NEW ISSUE—FULL BOOK-ENTRY **RATINGS:**

Ratings: Moody's: "Aa2"; Standard & Poor's: "AA"
(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. (See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.)

$50,000,000
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
(Santa Clara County, California)
Election of 2012 General Obligation Bonds, Series A

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

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

The Mountain View Whisman School District (Santa Clara County, California) Election of 2012 General Obligation, Series A (the "Bonds") were authorized at an election of the registered voters of the Mountain View Whisman School District (the "District") held on June 5, 2012, at which the requisite 55% or more of the persons voting on a proposition submitted thereto voted to authorize the issuance and sale of $198,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, and to pay the costs of issuing the Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of Santa Clara County is empowered and obligated to annually levy *ad valorem* property 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 principal of and interest on the Bonds when due. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds ("Beneficial Owners") will not receive certificates representing their interest in the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery of the Bonds, payable semiannually on March 1 and September 1 of each year, commencing September 1, 2013. Principal on the Bonds will be payable on September 1 in the amounts and in the years set forth on the inside cover page hereof.

Payments of principal of principal and interest on the Bonds will be made by U.S. Bank National Association, as the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates as described herein.

Maturity Schedule
(See inside front cover)

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel to the District. It is anticipated that the Bonds in definitive form will be available for delivery through the facilities of Cede & Co., as nominee of The Depository Trust Company, in New York, New York, on or about February 7, 2013.

PiperJaffray.

Dated: January 17, 2013

MATURITY SCHEDULE

$50,000,000
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
(Santa Clara County, California)
Election of 2012 General Obligation Bonds, Series A

Base CUSIP[1]: 62451F

$18,490,000 Current Interest Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP[1]
2013	$4,000,000	1.000%	0.200%	FL9
2014	4,200,000	1.000	0.250	FM7
2015	325,000	3.000	0.450	FN5
2018	60,000	1.500	0.870	FR6
2019	155,000	2.000	1.020	FS4
2020	240,000	3.000	1.230	FT2
2021	340,000	3.000	1.440	FU9
2022	440,000	3.000	1.650	FV7
2023	555,000	5.000	1.830	FW5
2024	685,000	5.000	1.980[2]	FX3
2025	830,000	5.000	2.130[2]	FY1
2026	980,000	5.000	2.240[2]	FZ8
2027	1,150,000	4.000	2.630[2]	GA2
2028	1,320,000	4.000	2.720[2]	GB0
2029	1,505,000	4.000	2.810[2]	GC8
2030	1,705,000	4.000	2.870[2]	GD6

$6,440,000 – 4.000% Current Interest Term Bonds due September 1, 2033 – Yield 3.020%[2]; CUSIP[1]: GG9

$12,340,000 – 4.000% Current Interest Term Bonds due September 1, 2037 – Yield 3.270%[2]; CUSIP[1]: GH7

$12,730,000 – 3.500% Current Interest Term Bonds due September 1, 2040 – Yield 3.600%; CUSIP[1]: GJ3

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

(2) Yield to call at par on September 1, 2023.

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

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

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

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

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, 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.

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

The District maintains a website. However, the information presented on the District’s website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

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$50,000,000
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
(Santa Clara County, California)
Election of 2012 General Obligation Bonds, Series A

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of the Mountain View Whisman School District (Santa Clara County, California) Election of 2012 General Obligation Bonds, Series A (the "Bonds").

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

Changes Since the Preliminary Official Statement

Since the publication of the Preliminary Official Statement, the Governor has released his proposed State budget for fiscal year 2013-14. Accordingly, information under the heading "DISTRICT FINANCIAL INFORMATION – State Budget Measures" has been updated to summarize provisions of such proposed budget.

The District

The Mountain View Whisman School District (the "District"), as currently constituted, was created by the merger of the former Mountain View School District (sometimes referred to herein as the "Mountain View District") with the former Whisman Elementary School District (sometimes referred to herein as the "Whisman District," and, together with the Mountain View District, the "Former Districts"), as approved by the County of Santa Clara Office of Education and by the registered voters of the Former Districts at the November 2000 general election, and by virtue of a territory transfer from such Former Districts effective as of July 1, 2001. As such, as of July 1, 2001, the Mountain View District and the Whisman District ceased to exist as separate school districts and were replaced by the District as the successor to each.

The District currently covers approximately 11.8 square miles in the northwest corner of Santa Clara County (the "County"), with nearly all of its territory within the City of Mountain View. The District currently operates seven elementary schools and two middle schools. For fiscal year 2012-13, the District has a total projected enrollment of 5,016 students. Property within the territory of the District has a fiscal year 2012-13 assessed valuation of $15,855,098,426.

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other personnel. Mr. Craig Goldman is currently the District Superintendent.

See "TAX BASE FOR REPAYMENT OF BONDS" for more information regarding the District's assessed valuation, and "MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT" and

"DISTRICT FINANCIAL INFORMATION" herein for more information regarding the District generally.

Purpose of the Bonds

The Bonds are being issued to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities and pay the costs of issuing the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

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

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property 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 principal of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered book-entry form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. 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 Resolution described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds.

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

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

Redemption. The Bonds maturing on or after September 1, 2024 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on September 1, 2023, or on any date thereafter, as a whole or in part. The Term Bonds are subject to mandatory sinking fund redemption as further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial execution and issuance (the "Date of Delivery"). The Bonds will be issued as current interest bonds, such that interest thereon on will accrue from the Date of Delivery, payable semiannually on each March 1 and September 1 (each a "Bond Payment Date"), commencing September 1, 2013. Principal of the Bonds is payable on September 1 in the amounts and years as set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, 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 calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount, and the amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities DTC on or about February 7, 2013.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* taxes levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all taxable property in the District. For more complete information regarding the taxation of property within the District, see "TAX BASE FOR PAYMENT OF BONDS" herein.

Continuing Disclosure

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure" herein. The specific nature of the information to be made available and the notices of listed events required to be provided are described in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" herein.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend," or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

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

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Keygent LLC, El Segundo, California is acting as financial advisor to the District with respect to the Bonds. Strading Yocca Carlson & Rauth and Keygent LLC will receive compensation contingent on the issuance of the Bonds.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from the Mountain View Whisman School District, 750-A San Pierre Way, Mountain View, California 94043, telephone: (650) 526-3550. The District may impose a charge for copying, mailing and handling.

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

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

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

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

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board of Trustees of the District on November 15, 2012 (the "Resolution"). The District received authorization at an election held on June 5, 2012 by the requisite 55% or more of the votes cast by eligible voters within the District to issue $198,000,000 aggregate principal amount of general obligation bonds (the "2012 Authorization"). The Bonds are the first issuance of bonds under the 2012 Authorization.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property 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 principal of and interest on the Bonds when due. Such taxes will 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 placed by the County in the District's Debt Service Fund (defined herein), which is segregated and maintained by the County and which has been designated for the payment of principal of and interest on the Bonds when due, and for no other purpose. Although the County is obligated to levy *ad valorem* taxes for the payment of the Bonds, and will maintain the Debt Service Fund, the Bonds are not a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable, shall be transferred to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants for subsequent disbursement to the Beneficial Owners of the Bonds.

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

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive certificates representing their interests in the Bonds.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each Bond Payment Date, commencing September 1, 2013. Interest on Bonds shall be computed on the basis of a 360-day year of 12, 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before August 15, 2013, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on September 1, in the years and amounts set forth on the inside cover page hereof.

