018	210,000	220,985	430,985
2019-2023	1,595,000	954,588	2,549,588
2024-2028	1,180,000	721,550	1,901,550
2029-2033	1,660,000	509,731	2,169,731
2034-2038	2,305,000	196,706	2,501,706
Totals	$ 7,765,000	$ 3,526,850	$ 11,291,850

NOTE 7 - GENERAL OBLIGATION BONDS (CONTINUED)

B. Capital Appreciation Bonds

Date Of Issue	Accretion Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2012	Accreted Interest Current Year	Redeemed Current Year	Outstanding June 30, 2013
1993	6.0-6.15	3/1/18	$ 1,099,928	$ 2,186,905	$ 128,990	$ 355,000	$ 1,960,895
2003	5.558	8/1/28	2,335,043	3,725,295	209,935		3,935,230
Totals			$ 3,434,971	$ 5,912,200	$ 338,925	$ 355,000	$ 5,896,125

The outstanding obligation for the 1993 capital appreciation bonds at June 30, 2013, is as follows:

Maturity Date	Accretion Rate %	Amount of Original Issue (Principal)	Accreted Interest	Outstanding June 30, 2013
2014	6.10	$ 111,735	$ 262,984	$ 374,719
2015	6.15	113,454	270,761	384,215
2016	6.15	113,067	269,841	382,908
2017	6.15	119,427	285,031	404,458
2018	6.15	122,425	292,170	414,595
Totals		$ 580,108	$ 1,380,787	$ 1,960,895

The annual requirements to amortize the 1993 capital appreciation bonds at June 30, 2013, are as follows:

Year Ended June 30	Principal	Interest	Totals
2014	$ 111,735	$ 278,265	$ 390,000
2015	113,454	311,546	425,000
2016	113,067	336,933	450,000
2017	119,427	385,573	505,000
2018	122,425	427,575	550,000
Totals	$ 580,108	$ 1,739,892	$ 2,320,000

The outstanding obligation for the 2003 capital appreciation bonds at June 30, 2013, was as follows:

Maturity Date	Accretion Rate %	Amount of Original Issue (Principal)	Accreted Interest	Outstanding June 30, 2013
2014-2018		$ 0	$ 0	$ 0
2019-2023	5.558	620,844	425,462	1,046,306
2024-2028	5.558	1,442,969	988,854	2,431,823
2029-2033	5.558	271,230	185,871	457,101
Totals		$ 2,335,043	$ 1,600,187	$ 3,935,230

NOTE 7 - GENERAL OBLIGATION BONDS (CONCLUDED)

B. Capital Appreciation Bonds (Concluded)

The annual requirements to amortize the 2003 capital appreciation bonds at June 30, 2013, are as follows:

Year Ended June 30	Principal	Interest	Totals
2014-2018	$ 0	$ 0	$ 0
2019-2023	620,844	1,054,156	1,675,000
2024-2028	1,442,969	3,277,031	4,720,000
2029-2033	271,230	773,770	1,045,000
Totals	$ 2,335,043	$ 5,104,957	$ 7,440,000

NOTE 8 - EARLY RETIREMENT INCENTIVES

In addition to the pension benefits described in Note 13, the District adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible certificated employees was increased by two years. The future liability for these early retirement incentive benefits at June 30, 2013, is $30,274.

The future payment under these agreements is as follows:

Year Ended June 30	STRS Golden Handshakes
2014	$ 31,657
Less Amounts Representing Interest	(1,383)
Total	$ 30,274

NOTE 9 - TERMINATION BENEFITS

In accordance with Governmental Accounting Standards Board Statement No. 47 (GASB 47), *Accounting for Termination Benefits*, termination benefits including benefits provided by employers to employees as an inducement to hasten the termination of services should be recognized when the employees accept the offer and the amounts can be estimated.

Description of Benefit Arrangement:

The District periodically offers an early retirement incentive for members of the Wright Educators' Association (WEA), the bargaining unit representing certificated employees of the District. The unit member must have reached age 54 prior to applying for early retirement. The unit member must have reached the age of 55 by the beginning date of the contract year in which they retire. The unit member must have retired from the District and be a participant in the State Teachers Retirement System (CalSTRS). The unit member must also have taught in the District for a minimum of 10 years or be at least at salary placement Column IV year 12.

NOTE 9 - TERMINATION BENEFITS (CONTINUED)

Description of Benefit Arrangement (Concluded):

Benefits consist of a yearly stipend that can be received as (1) a monthly check, (2) a single lump sum payment, or (3) applied to health and welfare benefits of the current health plans available to the District each year for the retired unit member and one dependent, the amount not to exceed the contribution in the following table by the District. The unit member will receive any remaining balance on a monthly check and will pay any cost above the stipend amount.

Retirement age at beginning of the contract year	Yearly Stipend
55-60	\$5,000 per year until June 30th of the year the unit member turns 65
61-62	\$3,500 per year until June 30th of the year the unit member turns 65
63-65	No early retirement option available

In the event of the death of the retiree at age 64 or younger, the dependent shall receive, as the sole remaining compensation, health and welfare coverage for twelve additional months. Stipend rights do not accrue to a surviving dependent.

The amounts in the table shown above have been in effect for early retirement incentives offered since the 2004-05 school year. The dollar amounts were \$7,000 and \$5,000, respectively, for incentives offered in the 2003-04 school year and earlier. Two retirees are still collecting benefits under the pre-2004-05 offers. The District also pays the 1.45% employer's share of Medicare payroll taxes on amounts distributed each year.

Cost of Termination Benefits:

For the fiscal year ended June 30, 2013, the cost of providing these benefits for fourteen retirees totaled \$66,229. All of these benefits were due to voluntary terminations. The \$66,229 consisted of \$65,282 in cash benefits paid directly to retirees and \$947 in Medicare payroll taxes.