Payment of interest on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent the registered Owner of such Bond thereof as of the close of business on the 15th day of the month immediately preceding any Bond Payment Date (a "Record Date"), such interest to be paid by check mailed to such Owner on the Bond Payment Date, at the Owner's address as it appears on such registration books or at such other address as such Owner may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner of an aggregate principal amount of $1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal and redemption premiums, if any, payable on the Bonds are payable upon maturity or earlier redemption, as applicable, upon surrender of the applicable Bond at the principal office of the Paying Agent. The principal, interest, and redemption premiums, if any, on the Bonds are payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

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Annual Debt Service

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

Year Ending September 1	Annual Principal Payment	Annual Interest Payment[(1)]	Total Annual Debt Service
2013	$4,000,000.00	$964,920.00	$4,964,920.00
2014	4,200,000.00	1,662,800.00	5,862,800.00
2015	325,000.00	1,620,800.00	1,945,800.00
2016	--	1,611,050.00	1,611,050.00
2017	--	1,611,050.00	1,611,050.00
2018	60,000.00	1,611,050.00	1,671,050.00
2019	155,000.00	1,610,150.00	1,765,150.00
2020	240,000.00	1,607,050.00	1,847,050.00
2021	340,000.00	1,599,850.00	1,939,850.00
2022	440,000.00	1,589,650.00	2,029,650.00
2023	555,000.00	1,576,450.00	2,131,450.00
2024	685,000.00	1,548,700.00	2,233,700.00
2025	830,000.00	1,514,450.00	2,344,450.00
2026	980,000.00	1,472,950.00	2,452,950.00
2027	1,150,000.00	1,423,950.00	2,573,950.00
2028	1,320,000.00	1,377,950.00	2,697,950.00
2029	1,505,000.00	1,325,150.00	2,830,150.00
2030	1,705,000.00	1,264,950.00	2,969,950.00
2031	1,915,000.00	1,196,750.00	3,111,750.00
2032	2,140,000.00	1,120,150.00	3,260,150.00
2033	2,385,000.00	1,034,550.00	3,419,550.00
2034	2,645,000.00	939,150.00	3,584,150.00
2035	2,925,000.00	833,350.00	3,758,350.00
2036	3,225,000.00	716,350.00	3,941,350.00
2037	3,545,000.00	587,350.00	4,132,350.00
2038	3,890,000.00	445,550.00	4,335,550.00
2039	4,235,000.00	309,400.00	4,544,400.00
2040	4,605,000.00	161,175.00	4,766,175.00
Total	$50,000,000.00	$34,336,695.00	$84,336,695.00

(1) Interest payments on Bonds will be made semiannually on March 1 and September 1 of each year, commencing September 1, 2013.

See “MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT – District Debt Structure” herein for a complete debt service schedule of all of the District’s outstanding general obligation bond debt.

Application and Investment of Bond Proceeds

The Bonds are being issued by the District to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities, and to pay certain costs of issuance of the Bonds. The net proceeds of the sale of the Bonds shall be deposited in the fund held by the County and designated as the “Mountain View Whisman School District, Election of 2012 General Obligation Bonds Series A Building Fund” (the “Building Fund”) and shall be applied only for the purposes approved by the voters of the District pursuant to the 2012 Authorization. Any interest earnings on moneys held in the Building Fund shall be retained therein.

The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, will be deposited into the fund designated as the “Mountain View Whisman School District, Election of 2012 General Obligation Bonds Series A Debt Service Fund” (the “Debt Service Fund”), which fund is held by the County held for payment of principal of and interest on the Bonds. Any accrued interest or premium received by the County on the sale of the Bonds shall be deposited in the Debt Service Fund. Any interest earnings on moneys held in the Debt Service Fund shall be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Debt Service Fund or otherwise held in trust for the payment of the redemption price of the Bonds, any such excess amounts shall be transferred to the general fund of the District as provided and permitted by law.

In accordance with the Resolution and subject to federal tax restrictions, moneys in the Building Fund are authorized to be invested in the following: (i) lawful investment permitted by Sections 16429.1 and 53601 ("Section 53601") of the Government Code of the State of California, including Non-AMT Bonds (defined herein) and Qualified Non-AMT Mutual Funds (defined herein); (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Section 53635 of the Government Code; (iii) a guaranteed investment contract with a provider rated in at least the second highest category by each rating agency then rating the Bonds, (iv) the Local Agency Investments Fund of the California State Treasurer, (v) the Investment Pool of the County (defined herein), and (vi) State and Local Government Series Securities.

"Non-AMT Bonds" is defined in the Resolution as obligations the interest on which is excludable from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") and not treated as an item of tax preference under Section 57(a)(5)(C) of the Code, and which are legal investments pursuant to Section 53601. "Qualified Non-AMT Mutual Funds" is defined in the Resolution as stock in a regulated investment company to the extent that at least 95% of the income of such regulated investment company is interest that is excludable from gross income under Section 103 of the Code and not an item of tax preference under Section 57(a)(5)(C) of the Code.

Moneys in the Debt Service Fund and the Building Fund are expected to be invested through the County's Investment Pool. For more information, see "SANTA CLARA COUNTY INVESTMENT POOL" herein.

Redemption

Optional Redemption. The Bonds maturing on or before September 1, 2023 are not subject to redemption. The Bonds maturing on or after September 1, 2024 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date, on or after September 1, 2023, at a redemption price equal to the principal amount of the Bonds called for redemption, without premium, together with interest accrued thereon to the date of redemption.

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Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 2033, are subject to redemption prior to maturity from mandatory sinking fund payments on September 1 of each year, on and after September 1, 2031, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Year Ending September 1	Principal To Be Redeemed
2031	$1,915,000
2032	2,140,000
2033[1]	2,385,000

[1] Maturity.

The Term Bonds maturing on September 1, 2037, are subject to redemption prior to maturity from mandatory sinking fund payments on September 1 of each year, on and after September 1, 2034, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Year Ending September 1	Principal To Be Redeemed
2034	$2,645,000
2035	2,925,000
2036	3,225,000
2037[1]	3,545,000

[1] Maturity.

The Term Bonds maturing on September 1, 2040, are subject to redemption prior to maturity from mandatory sinking fund payments on September 1 of each year, on and after September 1, 2038, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Year Ending September 1	Principal To Be Redeemed
2038	$3,890,000
2039	4,235,000
2040[1]	4,605,000

[1] Maturity.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent, shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in a principal amount of $5,000, or any integral multiple thereof.

Notice of Redemption. Notice of any redemption of Bonds will be provided not less than 20 nor more than 60 days prior to the redemption date (i) to the Registered Owners thereof at the addresses appearing on the bond registration books of the Paying Agent, (ii) to the Securities Depository described below, and (iii) to one or more of the Information Services described below. Notice to the Registered Owners shall be given by registered or certified mail, postage prepaid. Notice to the Security Depository will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service. Notice to the Information Services will be given by registered or certified mail, postage prepaid, or overnight delivery service.

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

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

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

Neither failure to receive or failure to deliver any notice of redemption described above, nor any defect in any such notice so given, will affect the sufficiency of the proceedings for the redemption of the affected Bonds.

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

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

Effect of Notice of Redemption. If notice of redemption is given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as described in "—Defeasance" herein, the Bonds to be redeemed will become due and payable on such date of redemption.

If on such redemption date, moneys for the redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, shall be held by an independent escrow agent selected by the District so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest with respect thereto to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and will be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

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

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

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

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

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

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

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

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct

Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

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

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

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

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th business day next preceding any Bond Payment Date, the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable Bond Payment Date, the close of business on the applicable stated maturity date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

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

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premium, if any), at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with the Paying Agent or with an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys transferred from the Debt Service Fund, if any, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District and the Paying Agent with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or "prerefunded" municipal obligations rated in the highest rating category by Moody's or Standard & Poor's. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct Ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed "AAA" by Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business ("Standard & Poor's") or "Aaa" by Moody's Investors Service ("Moody's").