The liability for the accrued termination benefits payable at June 30, 2013 is \$182,230. The liability consists entirely of voluntary termination benefits to be paid between July 1, 2013 and June 30, 2018 for the seventeen ongoing retirees.

Significant Methods and Assumptions Used to Determine Liabilities:

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

NOTE 9 - TERMINATION BENEFITS (CONCLUDED)

Significant Methods and Assumptions Used to Determine Liabilities (Concluded):

The plan's most recent actuarial valuation was performed as of June 30, 2010, and updated as of June 30, 2011. The actuarial assumptions included a 1% discount rate for the first year, increased by 1% per year to an ultimate discount rate of 4% per year for fiscal years beginning in 2014 and thereafter. This assumption reflects an implicit long-term 3% general inflation assumption. The 1994 GAM Mortality Tables (male and female) were used to assign a probability of death prior to age 65 to current retirees. The medicare payroll tax was assumed to be 1.45% for all future years.

Benefits under GASB 47 are recognized and expensed at the time that they become estimable and that the incentive offer has been accepted by the retiree. As a result, no liability for future retirees was included in the "termination benefits payable" figure of $182,230.

Future payments for this benefit are as follows:

Year Ended June 30	Termination Benefits
2014	74,523
2015	53,562
2016	38,690
2017	12,187
2018	3,268
Total	$ 182,230

NOTE 10 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2013, is shown below.

	Balances July 1, 2012	Additions	Deductions	Balances June 30, 2013	Due within One Year
Compensated Absences	$ 79,438	$ 72,165	$ 79,438	$ 72,165	$ 72,165
General Obligation Bonds:					
Current Interest	765,000	7,000,000		7,765,000	250,000
Capital Appreciation	5,912,200	338,925	355,000	5,896,125	390,000
Unamortized Bond Premium	0	104,041	2,116	101,925	4,232
Early Retirement Incentives	35,162		4,888	30,274	30,274
Termination Benefits	207,645	40,814	66,229	182,230	74,523
Totals	$ 6,999,445	$ 7,555,945	$ 507,671	$ 14,047,719	$ 821,194

NOTE 11 - FUND BALANCES

The fund balances as of June 30, 2013 are as follows:

	General Fund	Capital Facilities Fund	Building Fund	Non-Major Governmental Funds	Totals
Nonspendable	$ 3,100			$ 5,064	$ 8,164
Restricted	175,263	$ 2,108,971	$ 5,451,753	1,039,844	8,775,831
Committed	300,000				300,000
Assigned	89,351			13,881	103,232
Unassigned:					
Economic Uncertainties	376,370				376,370
Other	1,555,508				1,555,508
Total Fund Balances	$ 2,499,592	$ 2,108,971	$ 5,451,753	$ 1,058,789	$ 11,119,105

NOTE 12 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions to CalSTRS of $257,587 (5.175512% of salaries subject to CalSTRS).

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

A. State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the 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, disability, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. 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 the CalSTRS, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-13 was 8.25% 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 ended June 30, 2013, 2012, and 2011, were $420,219, $430,453, and $410,605, respectively, and equal 100% of the required contributions for each year.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011-12 was 11.417%. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2013, 2012, and 2011, were $172,848, $169,560, and $155,839 respectively, and equal 100% of the required contributions for each year.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (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. Contributions made by the District and participating employees vest immediately. The District contributes 6.2% of an employee's gross earnings and employees were required to contribute 4.2% of their gross earnings from July 2012 through December 2012 and 6.2% from January 2013 through June 2013.

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012-13, the District participated in one joint powers authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

NOTE 15 - JOINT VENTURES

The District participates in two joint ventures under joint powers agreements (JPAs) with the Redwood Empire Schools' Insurance Group (RESIG) for property & liability and workers' compensation insurance coverage, and West County Transportation Agency for pupil transportation services. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

NOTE 15 - JOINT VENTURES (CONCLUDED)

The JPAs arrange for and/or provide coverage or services for its members. Each JPA is governed by a board consisting of a representative from each member district. Each board controls the operations of their JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage or services requested and shares surpluses and deficits proportionately to their participation in each JPA. The JPAs are audited on an annual basis. Financial information can be obtained by contacting each JPA's management.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

C. Construction Commitments

As of June 30, 2013, the District has the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Wright Charter School Modernization	$ 2,935,650	Nov-13
District-wide Solar Project	1,845,461	Sept-13
Total	$ 4,781,111	

NOTE 17 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 9, 2013, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

SUPPLEMENTARY INFORMATION SECTION

WRIGHT ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Revenue Limit Sources:				
State Apportionment	$ 4,603,029	$ 4,843,660	$ 4,843,576	$ (84)
Local Sources	3,089,179	3,422,043	3,399,064	(22,979)
Total Revenue Limit Sources	7,692,208	8,265,703	8,242,640	(23,063)
Federal Revenue	764,506	716,216	658,085	(58,131)
Other State Revenue	2,465,493	2,602,110	2,579,075	(23,035)
Other Local Revenue	1,042,399	1,162,030	1,172,858	10,828
Total Revenues	11,964,606	12,746,059	12,652,658	(93,401)
Expenditures				
Certificated Salaries	5,360,616	5,188,503	5,164,751	23,752
Classified Salaries	1,684,728	1,584,131	1,575,551	8,580
Employee Benefits	3,113,567	2,850,174	2,712,759	137,415
Books and Supplies	337,497	840,304	364,458	475,846
Services and Other Operating Expenditures	2,349,071	2,428,126	2,390,049	38,077
Other Expenditures	107,363	421,021	346,008	75,013
Total Expenditures	12,952,842	13,312,259	12,553,576	758,683
Excess of Revenues Over (Under) Expenditures	(988,236)	(566,200)	99,082	665,282
Other Financing Sources				
Operating Transfers In	3,000	3,000	3,000	
Net Change in Fund Balances	(985,236)	(563,200)	102,082	$ 665,282
Fund Balances - July 1, 2012	2,397,510	2,397,510	2,397,510	
Fund Balances - June 30, 2013	$ 1,412,274	$ 1,834,310	$ 2,499,592	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

WRIGHT ELEMENTARY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Cafeteria	Bond Interest and Redemption
Assets		
Deposits and Investments	$ 159,878	$ 640,668
Receivables	147,729	
Due from Other Funds		
Stores Inventory	5,064	
Total Assets	$ 312,671	$ 640,668
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	$ 1,555	
Due to Other Funds	29,572	
Total Liabilities	31,127	
Fund Balances:		
Nonspendable	5,064	
Restricted	276,480	$ 640,668
Assigned		
Total Fund Balances	281,544	640,668
Total Liabilities and Fund Balances	$ 312,671	$ 640,668

State School Building Lease-Purchase	County School Facilities	Capital Projects - Special Reserve	Total Non-Major Governmental Funds
	$ 28,261	$ 78,226	$ 907,033
			147,729
		30,090	30,090
			5,064
$ 0	$ 28,261	$ 108,316	$ 1,089,916
			$ 1,555
			29,572
			31,127
			5,064
	$ 28,261	$ 94,435	1,039,844
		13,881	13,881
	28,261	108,316	1,058,789
$ 0	$ 28,261	$ 108,316	$ 1,089,916

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Cafeteria	Bond Interest and Redemption
Revenues		
Federal Revenue	$ 600,807	
State Revenue	51,527	$ 13,430
Local Revenue	94,961	819,042
Total Revenues	747,295	832,472
Expenditures		
Food Services	674,953	
Other General Administration	26,876	
Plant Services	1,494	
Debt Service:		
Principal Retirement		355,000
Interest and Issuance Costs		57,089
Total Expenditures	703,323	412,089
Excess of Revenues Over Expenditures	43,972	420,383
Other Financing Sources (Uses)		
Operating Transfers In		
Operating Transfers Out		
Total Other Financing Sources (Uses)	0	0
Net Change in Fund Balances	43,972	420,383
Fund Balances - July 1, 2012	237,572	220,285
Fund Balances - June 30, 2013	$ 281,544	$ 640,668

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

State School Building Lease-Purchase	County School Facilities	Capital Projects - Special Reserve	Total Non-Major Governmental Funds
			$ 600,807
			64,957
	$ 219	$ 30,641	944,863
	219	30,641	1,610,627
			674,953
			26,876
			1,494
			355,000
			57,089
	0	0	1,115,412
	219	30,641	495,215
	4		4
$ (4)		(3,000)	(3,004)
(4)	4	(3,000)	(3,000)
(4)	223	27,641	492,215
4	28,038	80,675	566,574
$ 0	$ 28,261	$ 108,316	$ 1,058,789

ORGANIZATION

The Wright Elementary School District was established in 1865, serves students from kindergarten through grade eight, and operates two elementary schools and one charter school in Santa Rosa, California. There were no changes in District boundaries during the year.

BOARD OF EDUCATION

Name	Office	Term Expires
Karen Irwin Magee	President	December 2016
Carolyn Dixon	Clerk	December 2014
Jarred Jones	Member	December 2014
Stan Greenberg	Member	December 2014
Robin Jackson	Member	December 2016

ADMINISTRATION

Adam Stein
Superintendent

Margaret Skikos
Business Manager

WRIGHT ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Elementary	P-2 Report	Annual Report
Kindergarten	136.84	138.16
Grades 1 - 3	502.32	503.83
Grades 4 - 6	415.71	415.77
Home and Hospital	0.14	0.11
Special Education - Special Day Class	31.73	31.61
Special Education - Nonpublic	2.88	2.64
Extended Year - Special Day Class	0.00	0.61
Extended Year - Nonpublic	0.12	0.12
Totals	1,089.74	1,092.85

SEE NOTES TO SUPPLEMENTARY INFORMATION

WRIGHT ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE - CHARTER SCHOOL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	P-2 Report		Annual Report	
Regular Elementary	Classroom Based	Total	Classroom Based	Total
Kindergarten	45.28	45.45	45.33	45.50
Grades 1 - 3	177.66	178.30	178.65	179.25
Grades 4 - 6	145.41	145.92	145.29	145.74
Grades 7 - 8	94.88	95.33	94.65	95.11
Totals	463.23	465.00	463.92	465.60

WRIGHT ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Grade Level	1982-83 Actual Minutes	Adjusted 1982-83 Actual Minutes	1986-87 Minutes Required	Adjusted 1986-87 Minutes Required	2012-13 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	31,500	30,625	36,000	35,000	40,350	175	N/A	In Compliance
Grade 1	42,370	41,193	50,400	49,000	49,008	175	N/A	In Compliance
Grade 2	42,370	41,193	50,400	49,000	49,008	175	N/A	In Compliance
Grade 3	42,370	41,193	50,400	49,000	49,008	175	N/A	In Compliance
Grade 4	50,890	49,476	54,000	52,500	52,518	175	N/A	In Compliance
Grade 5	50,890	49,476	54,000	52,500	52,518	175	N/A	In Compliance
Grade 6	50,890	49,476	54,000	52,500	52,518	175	N/A	In Compliance

SEE NOTES TO SUPPLEMENTARY INFORMATION

SCHEDULE OF INSTRUCTIONAL TIME - CHARTER SCHOOL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	2012-13 Minutes		
Grade Level	**Requirement**	**Actual**	**Status**
Kindergarten	34,971	41,440	In Compliance
Grade 1	48,960	49,085	In Compliance
Grade 2	48,960	49,085	In Compliance
Grade 3	48,960	49,085	In Compliance
Grade 4	52,457	52,522	In Compliance
Grade 5	52,457	52,522	In Compliance
Grade 6	52,457	52,522	In Compliance
Grade 7	52,457	52,522	In Compliance
Grade 8	52,457	52,522	In Compliance