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Bonds	$50,000,000.00
Net Original Issue Premium	2,848,484.10
Total Sources	$52,848,484.10

Uses of Funds

Costs of Issuance[1]	$700,000.00
Debt Service Fund	2,148,484.10
Building Fund	50,000,000.00
Total Uses	$52,848,484.10

(1) Reflects all costs of issuance, including but not limited to the Underwriter's discount, demographics and filing fees, printing costs, legal and financial advisory fees, and the costs and fees of the Paying Agent. See also "MISCELLANEOUS – Underwriting" herein.

SANTA CLARA COUNTY TREASURY POOL

The following information concerning the Santa Clara County Investment Pool (the "Investment Pool") has been provided by the Director of Finance of the County (the "Director of Finance") and has not been confirmed or verified by the District. Neither the District, the Financial Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The following is a general description of the County's investment policy, current portfolio holdings, investment policies and practices, and valuation procedures. For the most part, the information has been adapted from material prepared by Santa Clara County for use as disclosure information on securities issues. The information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, nor has such information been audited by the District, the Underwriter. All questions related to the County Treasury and the investment practices of the Director of Finance should be directed to the Director of Finance at 70 West Hedding Street, San Jose, California 95110, telephone (408) 299-5200.

The County Director of Finance has authority to implement and oversee the investment of funds on deposit in the County's commingled investment pool (the "Investment Pool"). The Investment Pool is maintained by the County Director of Finance for the investment of liquid funds of the County and certain governmental entities located in the County, including fire protection districts and other special districts. Interest earned is deposited quarterly into participating funds. Any investment losses are shared proportionately by all funds in the pool.

The County's current investment policy (the "Investment Policy") was last revised on January 11, 2011. The County's Investment Policy is approved annually by the County Treasury Oversight Committee and the Board of Supervisors. Copies of the approved Investment Policy are circulated annually to local agencies with funds on deposit in the Investment Pool.

The Treasury Oversight Committee is established by the Board of Supervisors to advise the County Director of Finance in the management and investment of the Investment Pool. Members of the Oversight Committee represent the County and other local governments which together comprise the Investment Pool and other segregated investments. Members of the Oversight Committee are nominated by the County Director of Finance and confirmed by the Board of Supervisors and include the following: (i) County Director of Finance, (ii) representative appointed by the Board of Supervisors, (iii) representative selected by a majority of the presiding officers of the governing bodies of the school districts in the County that are required or authorized to deposit funds in the Investment Pool, (iv) County Superintendent of Schools or his/her designee, (v) representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County and (vi) members of the public that have expertise in, or an academic background in, public finance.

The Oversight Committee approves the Investment Policy, reviews and monitors the County Director of Finance's quarterly investment reports, reviews depositories for County funds and broker/dealers and banks as approved by the County Director of Finance, and causes an annual audit to be conducted to determine the Investment Pool's compliance with all relevant investment statutes and ordinances as well as the Investment Policy.

The Investment Policy states that preservation of principal and maintenance of liquidity is of primary concern, with earnings to be at market rates of return commensurate with minimum levels of risk.

As of September 30, 2012, the book value of the Investment Pool was $3,515,029,398.29 and the market value was $3,531,528,122.67. The following table summarizes the composition of the Investment Pool as of September 30, 2012.

SANTA CLARA COUNTY INVESTMENT POOL
Portfolio Composition
As of September 30, 2012

Type of Maturity	Book Value	Market Value	% of Total Market Value	Average Days to Maturity
Local Agency Investment Fund	$40,000,000.00	$40,048,785.72	1.13%	1
Negotiable Certificates of Deposit	25,000,000.00	25,086,025.00	0.71	627
MBS	2,272,195.30	2,252,476.72	0.06	683
Repurchase Agreements	124,999,999.99	124,999,999.99	3.54	0
Federal Agency Bonds	2,229,024,804.29	2,242,033,081.28	63.49	571
U.S. Treasury Notes	40,074,059.01	40,079,680.00	1.13	150
Corporate Bonds	340,386,070.02	343,336,026.88	9.72	466
FDIC Guaranteed Corporate Bonds	89,729,404.89	89,772,818.80	2.54	40
NCUA Guaranteed Corporate Bonds	93,249,879.60	93,409,680.60	2.65	78
Asset Backed Securities	121,438,670.48	121,256,904.11	3.43	850
Municipal Bonds	74,137,523.13	74,478,098.65	2.11	787
Commercial Paper, Discount Notes	229,926,409.97	229,970,741.50	6.51	20
Federal Agency, Discount Notes	49,965,968.19	49,979,390.00	1.42	148
Money Market	54,824,413.42	54,824,413.42	1.55	1
TOTAL	$3,515,029,398.29	$3,531,528,122.67	100.00%	466

Source: County of Santa Clara Finance Agency.

As of September 30, 2012, the Investment Pool had 2.7% invested in cash equivalent-money market funds, 20.8% of its assets invested in securities maturing in 90 days or less, 22.0% of its assets invested in securities maturing between 90 days and one year, 31.1% maturing in one to two years, and 23.4% of its assets invested in securities maturing in over two years. As of September 30, 2012, the Investment Pool's yield was 0.768%.

The County reports that it has no leveraged funds in the Investment Pool. The County reports that none of the Investment Pool is invested in derivatives. The County reports that it is current practice for the Director of Finance to mark the portfolio to market on a quarterly basis. Such evaluations are performed by the County. The County reports that it expects the Investment Pool will have sufficient liquid funds to meet disbursement requirements of participants through the next six months.

TAX BASE FOR PAYMENT OF BONDS

Ad Valorem Property Taxation

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

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

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

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

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

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

Assessed Valuations

The assessed valuation of property in the District is established by the tax assessing authority for the county in which such property is located, 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. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein.

Property within the District had a total assessed valuation for fiscal year 2012-13 of $15,855,098,426. The following table represents a seven-year history of assessed valuations in the District:

ASSESSED VALUATIONS
Mountain View Whisman School District
Fiscal Years 2006-07 through 2012-13

	Local Secured	Utility	Unsecured	Total
2006-07	$6,564,537,085	$394,103	$495,246,085	$7,060,177,273
2007-08	11,171,549,243	0	1,596,018,305	12,767,567,548
2008-09	12,166,170,999	274,660	1,484,172,676	13,650,618,335
2009-10	12,962,239,775	274,660	1,823,099,038	14,785,613,473
2010-11	12,864,846,018	274,660	1,532,420,732	14,397,541,410
2011-12	13,159,151,354	300,280	1,722,299,889	14,881,751,523
2012-13	13,572,776,763	300,820	2,282,020,843	15,855,098,426

Source: California Municipal Statistics, Inc.