WRIGHT ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Program Name	Federal Catalog Number	Pass-Through Identification Number	Federal Program Expenditures
U.S. Department of Agriculture:			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster:			
National School Lunch	10.555	13524	$ 508,516
School Needy Breakfast	10.553	13526	141,274
Subtotal Child Nutrition Cluster			649,790
U.S. Department of Education:			
Passed through CDE:			
NCLB: Title I Basic Grant Low-Income & Neglected	84.010	14329	132,023
NCLB: Title II Improving Teacher Quality	84.367	14341	24,700
NCLB: Title III Limited English Proficient	84.365	14346	87,584
Passed through Sonoma County SELPA:			
Special Education Cluster:			
IDEA Part B Basic Local Assistance	84.027	13379	271,792
IDEA Part B Preschool Grants	84.173	13430	15,043
IDEA Part B Preschool Local Entitlement	84.027A	13682	21,047
Subtotal Special Education Cluster			307,882
U.S. Department of Health and Human Services:			
Passed through Sonoma County SELPA:			
Medi-Cal Billing Option	93.778	10013	109,434
Total			$ 1,311,413

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Building Fund	Deferred Maintenance Fund	Special Revenue - Special Reserve Fund
June 30, 2013 Annual Financial and Budget Report Fund Balances	$ 2,052,980	$ 6,206,103	$ 31,206	$ 415,406
Adjustments and Reclassifications Increasing (Decreasing) Fund Balances:				
Understatement of Capital Outlay Expenditures		(754,350)		
Reclassification of Fund Balances	446,612		(31,206)	(415,406)
June 30, 2013 Audited Financial Statements Fund Balances	$ 2,499,592	$ 5,451,753	$ 0	$ 0

Auditor's Comments

The reclassifications of fund balance above were required as a result of the definition of special revenue funds prescribed by GASB 54.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2013.

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	GENERAL FUND			
	(Budget)* 2013-14 **	2012-13	2011-12	2010-11
Revenues and Other Financial Sources	$ 12,676,893	$ 12,655,658	$ 13,012,033	$ 12,261,727
Expenditures	12,750,270	12,553,576	12,972,904	12,302,644
Other Uses and Transfers Out	0	0	0	0
Total Outgo	12,750,270	12,553,576	12,972,904	12,302,644
Change in Fund Balance	(73,377)	102,082	39,129	(40,917)
Ending Fund Balance	$ 2,426,215	$ 2,499,592	$ 2,397,510	$ 2,358,381
Available Reserves	$ 1,708,922	$ 1,931,878	$ 2,164,611	$ 2,152,736
Reserve for Economic Uncertainties ***	$ 382,207	$ 376,370	$ 389,123	$ 369,079
Available Reserves as a Percentage of Total Outgo	13.4%	15.4%	16.7%	17.5%
Average Daily Attendance at P-2 (Inclusive of Charter School)	1,541	1,555	1,548	1,502
Total Long-Term Liabilities	$ 13,226,525	$ 14,047,719	$ 6,999,445	$ 7,102,017

* Amounts reported for the 2013-14 budget are presented for analytical purposes only and have not been audited.

** Amounts have been adjusted to ensure comparability with the current year GASB 54 financial statement presentation.

*** Reported balances are a component of available reserves.

The fund balance of the General Fund increased $141,211 (6.0%) over the past two years. The fiscal year 2013-14 budget projects a decrease of $73,377 (2.9%). For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses of $102,082 and $39,129 during fiscal years 2012-13 and 2011-12, respectively, and incurred an operating deficit of $40,917 during fiscal year 2010-11.

Average daily attendance (ADA) increased 53 ADA (3.5%) over the past two years. The District anticipates a decrease of 14 ADA during fiscal year 2013-14.

Total long-term liabilities increased $6,945,702 over the past two years due primarily to the $7,000,000 issuance of general obligation bonds during fiscal year 2012-13.

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Charter School	District Audit
Wright Charter School	Included

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object.

B. Combining Statements

Combining statements are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

C. Schedule of Average Daily Attendance

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

D. Schedule of Average Daily Attendance - Charter School

The average daily attendance is a measurement of the number of pupils attending classes at Wright Charter School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of classroom-based and all students at various grade levels at Wright Charter School.

E. Schedule of Instructional Time

The District 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.

F. Schedule of Instructional Time - Charter School

Education Code Section 47612.5 requires classroom-based charter schools to offer a minimum number of minutes of instruction. For fiscal year 2012-13, the minimum instructional time was reduced pursuant to the provisions of Education Code Section 46201.2. This schedule presents information on the amount of instructional time offered by Wright Charter School and whether the Charter School complied with the provisions of Education Code Section 47612.5(a)(1), as reduced by the provisions of Education Code Section 46201.2.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

G. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activities 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

The following schedule provides a reconciliation between the 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 amounts represent federal funds that were recorded as revenues in a prior year but were expended in the current year, federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2013, or represent expenditures of federal commodities that are not recorded as federal revenues on the District's general ledger.

	CFDA Number	Amount
Total federal revenues reported in the Statement of Revenues, Expenditures and Changes in Fund Balances		$ 1,258,892
Medi-cal Billing	93.778	3,538
USDA Food Distribution	10.555	48,983
Total expenditures reported on the Schedule of Expenditures of Federal Awards		$ 1,311,413

H. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds, as reported in the Annual Financial and Budget Report to the audited financial statements.

I. 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.

J. Schedule of Charter Schools

This schedule lists all charter schools chartered by the District and identifies whether or not the charter schools were included or excluded from the audit of the District.

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF SANTA ROSA AND SONOMA COUNTY

The following information concerning the City of Santa Rosa and Sonoma County is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable therefor.

Location and Organization

The City. The City of Santa Rosa, located in the central portion of Sonoma County (the "County"), covers an area of about 35 square miles. The City is centered at the crossroads of U.S. Highway 101 and State Route 12.

Incorporated in 1868, the City became a charter city in 1923. The City operates under the council-manager form of government, with a City Council comprised of five members elected at large to serve overlapping four-year terms. The City Council, which acts as the City's legislative and policy-making body, also selects the City Manager. As the City's chief administrator, the City Manager is responsible for implementing the policies established by the City Council.

The County. One of California's original 27 counties (incorporated in 1850), Sonoma County (the "**County**") is the northernmost of the nine greater San Francisco Bay Area counties. Bordered on the north and east by Mendocino, Lake, and Napa counties and to the west and south by the Pacific Ocean, Marin County, and San Pablo Bay, its area encompasses 1,598 square miles.

Geographically, Sonoma County is divided almost equally into mountainous regions, rolling hills and valley land. Three narrow valleys, separated by mountains, run northwest to southeast. Elevations range from sea level to 4,262 feet at Mt. Saint Helena, where Sonoma, Napa, and Lake counties converge.

Population

The historic population estimates of the cities in the County as of January 1 of the past five years are shown in the following table.

COUNTY OF SONOMA
Population Estimates
(As of January 1)

	2010	2011	2012	2013	2014
Cloverdale	8,594	8,623	8,641	8,669	8,636
Cotati	7,258	7,271	7,286	7,310	7,282
Healdsburg	11,249	11,420	11,458	11,509	11,465
Petaluma	57,791	58,033	58,245	58,804	58,581
Rohnert Park	40,952	40,818	40,902	41,034	40,700
Santa Rosa	**167,302**	**168,034**	**169,070**	**170,093**	**169,452**
Sebastopol	7,380	7,387	7,415	7,445	7,417
Sonoma	10,605	10,658	10,680	10,731	10,691
Windsor	26,751	26,803	27,041	27,132	27,028
Unincorporated	145,079	146,035	146,934	147,696	147,328
County Total	482,961	485,082	487,672	490,423	488,580

Source: California State Department of Finance, Demographic Research Unit

Employment

The City's major employers are set forth in the table below.

CITY OF SANTA ROSA
Largest Employers
(As of June 30, 2013)

Company	Product/Service	Employees
County of Sonoma	County Services	3,925
Kaiser Permanente	Hospitals	2,827
Sutter Medical Center of Santa Rosa	Hospitals	1,797
St. Joseph Health System	Hospitals	1,467
Santa Rosa Junior College	Education	1,391
Santa Rosa School District	Education	1,352
City of Santa Rosa	City Services	1,199
Agilent Technologies/Hewlett Packard	Technology	1,175
Amy's Kitchen	Food Manufacturing	872
Medtronic/Arterial Vascular Engineering	Healthcare Manufacturing	840

Source: City of Santa Rosa Comprehensive Annual Financial Report for Fiscal Year 2012-13.

The County's major employers are set forth below.

COUNTY OF SONOMA
Major Employers
(As of June 2014)

Employer Name	Location	Industry
Aa Balat Fine & Rare Wines	Petaluma	Wines-Wholesale
Agilent Technologies Inc	Santa Rosa	Instruments-Measuring (Mfrs)
Agilent Technologies Inc	Santa Rosa	Instruments-Measuring (Mfrs)
Agilent Technologies Inc	Santa Rosa	Instruments-Measuring (Mfrs)
Amica Mutual Insurance Co	Petaluma	Insurance
Amy's Kitchen Inc	Santa Rosa	Frozen Food Processors (Mfrs)
Amy's Kitchen Inc	Santa Rosa	Frozen Food Processors (Mfrs)
Army National Guard Recruiter	Santa Rosa	State Government-National Security
Arterial Vascular Engineering	Santa Rosa	Engineering
Clover Stornetta Farms Inc	Petaluma	Dry Condensed/Evprtd Dairy Prod (Mfrs)
Fairmont-Sonoma Mission Inn	Sonoma	Hotels & Motels
Fairmont-Sonoma Msn Inn & Spa	Sonoma	Hotels & Motels
Friedman's Home Improvement	Santa Rosa	Hardware-Retail
Jds Uniphase Corp	Santa Rosa	Fiber Optics
Keiser Medical Ctr	Santa Rosa	Hospitals
Korbel Champagne Cellars	Guerneville	Wineries (Mfrs)
Petaluma Valley Hospital	Petaluma	Hospitals
Santa Rosa Memorial Hospital	Santa Rosa	Hospitals
Santa Rosa Police Dept	Santa Rosa	Police Departments
Sonoma County Fire & Emergency	Santa Rosa	Government Offices-County
Sonoma County Radio Mntnc Shop	Santa Rosa	Government Offices-County
Sonoma County Sheriff	Santa Rosa	Sheriff
Sonoma Developmental Ctr	Eldridge	Cognitive Disability-Dev Disability Svcs
Sutter Medical Ctr-Santa Rosa	Santa Rosa	Hospitals
Walmart	Windsor	Department Stores

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2014 2nd Edition.

The unemployment rate in Sonoma County was 5.3% in April 2014, down from a revised 6.2% in March 2014, and below the year-ago estimate of 6.7%. This compares with an unadjusted unemployment rate of 7.3% for California and 5.9% for the nation during the same period.

The table below shows average annual employment by industry group in the County from 2009 through 2013.