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

Assessed Valuation by Land Use. The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2012-13 assessed valuation of such parcels:

ASSESSED VALUATION AND PARCELS BY LAND USE
Mountain View Whisman School District
Fiscal Year 2012-13

	2012-13 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	$1,804,560	0.01%	22	0.13%
Commercial/Office	2,683,151,831	19.77	838	4.96
Industrial/Research and Development	2,429,033,107	17.90	461	2.73
Recreational	4,609,175	0.03	6	0.04
Government/Social/Institutional	28,196,254	0.21	39	0.23
Miscellaneous	14,408,600	0.11	40	0.24
Subtotal Non-Residential	$5,161,203,527	38.03%	1,406	8.33%
Residential:				
Single Family Residence	$4,123,956,137	30.38%	7,429	44.01%
Condominium/Townhouse	2,176,906,975	16.04	5,764	34.14
Mobile Home	33,874,718	0.25	668	3.96
2-4 Residential Units	421,478,206	3.11	953	5.65
5+ Residential Units/Apartments	1,427,083,495	10.51	477	2.83
Miscellaneous Residential	977,609	0.01	2	0.01
Subtotal Residential	$8,184,277,140	60.30%	15,293	90.59%
Vacant Parcels	$227,296,096	1.67%	182	1.08%
Total	$13,572,776,763	100.00%	16,881	100.00%

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

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Assessed Valuation of Single Family Homes. The following table shows a per-parcel analysis of single family residences within the District, in terms of their fiscal year 2012-13 assessed valuation:

PER-PARCEL ASSESSED VALUATION OF SINGLE FAMILY HOMES
Mountain View Whisman School District
Fiscal Year 2012-13

	No. of Parcels	2012-13 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	7,429	$4,123,956,137	$555,116	$538,509

2012-13 Assessed Valuation	No. of Parcels [1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	91	1.225%	1.225%	$3,826,602	0.093%	0.093%
50,000 - 99,999	937	12.613	13.838	69,631,101	1.688	1.781
100,000 - 149,999	491	6.609	20.447	60,489,568	1.467	3.248
150,000 - 199,999	265	3.567	24.014	45,426,329	1.102	4.350
200,000 - 249,999	268	3.607	27.621	60,548,531	1.468	5.818
250,000 - 299,999	239	3.217	30.839	65,645,687	1.592	7.410
300,000 - 349,999	241	3.244	34.083	77,969,502	1.891	9.300
350,000 - 399,999	271	3.648	37.731	101,702,888	2.466	11.766
400,000 - 449,999	326	4.388	42.119	138,261,736	3.353	15.119
450,000 - 499,999	334	4.496	46.615	158,132,313	3.834	18.954
500,000 - 549,999	322	4.334	50.949	169,567,470	4.112	23.065
550,000 - 599,999	310	4.173	55.122	178,426,883	4.327	27.392
600,000 - 649,999	316	4.254	59.375	197,438,230	4.788	32.179
650,000 - 699,999	324	4.361	63.737	218,414,832	5.296	37.476
700,000 - 749,999	328	4.415	68.152	237,835,742	5.767	43.243
750,000 - 799,999	358	4.819	72.971	277,372,480	6.726	49.969
800,000 - 849,999	306	4.119	77.090	251,889,781	6.108	56.077
850,000 - 899,999	306	4.119	81.209	267,521,383	6.487	62.564
900,000 - 949,999	296	3.984	85.193	273,638,243	6.635	69.199
950,000 - 999,999	291	3.917	89.110	282,924,705	6.861	76.060
1,000,000 and greater	809	10.890	100.000	987,292,131	23.940	100.000
Total	7,429	100.000%		$4,123,956,137	100.000%	

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

Appeals and Adjustments of Assessed Valuations

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 appropriate 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. 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. Such reductions are subject to yearly reappraisals and may be 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 – Article XIIIA of the California Constitution" herein.

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.

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

Tax Levies, Collections and Delinquencies

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

A ten percent penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty (i.e., interest) to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

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

The following tables set forth secured tax charges and delinquency information for the District for the years 2005-06 through 2011-12:

SECURED TAX CHARGES AND DELINQUENCY RATES
Mountain View Whisman School District
Fiscal Years 2005-06 to 2011-12
(Former Mountain View School District Area)

Tax Year	Secured Tax Charge[1]	Amount Delinquent June 30	Percent Delinquent June 30
2005-06	$2,193,435.56	$17,249.32	0.79%
2006-07	2,202,966.73	16,560.16	0.75
2007-08	2,197,694.37	24,810.66	1.13
2008-09	2,287,283.92	37,490.53	1.64
2009-10	2,388,816.91	23,269.38	0.97
2010-11	2,649,482.86	25,487.19	0.96
2011-12	2,505,472.41	19,486.63	0.78

[1] Mountain View School District general obligation bond debt service levy only.
Source: California Municipal Statistics, Inc.

SECURED TAX CHARGES AND DELINQUENCY RATES
Mountain View Whisman School District
Fiscal Years 2005-06 to 2011-12
(Former Whisman School District Area)

Tax Year	Secured Tax Charge[1]	Amount Delinquent June 30	Percent Delinquent June 30
2005-06	$1,187,612.33	$9,515.38	0.80%
2006-07	1,363,045.13	9,512.12	0.70
2007-08	1,449,397.76	9,862.60	0.68
2008-09	1,627,530.67	17,676.97	1.09
2009-10	1,797,627.56	23,444.21	1.30
2010-11	1,581,043.51	14,189.33	0.90
2011-12	2,003,936.27	16,367.47	0.82

(1) Whisman School District general obligation bond debt service levy only.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - "Teeter Plan"

The Board of Supervisors of the County has implemented 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. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

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

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

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

Tax Rates

The following table summarizes the total *ad valorem* tax rates levied by all taxing entities in two typical tax rate areas (each a "TRA") within the District during the five-year fiscal year period from 2008-09 to 2012-13.

SUMMARY OF *AD VALOREM* TAX RATES
Mountain View Whisman School District
Fiscal Years 2008-09 through 2012-13

TRA 05-000 – 2012-13 Assessed Valuation: $8,413,186,887

	2008-09	2009-10	2010-11	2011-12	2012-13
General Tax Rate	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
County Retirement Levy	.0388	.0388	.0388	.0388	.0388
County Hospital Bonds	--	.0122	.0095	.0047	.0051
Mountain View School District	.0294	.0288	.0322	.0303	.0302
Mountain View Whisman School District	--	--	--	--	.0300
El Camino Hospital District	.0129	.0129	.0129	.0129	.0129
Foothill-De Anza Community College District	.0123	.0322	.0326	.0297	.0287
Mountain View-Los Altos Union High School District	.0148	.0147	.0151	.0147	.0139
Total Tax Rate	1.1082%	1.1396%	1.1411%	1.1311%	1.1596%
Santa Clara Valley Water District – State Water Project	.0059	.0071	.0070	.0063%	.0069
Santa Clara Valley Water District, Zone W-1	.0002	.0003	.0002	.0001	--
Total Tax Rate	.0061%	.0074%	.0072%	.0064%	.0069%

TRA 05-010 – 2012-13 Assessed Valuation: $3,181,288,782

	2008-09	2009-10	2010-11	2011-12	2012-13
General Tax Rate	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
County Retirement Levy	.0388	.0388	.0388	.0388	.0388
County Hospital Bonds	--	.0122	.0095	.0051	.0051
Whisman Elementary School District	.0372	.0389	.0362	.0423	.0423
Mountain View Whisman School District	--	--	--	.0300	.0300
El Camino Hospital District	.0129	.0129	.0129	.0129	.0129
Foothill-De Anza Community College District	.0123	.0322	.0326	.0287	.0287
Mountain View-Los Altos Union High School District	.0148	.0147	.0151	.0139	.0139
Total Tax Rate	1.1160%	1.1497%	1.1451%	1.1717%	1.1717%
Santa Clara Valley Water District – State Water Project	.0059%	.0071%	.0070%	.0069%	.0069%
Santa Clara Valley Water District, Zone W-1	.0002	.0003	.0002	--	--
Total Tax Rate	.0061%	.0074%	.0072%	.0069%	.0069%

Source: California Municipal Statistics, Inc.