COUNTY OF SONOMA
Civilian Labor Force, Employment and Unemployment, Unemployment by Industry
(Annual Averages, 2009 through 2013)

	2009	2010	2011	2012	2013
Civilian Labor Force (1)	256,700	254,800	257,000	258,400	260,400
Employment	232,000	227,900	231,800	236,500	242,900
Unemployment	24,700	26,800	25,200	21,900	17,500
Unemployment Rate	9.6%	10.5%	9.8%	8.5%	6.7%
Wage and Salary Employment (2)					
Agriculture	5,800	5,700	5,800	6,000	6,300
Mining and Logging	200	200	200	200	200
Construction	9,800	8,900	8,600	8,800	9,800
Manufacturing	20,200	19,900	20,200	19,600	20,000
Wholesale Trade	6,800	6,600	6,600	6,900	7,300
Retail Trade	21,500	21,500	22,000	22,700	23,500
Transportation, Warehousing and Utilities	4,000	3,900	3,800	3,900	4,200
Information	2,600	2,500	2,500	2,600	2,600
Finance and Insurance	5,100	4,900	4,700	4,600	4,700
Professional and Business Services	18,300	18,800	18,000	18,100	18,900
Educational and Health Services	27,100	27,100	27,300	28,800	29,900
Leisure and Hospitality	20,100	20,100	20,500	21,800	22,600
Other Services	6,100	5,900	6,100	6,300	6,600
Federal Government	1,700	1,800	1,600	1,500	1,400
State Government	5,000	4,700	4,700	4,700	4,600
Local Government	22,600	20,300	22,100	21,900	23,400
Total, All Industries (3)	176,900	172,800	174,700	178,400	186,000

(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.

Effective Buying Income

"Effective buying income" ("EBI") is a classification developed exclusively by *Sales & Marketing Management* magazine to distinguish it from other sources reporting income statistics. EBI is defined as "money income" less personal tax and non-tax payments - a number often referred to as "disposable" or "after tax" income. Money income is the aggregate of wages and salaries, net farm and non-farm self employment income, interest, dividends, not rental and royalty income, Social Security and railroad retirement income, other retirement and disability 'income, public assistance income, unemployment compensation, Veterans Administration Payments, alimony and child support, military family allotments, net winnings from gambling and other periodic income. Money income does not include money received from the sale of property (unless the recipient is engaged in the business of selling property); the value of "in-kind" income such as food stamps, public housing subsidies, medical care, employer contributions for persons, etc.; withdrawal of bank deposits; money borrowed; tax refunds; exchange of money between relatives living in the same household; gifts and lump-sum inheritances, insurance payments, and other types of lump-sum receipts. EBI is computed by deducting from money income all personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied non-business real estate.

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2008 through 2012. Effective buying income data for calendar year 2013 is not yet available.

CITY OF SANTA ROSA, COUNTY OF SONOMA,
STATE OF CALIFORNIA AND UNITED STATES
Effective Buying Income

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2008	City of Santa Rosa	$ 3,684,323	$50,045
	Sonoma County	11,763,448	52,146
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Santa Rosa	$ 3,779,543	$50,142
	Sonoma County	11,867,810	52,992
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Santa Rosa	$ 3,618,488	$47,768
	Sonoma County	11,482,273	50,323
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Santa Rosa	$ 3,816,995	$47,817
	Sonoma County	12,044,560	50,113
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Santa Rosa	$ 3,630,260	$42,715
	Sonoma County	11,312,430	45,164
	California	864,088,828	47,307
	United States	6,737,867,730	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, retail stores data for 2009 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 2013 in the City were reported to be $650.1 million, a 6.1% increase over the total taxable sales of $612.9 million reported during the first quarter of calendar year 2012. Annual figures are not yet available for calendar year 2013.

CITY OF SANTA ROSA
Taxable Transactions
(Figures in Thousands)
Calendar Years 2008 through 2012

	Retail Stores		Total All Outlets	
	Numbers of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	2,089	$2,216,633	4,971	$2,705,824
2009 (1)	2,928	1,944,429	4,596	2,326,477
2010 (1)	2,975	2,024,801	4,614	2,414,078
2011 (1)	3,047	2,164,876	4,710	2,616,018
2012 (1)	3,152	2,274,177	4,837	2,744,427

(1) Not comparable to prior years. “Retail” category now includes “Food Services.”
Source: State Board of Equalization.

A summary of historic taxable sales within the County 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 2013 in the County were reported to be $1.750 billion, an 8.91% increase over the total taxable sales of $1.607 billion reported during the first quarter of calendar year 2012. Annual figures are not yet available for calendar year 2013.

COUNTY OF SONOMA
Taxable Transactions
(Figures in Thousands)
Calendar Years 2008 through 2012

	Retail Stores		Total All Outlets	
	Numbers of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	6,581	$5,009,164	17,764	$7,369,109
2009 (1)	10,645	4,413,001	16,810	6,263,829
2010 (1)	10,997	4,583,801	17,303	6,485,950
2011 (1)	10,799	4,895,477	16,972	6,962,114
2012 (1)	11,105	5,228,062	17,311	7,382,997

(1) Not comparable to prior years. “Retail” category now includes “Food Services.”
Source: State Board of Equalization.

Construction Activity

Building activity for the years 2008 through 2012 in the City and the County is shown in the following tables. Data is not yet available for calendar year 2013.

CITY OF SANTA ROSA
Total Building Permit Valuations
(Figures in Thousands)

	2008	2009	2010	2011	2012
Permit Valuation					
New Single-family	$28,844.3	$19,134.9	$16,842.8	$42,075.9	$23,963.3
New Multi-family	2,797.2	0.0	15,183.8	7,087.8	24,998.2
Res. Alterations/Additions	15,498.7	9,938.3	12,493.8	16,152.1	12,194.6
Total Residential	47,140.2	29,073.1	44,520.4	65,315.8	61,156.1
New Commercial	17,016.8	0.0	971.9	212.2	11,324.2
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	8,952.2	4,203.2	6,793.0	0.0	0.0
Com. Alterations/Additions	40,923.5	18,049.8	36,251.4	29,700.3	35,185.9
Total Nonresidential	66,892.6	22,253.0	44,016.3	$160,544.10	$168,822.30
New Dwelling Units					
Single Family	152	94	86	184	103
Multiple Family	24	0	138	71	136
TOTAL	176	94	224	255	239

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF SONOMA
Total Building Permit Valuations
(Figures in Thousands)

	2008	2009	2010	2011	2012
Permit Valuation					
New Single-family	$142,928.4	$ 93,260.5	$68,353.1	$114,931.4	$81,742.3
New Multi-family	5,915.2	12,433.0	19,869.4	16,401.6	50,309.2
Res. Alterations/Additions	60,566.8	38,404.4	54,555.7	63,334.6	41,061.7
Total Residential	209,410.5	144,097.9	142,778.3	194,667.6	173,113.2
New Commercial	53,072.9	5,343.8	1,482.3	5,855.3	43,428.1
New Industrial	3,619.1	1,191.1	0.0	0.0	2,001.3
New Other	36,591.7	18,725.8	23,433.4	4,902.2	0.0
Com. Alterations/Additions	87,097.7	43,318.6	65,119.6	69,301.5	76,946.1
Total Nonresidential	180,381.4	68,579.3	90,035.2	80,059.0	122,375.5
New Dwelling Units					
Single Family	546	359	280	443	279
Multiple Family	45	71	190	184	318
TOTAL	591	430	470	627	597

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

All modes of commercial transportation are available in the County. The Petaluma River is capable of handling water barge freight from the San Francisco Bay to Petaluma. Northwestern Pacific Railroad provides rail transportation with the County with connections to major rail interchanges. The Sonoma County Airport, located just outside the City of Santa Rosa, handles commercial and private air traffic, with Horizon-Alaska Airlines providing regional air transportation. Seven private airfields serve the County as well. In addition, highways dissect the County; the major freeway is U.S. Highway 101 which runs from Marin and San Francisco Counties in the south to Mendocino County in the north. State Highway 12 is the major east-west thoroughfare from Bodega Bay on the western coastline to Sonoma on the east.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

September 17, 2014

Governing Board
Wright Elementary School District
4385 Price Avenue
Santa Rosa, California 95407

OPINION: $4,999,219.20 Wright Elementary School District (Sonoma County, California) General Obligation Bonds 2012 Election, Series B

Members of the Governing Board:

We have acted as bond counsel to the Wright Elementary School District (the "District") in connection with the issuance by the District of its Wright Elementary School District (Sonoma County, California) General Obligation Bonds, 2012 Election, Series B in the aggregate principal amount of $4,999,219.20 (the "Bonds"), 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 said Code (the "Bond Law") and under a resolution of the Governing Board of the District adopted on August 21, 2014 (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 District 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 created and validly existing as a 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 Governing Board of the District, and the Bond Resolution constitutes the valid and binding obligations of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly authorized, executed and issued by the District and are valid and binding general obligations of the District, and the Board of Supervisors of Sonoma County is obligated under the laws of the State of California to cause to be levied an *ad valorem* 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, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the "Tax Code"), and, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to interest payable on the Bonds. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Tax Code 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 such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Bonds, or may cause the Bonds not to be "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Tax Code. 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

$4,999,219.20
WRIGHT ELEMENTARY SCHOOL DISTRICT
(Sonoma County, California)
General Obligation Bonds
2012 Election, Series B

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Wright Elementary School District (the "District") in connection with the issuance of $4,999,219.20 aggregate principal amount of Wright Elementary School District (Sonoma County, California) General Obligation Bonds 2012 Election, Series B (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the District on August 21, 2014 (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 Underwriter 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 shall have the following meanings:

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

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

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

"*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, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Participating Underwriter*" means George K. Baum & Company, the original underwriter 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 March 31, 2015 with the report for the 2013-14 Fiscal Year, file with the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. An Annual Report shall consist of the most recently available documents of the type to be included in the Annual Report (see Section 4). Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such 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 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if 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 and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, by written direction, cause the Dissemination Agent to provide to the MSRB (with a copy to the Trustee) 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 average daily attendance in District schools on an aggregate basis for the preceding fiscal year;

(ii) pension plan contributions made by the District for the preceding fiscal year;

(iii) aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the end of the preceding fiscal year;

(iv) description of amount of general fund revenues and expenditures which have been budgeted for the current fiscal year, together with audited actual budget figures for the preceding fiscal year;

(v) the District's total revenue limit/LCFF revenue for the preceding fiscal year;

(vi) prior fiscal year total secured property tax levy and collections, showing current collections as a percent of the total levy, in any year in which the District does not participate in the Teeter Plan, if any; and

(vii) current fiscal year assessed valuation of taxable properties in the District, in the form provided in the Official Statement.

(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 Refunding 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 Bond 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 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(b).

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.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this 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. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond 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: September 17, 2014

WRIGHT ELEMENTARY SCHOOL DISTRICT

By: ______________________________
Superintendent

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Wright Elementary School District

Name of Bond Issue: $4,999,219.20 aggregate principal amount of Wright Elementary School District (Sonoma County, California) General Obligation Bonds, 2012 Election, Series B

Date of Issuance: September 17, 2014

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

Dated:__________________

WRIGHT ELEMENTARY SCHOOL DISTRICT

By____________________________________

Superintendent

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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 issuer of the Bonds (the "**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "**Agent**") take any responsibility for the information contained in this Appendix.*

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) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. 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 (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). On August 8, 2011, Standard & Poor's downgraded its rating of DTC from AAA to 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 and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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APPENDIX G

TABLE OF ACCRETED VALUES

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WRIGHT ELEMENTARY SCHOOL DISTRICT
Election of 2012, Series B
Capital Appreciation Bonds
Accreted Value Tables