Principal Taxpayers

The following table lists the major taxpayers in the District based on their 2012-13 secured assessed valuations:

LARGEST LOCAL SECURED TAXPAYERS
Mountain View Whisman School District
Fiscal Year 2012-13

	Property Owner	Primary Land Use	2012-13 Assessed Valuation	% of Total[1]
1.	Google Inc.	Research and Development	$705,282,759	5.20%
2.	HCP Life Science REIT Inc.	Research and Development	316,862,213	2.33
3.	MT SPE LLC	Office Building	269,807,935	1.99
4.	Symantec Corporation	Office Building	207,959,269	1.53
5.	Moffett Towers Lot 3 LLC	Office Building	195,819,578	1.44
6.	BP MV Research Park LLC	Research and Development	150,182,793	1.11
7.	Mission West Shoreline LLC	Research and Development	128,424,029	0.95
8.	Silicon Valley CA I LLC	Research and Development	125,990,145	0.93
9.	Tishman Speyer Archstone-Smith	Apartments	121,305,585	0.89
10.	Richard T. and Catherine R. Spieker	Apartments	103,108,927	0.76
11.	P/A Charleston Road LLC	Office Building	101,018,110	0.74
12.	San Antonio Station Owner LLC	Vacant Office	100,397,471	0.74
13.	Richard T. Peery	Research and Development	82,795,456	0.61
14.	Lockheed Missiles and Space Co. Inc.	Office Building	82,328,263	0.61
15.	Charleston Plaza LLC	Shopping Center	69,281,251	0.51
16.	Eagle Square Partners	Apartments	66,324,251	0.49
17.	Carr Carp Properties LLC	Research and Development	65,066,553	0.48
18.	Charleston Properties	Research and Development	55,760,063	0.41
19.	400 Castro St. Inc.	Office Building	55,487,902	0.41
20.	369 Whisman Assocs. LP	Office Building	51,975,396	0.38
			$3,055,177,949	22.51%

[1] 2012-13 Local Secured Assessed Valuation: $13,572,776,763.
Source: California Municipal Statistics, Inc

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective as of November 8, 2012 for debt outstanding as of December 1, 2012. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

DIRECT AND OVERLAPPING DEBT STATEMENT
Mountain View Whisman School District

2012-13 Assessed Valuation: $15,855,098,426

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 12/1/12
Santa Clara County	5.138%	$16,225,804
Foothill-DeAnza Community College District	15.179	94,347,243
Mountain View-Los Altos Union High School District	51.045	35,135,084
Mountain View-Whisman School District	**100.000**	**--** (1)
Mountain View School District	**100.000**	**23,412,297**
Whisman School District	**100.000**	**17,067,753**
City of Palo Alto	0.515	275,731
El Camino Hospital District	28.755	40,633,691
Santa Clara Valley Water District Benefit Assessment District	5.138	6,856,147
City of Mountain View Project Assessment District No. 96-43	100.000	200,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$234,153,750
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Santa Clara County General Fund Obligations	5.138%	$43,162,642
Santa Clara County Pension Obligations	5.138	19,472,754
Santa Clara County Board of Education Certificates of Participation	5.138	592,925
Foothill-De Anza Community College District Certificates of Participation	15.179	2,729,184
Mountain View-Los Altos Union High School District Certificates of Participation	51.045	2,697,728
City of Mountain View General Fund Obligations	87.228	10,240,567
City of Palo Alto General Fund Obligations	0.515	23,613
City of Sunnyvale General Fund Obligations	2.240	537,264
Santa Clara County Vector Control District Certificates of Participation	5.138	186,509
Midpeninsula Regional Open Space Park District General Fund Obligations	9.274	12,580,155
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$92,223,341
Less: City of Mountain View supported certificates of participation		7,776,376
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$84,446,965
OVERLAPPING TAX INCREMENT DEBT:		
Mountain View Redevelopment Agency	100.000 %	$52,300,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		$52,300,000
GROSS COMBINED TOTAL DEBT		$378,677,091 (2)
NET COMBINED TOTAL DEBT		$370,900,715

Ratios to 2012-13 Assessed Valuation:
Direct Debt ($40,480,050)..0.26%
Total Direct and Overlapping Tax and Assessment Debt 1.48%
Gross Combined Total Debt 2.39%
Net Combined Total Debt...2.34%

Ratios to Redevelopment Incremental Valuation ($3,479,888,195):
Total Overlapping Tax Increment Debt 1.50%

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *tax levied by the County for the payment thereof. (See "THE BONDS – Security and Sources of Payment" herein) Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and to the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County 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 Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

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

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

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

Legislation Implementing Article XIIIA

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

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

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

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

Unitary Property

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

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

Article XIIIB of the California Constitution

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

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

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

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

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

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

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

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

Proposition 26

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

Article XIIIC and Article XIIID of the California Constitution

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

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

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

Propositions 98 and 111

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

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

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

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

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

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

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

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

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

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

Proposition 39

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

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per $100,000 of taxable property value projected to be levied as the result of any single election be no more than $60 (for a unified school district), $30 (for a high school or elementary school district), or $25 (for a community college district). These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

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

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other "enforceable obligations" (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

The District can make no representations as to the extent to which its revenue limit apportionments may be offset by the future receipt of pass-through tax increment revenues, or any other surplus property tax revenues pursuant to the Dissolution Act.

Proposition 30

On November 6, 2012, State voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2017. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending January 1, 2019, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $608,000 for joint filers).

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 98 and 111" herein. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Jarvis vs. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

State Cash Management Legislation

Since 2002, the State has engaged in the practice of deferring certain apportionments to school districts in order to manage the State's cash flow. This practice has included deferring certain apportionments from one fiscal year to the next. Legislation enacted with respect to fiscal year 2012-13 provides for additional inter-fiscal year deferrals

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

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

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 1A, 22, 26, 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's finances and State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. The Bonds are payable solely from the proceeds of an ad valorem *tax which is required to be levied by the County in an amount sufficient for the payment thereof.*

State Funding of Education

Most California school districts receive a significant portion of their funding from State appropriations. As a result, changes in State revenues may affect appropriations made by the Legislature to school districts. However, because the District is a "basic aid" school district, such apportionments are less significant in determining the District's primary funding sources. See "DISTRICT FINANCIAL INFORMATION – Basic Aid" herein.

Annual State apportionments of basic and equalization aid to school districts are computed based on a revenue limit per unit of ADA. Generally, these apportionments of basic and equalization aid amount to the difference between a district's revenue limit and its property tax allocation. The revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type.

The following table reflects the District's ADA, annual change in ADA, revenue limit funding per unit of ADA for the last six years, as well as budgeted amounts for fiscal year 2012-13.

AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT
Fiscal Years 2006-07 through 2012-13
Mountain View Whisman School District

Fiscal Year	Average Daily Attendance	Annual Change in ADA	Base Revenue Limit Per ADA
2006-07	4,136	--	$5,308
2007-08	4,238	102	5,549
2008-09	4,336	98	5,864
2009-10	4,519	183	6,114
2010-11	4,680	161	6,090
2011-12	4,815	135	6,227
2012-13[1]	4,836	21	6,430

Note: All amounts are rounded to the nearest whole number.
(1) Budgeted.
Source: Mountain View Whisman School District.

Revenue Sources

Major revenue sources of the District are described below.

Revenue Limit Sources. Since fiscal year 1973-74, California school districts have operated under general purpose revenue limits established by the State Legislature. In general, revenue limits are calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Funding of the District's revenue limit is provided by a mix of local property taxes and State apportionments of basic and equalization aid.

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.

For the 2010-11 fiscal year, the District received $25,672,359 from revenue limit sources, accounting for approximately 58.6% of its general fund revenues. For the 2011-12 fiscal year, the District received $26,336,913 from revenue limit sources income, accounting for approximately 58.8% of its budgeted general fund revenues. For fiscal year 2012-13, the District has projected the receipt of $27,170,191 from revenue limit sources, representing 60% of its budgeted general fund revenues.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Drug-Free Schools. The federal revenues, most of which are restricted, equaled approximately 6.1% of general fund revenues in 2010-11, approximately 6.2% of general fund revenues in 2011-12, and are projected to equal approximately 3.4% of general fund revenues in 2012-13.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues ("State Sources"). State Sources equaled approximately 11.5% of total general fund revenues in 2010-11, approximately 13.1% of general fund revenues in 2011-12, and are projected to equal approximately 13.3% of general fund revenues in 2012-13.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues. These other local revenues equaled approximately 23.8% of total general fund revenues in 2010-11, approximately 21.8% of general fund revenues in 2011-12, and are projected to equal approximately 23.4% of general fund revenues in 2012-13.

Parcel Tax. Parcel taxes are "special taxes" for purposes of the State Constitution, as and such must be approved by at least two-thirds of the voters voting on the relevant proposition. On June 3, 2008, the voters approved an extension to an existing per-parcel tax within the District to raise funds to augment the District's operating budget. The amount of the annual tax is determined by the total number of square feet of each parcel. The measure provides an exemption for property owners who are 65 years or older and occupy the parcel subject to the tax as their principal residence. The following table shows annual parcel tax collections since fiscal year 2007-08.

PARCEL TAX COLLECTIONS
Fiscal Years 2007-08 through 2012-13
Mountain View Whisman School District

Fiscal Year	Amount
2007-08	$1,701,326
2008-09	1,559,792
2009-10	2,783,443
2010-11	2,797,545
2011-12	2,809,472
2012-13[1]	2,800,000

[1] Budgeted.
Source: Mountain View Whisman School District

Developer Fees. The District maintains a fund, separate and apart from its general fund, to account for developer fees collected by the District. Residential development is assessed a fee of $2.13 per square foot. Commercial development is assessed a fee of $0.34 per square foot. The following table lists the annual developer fees generated since fiscal year 2007-08.

DISTRICT DEVELOPER FEES
Fiscal Years 2007-08 through 2012-13
Mountain View Whisman School District

Fiscal Year	Amount
2007-08	$678,924
2008-09	93,523
2009-10	281,026
2010-11	886,874
2011-12	677,998
2012-13[1]	250,000

[1] Budgeted.
Source: Mountain View Whisman School District.

Basic Aid

A majority of the funding that California schools receive is determined by the state revenue limit formula. This formula is based on an amount of support per pupil, which is increased each year by a legislatively determined cost of living adjustment. The per pupil amount is multiplied by a district's ADA to determine the total revenue limit. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

Each district receives a portion of the local property taxes that are collected within the district boundaries. This amount is compared to the total revenue limit; the balance is received in the form of State aid. Therefore, the sum of the property taxes and State aid equal the district's revenue limit. Districts which receive the minimum amount of State aid are known as "Basic Aid" districts. The District has been a Basic Aid district since the 2011-12 fiscal year.

Basic Aid districts, such as the District, are those districts whose local property tax collections are of such a large magnitude that, when compared to the district's total revenue limit, result in the receipt of the minimum $120 per-pupil State aid. This minimum amount is defined in the State's constitution as "basic aid." For fiscal year 2012-13, the District projects that local property tax collections will exceed its revenue limit by approximately $1.5 million.

The implication for Basic Aid districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determining factors.

Budget Process

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

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

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

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

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

The District has never had an adopted budget disapproved by the County Superintendent of Schools, and has never received a "qualified" or "negative" certification of an Interim Financial Report pursuant to A.B. 1200.

General Fund Budgeting. The table on the following page summarizes the District's adopted general fund budgets for fiscal years 2009-10 through 2012-13, audited ending results for fiscal years 2009-10 through 2011-12, and projected results for fiscal year 2012-13.

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GENERAL FUND BUDGETING
Fiscal Years 2009-10 through 2012-13
Mountain View Whisman School District

	Fiscal Year 2009-10		Fiscal Year 2010-11		Fiscal Year 2011-12		Fiscal Year 2012-13	
REVENUES	Budgeted	Audited	Budgeted	Audited	Budgeted	Audited	Budgeted	Projected[1]
Revenue Limit Sources	$25,452,187	$26,009,460	$24,729,551	$25,672,359	$25,879,197	$26,530,841	$26,968,397	$27,170,191
Federal Sources	1,923,908	2,554,252	1,845,187	2,678,914	2,307,158	2,503,557	1,785,890	1,521,590
Other State Sources	6,511,259	5,319,838	4,565,086	5,017,800	5,556,346	6,165,338	6,184,574	6,017,554
Other Local Sources	6,601,561	7,796,902	7,065,373	10,404,058	9,229,727	11,296,237	10,119,586	10,612,824
TOTAL REVENUES	40,488,915	41,680,452	38,205,197	43,773,131	42,972,428	46,495,973	45,058,447	45,322,159
EXPENDITURES								
Certificated Salaries	18,335,929	18,541,343	17,821,989	17,918,294	17,936,329	18,697,193	19,802,593	19,655,427
Classified Salaries	5,731,968	5,988,404	5,316,677	6,251,295	5,900,831	6,488,385	6,132,753	6,476,664
Employee Benefits	8,713,158	8,514,005	8,309,516	8,583,824	9,057,616	8,944,756	9,770,534	9,190,128
Books & Supplies	1,835,370	1,482,952	2,064,990	1,708,794	1,379,621	1,774,029	1,846,510	2,129,117
Services & Other Operating Expenses	5,387,047	5,707,345	5,642,939	6,113,433	5,796,251	5,500,099	5,740,785	5,802,429
Capital Outlay	70,000	33,927	20,000	76,619	20,000	--	90,000	90,000
Other Outgo	(29,780)	(19,189)	(23,609)	(16,979)	(14,737)	(119,145)	--	--
Transfers of Direct Support/Indirect Costs	--	--	--	--	--	--	(14,837)	(123,052)
TOTAL EXPENDITURES	40,043,692	40,248,787	39,152,502	40,635,280	40,075,911	41,285,317	43,368,338	43,220,713
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	445,223	1,431,665	(947,305)	3,137,851	2,896,517	5,210,656	1,690,109	2,101,446
OTHER FINANCING SOURCES/(USES) - NET	(201,459)	(1,652,613)	(391,525)	(391,525)	(200,380)	--	(546,834)	(546,834)
NET INCREASE (DECREASE) IN FUND BALANCE	243,764	(220,948)	(1,338,830)	2,746,326	2,696,137	5,210,656	1,143,275	1,554,612
Fund Balance, July 1	8,922,338	8,922,338	10,300,688[2]	10,300,688[2]	13,047,014	13,047,014	15,035,169[3]	15,035,170[3]
Fund Balance, June 30	$9,166,102	$8,701,390	$8,961,858	$13,047,014	$15,743,151	$18,257,670	$16,178,444	$16,589,782