	2033 Serial	2034 Serial	2035 Serial	2036 Serial	2037 Serial	2038 Serial	2039 Serial
Bond Type	CAB	CAB	CAB	CAB	CAB	CAB	CAB
Final Maturity	8/1/33	8/1/34	8/1/35	8/1/36	8/1/37	8/1/38	8/1/39
Maturity Value	$195,000	$215,000	$240,000	$260,000	$280,000	$850,000	$900,000
Accretion Rate	4.810%	4.910%	4.960%	5.010%	5.050%	5.080%	5.100%
Price	40.778%	38.138%	35.964%	33.881%	31.959%	30.192%	28.576%
Date	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000	Per 5,000
9/17/14	2,038.90	1,906.90	1,798.20	1,694.05	1,597.95	1,509.60	1,428.80
2/1/15	2,075.30	1,941.65	1,831.30	1,725.55	1,627.90	1,538.05	1,455.85
8/1/15	2,125.20	1,989.30	1,876.70	1,768.75	1,669.00	1,577.15	1,492.95
2/1/16	2,176.35	2,038.15	1,923.25	1,813.10	1,711.15	1,617.20	1,531.05
8/1/16	2,228.65	2,088.20	1,970.95	1,858.50	1,754.35	1,658.30	1,570.10
2/1/17	2,282.25	2,139.45	2,019.85	1,905.05	1,798.65	1,700.40	1,610.10
8/1/17	2,337.15	2,192.00	2,069.95	1,952.80	1,844.05	1,743.60	1,651.20
2/1/18	2,393.35	2,245.80	2,121.25	2,001.70	1,890.60	1,787.90	1,693.30
8/1/18	2,450.95	2,300.95	2,173.90	2,051.85	1,938.35	1,833.30	1,736.45
2/1/19	2,509.85	2,357.40	2,227.80	2,103.25	1,987.30	1,879.85	1,780.75
8/1/19	2,570.25	2,415.30	2,283.05	2,155.90	2,037.50	1,927.60	1,826.15
2/1/20	2,632.05	2,474.60	2,339.65	2,209.95	2,088.90	1,976.55	1,872.70
8/1/20	2,695.35	2,535.35	2,397.70	2,265.30	2,141.65	2,026.75	1,920.50
2/1/21	2,760.20	2,597.60	2,457.15	2,322.05	2,195.75	2,078.25	1,969.45
8/1/21	2,826.55	2,661.35	2,518.10	2,380.20	2,251.20	2,131.05	2,019.65
2/1/22	2,894.55	2,726.70	2,580.55	2,439.85	2,308.05	2,185.15	2,071.15
8/1/22	2,964.15	2,793.65	2,644.55	2,500.95	2,366.30	2,240.70	2,124.00
2/1/23	3,035.45	2,862.20	2,710.10	2,563.60	2,426.05	2,297.60	2,178.15
8/1/23	3,108.45	2,932.50	2,777.35	2,627.80	2,487.30	2,355.95	2,233.70
2/1/24	3,183.20	3,004.50	2,846.20	2,693.65	2,550.15	2,415.80	2,290.65
8/1/24	3,259.75	3,078.25	2,916.80	2,761.10	2,614.50	2,477.15	2,349.05
2/1/25	3,338.15	3,153.80	2,989.15	2,830.30	2,680.55	2,540.05	2,408.95
8/1/25	3,418.45	3,231.25	3,063.25	2,901.20	2,748.20	2,604.60	2,470.40
2/1/26	3,500.65	3,310.55	3,139.25	2,973.85	2,817.60	2,670.75	2,533.40
8/1/26	3,584.85	3,391.85	3,217.10	3,048.35	2,888.75	2,738.60	2,598.00
2/1/27	3,671.05	3,475.10	3,296.85	3,124.70	2,961.70	2,808.15	2,664.25
8/1/27	3,759.35	3,560.45	3,378.65	3,203.00	3,036.50	2,879.50	2,732.20
2/1/28	3,849.75	3,647.85	3,462.40	3,283.25	3,113.15	2,952.60	2,801.85
8/1/28	3,942.35	3,737.40	3,548.30	3,365.45	3,191.75	3,027.60	2,873.30
2/1/29	4,037.15	3,829.15	3,636.30	3,449.80	3,272.35	3,104.50	2,946.55
8/1/29	4,134.25	3,923.15	3,726.45	3,536.20	3,355.00	3,183.35	3,021.70
2/1/30	4,233.70	4,019.45	3,818.90	3,624.80	3,439.70	3,264.25	3,098.75
8/1/30	4,335.50	4,118.15	3,913.60	3,715.60	3,526.55	3,347.15	3,177.80
2/1/31	4,439.80	4,219.25	4,010.65	3,808.65	3,615.60	3,432.15	3,258.80
8/1/31	4,546.55	4,322.85	4,110.10	3,904.05	3,706.90	3,519.35	3,341.90
2/1/32	4,655.90	4,428.95	4,212.05	4,001.85	3,800.50	3,608.75	3,427.15
8/1/32	4,767.90	4,537.70	4,316.50	4,102.10	3,896.45	3,700.40	3,514.55
2/1/33	4,882.55	4,649.10	4,423.55	4,204.85	3,994.85	3,794.40	3,604.15
8/1/33	5,000.00	4,763.25	4,533.25	4,310.20	4,095.70	3,890.75	3,696.05
2/1/34		4,880.15	4,645.70	4,418.15	4,199.15	3,989.60	3,790.30
8/1/34		5,000.00	4,760.90	4,528.85	4,305.15	4,090.90	3,886.95
2/1/35			4,879.00	4,642.30	4,413.85	4,194.85	3,986.10
8/1/35			5,000.00	4,758.60	4,525.30	4,301.40	4,087.75
2/1/36				4,877.80	4,639.60	4,410.65	4,191.95
8/1/36				5,000.00	4,756.75	4,522.65	4,298.85
2/1/37					4,876.85	4,637.55	4,408.50
8/1/37					5,000.00	4,755.35	4,520.90
2/1/38						4,876.10	4,636.20
8/1/38						5,000.00	4,754.40
2/1/39							4,875.65
8/1/39							5,000.00

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. This Policy is being issued under and pursuant to, and shall be construed under and governed by, the laws of the State of New York, without regard to conflict of law provisions. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By ______________________________________
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-235-5214 (attention: Claims)

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