(1) As of December 6, 2012.
(2) Reflects an audit adjustment to the beginning balance for fiscal year 2010-11 to conform to Governmental Accounting Standards Board ("GASB") Statement No. 54's definition of governmental funds. On a going-forward basis, the District's Special Reserve Fund for Other Than Capital Outlay and Special Reserve Fund for Other Postemployment Benefits are, for financial reporting purposes, reported as part of the District's general fund.
(3) Beginning fund balance for fiscal year 2012-13 does not reflect the audit adjustment discussed above.
Source: Mountain View Whisman School District

Accounting Practices

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

Comparative Financial Statements

Audited financial statements for the District for the fiscal year ended June 30, 2012, and prior fiscal years are on file with the District and available for public inspection at the Office of the Assistant Superintendent of the District, 750-A San Pierre Way, Mountain View, California 94043, telephone: (650) 526-3500. Excerpts from the District's audited financial statements for the year ended June 30, 2012 are attached hereto as APPENDIX B. For fiscal years ended June 30, 2003 and later, the District implemented Government Accounting Standard Board ("GASB") Statements Nos. 34 and 35. Among the changes implemented under these revised accounting rules is a change in the financial reporting format. While historical total revenue and expenditures figures are comparably consistent to prior years, the breakdown of revenues and expenditures follows functional categories rather than object-oriented categories.

The table on the following page reflects the District's audited revenues, expenditures and changes in net assets for fiscal year 2007-08 through 2011-12 under the revised reporting format.

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AUDITED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2007-08 through 2011-12
Mountain View Whisman School District
(Revised Reporting Format)

	Audited Fiscal Year 2007-08	Audited Fiscal Year 2008-09	Audited Fiscal Year 2009-10	Audited Fiscal Year 2010-11	Audited Fiscal Year 2011-12
REVENUES					
Revenue Limit Sources	$25,114,753	$25,621,846	$26,009,460	$25,672,359	$26,530,841
Federal Revenues	1,836,552	3,357,505	2,554,252	2,678,914	2,503,557
Other State Revenues	7,091,115	6,961,919	5,319,838	5,017,800	6,165,338
Other Local Revenues	6,451,041	6,168,831	7,796,902	10,404,058	11,296,237
Total Revenues	40,493,461	42,110,101	41,680,452	43,773,131	46,495,973
EXPENDITURES					
Current					
Instruction	25,787,968	26,008,255	27,814,893	27,667,662	28,354,959
Instruction-related activities					
Supervision of instruction	1,167,665	1,251,978	1,006,066	898,189	926,338
Instructional library, media and technology	698,839	709,817	694,425	782,145	770,096
School site administration	2,805,642	2,945,215	3,023,346	3,217,432	3,322,384
Pupil Services					
Home-to-school transportation	1,016,300	1,050,043	807,075	901,807	733,116
Food services	--	--	--	--	--
All other pupil services	992,343	748,882	843,851	914,724	838,870
General administration					
Data processing	327,508	323,492	361,898	368,789	387,969
All other general administration	2,569,838	2,188,909	2,342,219	2,089,110	2,334,527
Plant services	3,288,216	3,807,998	3,245,767	3,715,913	3,594,198
Facility acquisition and construction	17,476	--	--	--	--
Ancillary services	70,220	72,300	75,320	79,509	22,860
Debt service					
Principal	34,344	31,428	32,654	--	--
Interest and other	3,694	2,499	1,273	--	--
Total Expenditures	38,780,053	39,140,816	40,248,787	40,635,280	41,285,317
EXCESS (DEFICIENCY) OF REVENUES	1,713,408	2,969,285	1,431,665	3,137,851	5,210,656
OTHER FINANCING SOURCES/(USES)					
Categorical flexible transfers	--	587,835	--	--	--
Transfers In	--	--	--	--	--
Other Sources	--	--	--	--	--
Transfers Out	(268,205)	(666,770)	(1,652,613)	(391,525)	--
Net Financing Sources (Uses)	(268,205)	(78,935)	(1,652,613)	(391,525)	--
NET CHANGE IN FUND BALANCES	1,445,203	2,890,350	(220,948)	2,746,326	5,210,636
Fund Balance – Beginning	4,586,788	6,031,988	8,922,338	10,300,688[1]	13,047,014
Fund Balance – Ending	$6,031,991	$8,922,338	$8,701,390	$13,047,014	$18,257,670

(1) Reflects an audit adjustment to the beginning balance for fiscal year 2010-11 to conform to GASB Statement No. 54's definition of governmental funds. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein.

Source: Mountain View Whisman School District.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *tax required to be levied by the County in an amount sufficient for the payment thereof.*

2012-13 Budget. On June 27, 2012, the Governor signed into law the State budget for fiscal year 2012-13. Prior to the conclusion of the State's regular legislative session, the Legislature adopted a series of trailer bills which made various amendments to the budget bill approved by the Governor. Collectively, the budget bill and related trailer bills are referred to as the "2012-13 Budget." The Legislative Analyst's Office (the "LAO") has released a report entitled "California Spending Plan," which summarizes provisions of the 2012-13 Budget (the "LAO Budget Summary"). The following information is drawn from the LAO Budget Summary.

The 2012-13 Budget seeks to close a budget gap of $15.7 billion through a combination of measures totaling $16.4 billion. Specifically, the 2012-13 Budget authorizes $4.7 billion of expenditure reductions, $8.8 billion of net revenue increases, and $5.8 billion of other measures. The 2012-13 Budget assumed voter approval of a modified tax initiative proposed by the Governor in his May revision to the proposed State budget. The tax initiative, labeled as "Proposition 30," was approved by the voters at the November 6, 2012 general election. The 2012-13 Budget estimates that Proposition 30 will generate approximately $8.5 billion in additional revenues for fiscal years 2011-12 and 2012-13. Pursuant to the provisions of Proposition 30, these additional revenues will be placed into an Education Protection Account and included in the calculation of the Proposition 98 minimum funding guarantee. As a result, the minimum funding guarantee is projected to increase by $2.9 billion, resulting in a net benefit to the State general fund of $5.6 billion. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 30."

With the implementation of all measures, the 2012-13 Budget assumes, for fiscal year 2011-12, total revenues of $86.8 billion and expenditures of $87.0 billion. The State is projected to end fiscal year 2011-12 with a total budget deficit of $3.6 billion. For the current fiscal year, the 2012-13 Budget projects total revenues of $95.9 billion and authorizes total expenditures of $91.3 billion. This represents an increase of $9 billion, or approximately 10%, from the prior year. The State is projected to end the 2012-13 fiscal year with a total budget surplus of $948 million.

The 2012-13 Budget authorized an additional $6 billion of trigger reductions which were to become effective in the event Proposition 30 did not pass. The trigger reductions would have included approximately $5.4 billion of reductions to school and community college funding.

For fiscal year 2011-12, the Proposition 98 minimum funding guarantee is revised at $46.9 billion, including $33.1 billion from the State general fund. This amount is approximately $1.7 billion less than the level set by the State budget for fiscal year 2011-12. This reduction primarily reflects lower than estimated State general fund revenues and updated estimates of local property tax collections, offset by Proposition 30 revenues attributable to fiscal year 2011-12. To bring ongoing Proposition 98 funding in line with the reduced funding guarantee, the 2012-13 Budget redirects $893 million of fiscal year 2011-12 appropriations towards other uses. Specifically, (i) $672 million is counted towards meeting legal settlement obligations under the Quality Education Investment Act of 2006, and (ii) $221 million replaces ongoing Proposition 98 funds with one-time funds unspent from prior years. The LAO notes that this accounting adjustment does not affect the amount of funding schools and community colleges receive.

For fiscal year 2012-13, the Proposition 98 minimum funding guarantee is set at $53.5 billion, including $36.8 billion from the State general fund. This funding level reflects an increase of $6.6 billion, or approximately 14%, from the prior year. The funding increase is supported by a $3.7 billion growth in baseline revenues and $2.9 billion of Proposition 30 revenues.

Proposition 98 funding for K-12 education for fiscal year 2012-13 is set at $47.2 billion, reflecting an increase of $6 billion (or 14%) above the revised 2011-12 level. Programmatic spending remains relatively flat, as most of the additional funding is designated for existing Proposition 98 obligations. The 2012-13 Budget provides that $3.3 billion will be used to backfill one-time spending decisions made in fiscal year 2011-12, and $2.2 billion will be designated to pay down existing apportionment deferrals. The LAO also notes that other spending increases will have no net programmatic effect. The 2012-13 Budget provides $110 million to more closely align K-12 and community college educational mandate funding, $99 million to complete the shift in responsibility for mental health services from county health agencies to schools, and $60 million for anticipated student growth in a few categorical programs.

Significant features relating to K-12 education funding include the following:

- *Deferral Reduction.* The 2012-13 Budget provides $2.2 billion in Proposition 98 funding to reduce school district and community college apportionment deferrals.

- *Charter Schools*. The 2012-13 Budget includes several changes to existing law that provide charter schools with additional access to facility space and short-term cash. The plan includes provisions that give charter schools priority to lease or purchase surplus school district property, and authorizes county offices of education and county treasurers to provide short-term loans to charter schools. Charter schools are further authorized to issue their own tax and revenue anticipation notes or have their respective county office of education issue such notes on their behalf.

- *Educational Mandates*. The 2012-13 Budget provides $167 million to fund a discretionary block grant for K-12 educational mandates. Participating school districts and county offices of education would receive a $28 per-unit of ADA allocation, while participating charter schools would receive a $14 per-unit of ADA allocation. In addition, county offices of education are to receive a $1 per-unit of ADA allocation for all ADA served within their respective counties. Local educational agencies that choose not to participate in this block grant program could continue to seek reimbursement for mandated activities through the existing claims process, subject to audits by the State Controller. The 2012-13 Budget continues to suspend the same educational mandates that were suspended by the 2011-12 State budget legislation, and does not eliminate any further mandates.

- *Child Care and Preschool Programs*. The 2012-13 Budget provides $2.2 billion in funding for subsidized child care and preschools programs. This represents a decrease of $185 million, or 8%, from the prior year. The 2012-13 Budget also consolidates the State's subsidized preschool program by funding all part-day/part-year preschool slots within Proposition 98. The LAO notes that this consolidation is an accounting change, with no programmatic effect.

- *Gubernatorial Vetoes*. As part of approving the enacting legislation, the Governor vetoed (i) all funding for the Early Mental Health Initiative, for an expected savings of $15 million, (ii) $10 million in Proposition 98 funding for child nutrition in private schools and child care centers, and (iii) $8.1 million in one-time Proposition 98 funding for the support of regional activities and statewide administration of the Advancement Via Individual Determination program.

The 2012-13 Budget assumes that schools and community colleges will receive $3.2 billion in revenues in fiscal year 2012-13 resulting from the dissolution of redevelopment agencies, including $2.5 billion for school districts and $165 million for county offices of education. This figure is composed of (i) $1.7 billion of anticipated residual property tax revenues and (ii) $1.5 billion in cash and other liquid assets of former redevelopment agencies. These increased revenues would offset Proposition 98 spending by an identical amount. The budget package also establishes a series of sanctions and incentives to encourage successor agency participation with redevelopment dissolution laws. The LAO notes that while the State currently backfills school districts if local property taxes fall short of budgetary assumptions, there has previously been no similar requirement for community colleges and K-12 special education. The 2012-13 Budget provides authority for the State to do so if the sums anticipated from the dissolution of redevelopment agencies do not meet such assumptions.

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

Fiscal Outlook Report. In November 2012, the LAO released a summary of its revised projections for State general fund tax revenues and related spending (the "Fiscal Outlook Report"). The following information is drawn from the Fiscal Outlook Report.

The Fiscal Outlook Report provides the LAO's projections of the State's general fund revenues and expenditures for fiscal years 2012-13 through 2017-18 under current law, absent any actions to close the projected State budgetary deficit, as further discussed below. The LAO's projections primarily reflect current-law spending requirements and tax provisions, while relying on the LAO's independent assessment of the outlook for the State's economy, demographics, revenues, and expenditures. The LAO notes that its revenue estimates take into account a number of voter initiatives approved at the November 2012 general election, including Proposition 30.

Absent corrective action, the LAO projects that the State will end the 2012-13 fiscal year with a $943 million deficit. This would eliminate the $948 million surplus projected by the 2012-13 Budget, and reflects an overall $1.9 billion budgetary gap. This gap is a product of (i) $625 million of lower revenue estimates for fiscal years 2011-12 and 2012-13, (ii) $2.7 billion in higher expenditures and (iii) an offsetting positive adjustment of $1.4 billion to the fiscal year 2010-11 ending fund balance.

The LAO notes that its revised revenue estimates are driven primarily by lower than anticipated personal income tax and corporate tax collections (totaling $153 million and $558 million, respectively) for both fiscal years 2011-12 and 2012-13. Notwithstanding the overall reduction in projected revenues, the LAO notes that the passage of Proposition 39 at the November 2012 general election—which changes the way multistate corporations calculate taxable income—contributes to an increase in the Proposition 98 minimum funding guarantee. The LAO's revised minimum funding guarantee is estimated to be $53.8 billion.

The LAO's projected increase results in part from lower expected savings to the State general fund from the distribution of redevelopment agency assets. The LAO projects a $1.4 billion savings from such assets, a figure approximately $1.8 billion lower than the savings projected by the 2012-13 Budget. The LAO attributes this to several factors: (i) lower than expected distributions of liquid assets and residual property taxes to school and community colleges, (ii) recent information suggesting that redevelopment agencies had higher than anticipated debt, and (iii) distributions of property taxes to basic aid districts that do not offset State education costs. The LAO notes, however, that estimates relating to redevelopment agencies are subject to considerable uncertainty, and are likely to change prior to the deadline for adopting the State budget for the upcoming year.

Additional information regarding the Fiscal Outlook Report may be obtained from the LAO at www.lao.ca.gov. However, such information is not incorporated herein by any reference.

Proposed 2013-14 Budget. On January 10, 2013, the Governor released his proposed State budget for fiscal year 2013-14 (the "Proposed Budget"). The following information is drawn from the LAO's summary of the Proposed Budget.

The Proposed Budget reflects a projected improvement to State finances due to a continuing modest economic recovery, prior budgetary actions, and voter approval of certain revenue-raising measures at the November 6, 2012 general election. For fiscal year 2012-13, the Proposed Budget currently projects year-end revenues of $95.4 billion and expenditures of $93 billion. The State is currently expected to end the current fiscal year with a surplus of $167 million. For fiscal year 2013-14, the Proposed Budget projects revenues of $98.5 billion and expenditures of $97.7 billion. The State is projected to end fiscal year 2013-14 with a $1 billion surplus. The Governor's multi-year forecast projects that revenues will continue to exceed expenditures annually, accumulating to a projected $2.5 billion general fund surplus by fiscal year 2016-17.

For fiscal year 2012-13, the Proposed Budget revises the Proposition 98 minimum funding guarantee at $53.5 billion, approximately $54 million less than the level set by the current State budget. To bring Proposition 98 spending in line with the reduced guarantee, the Proposed Budget reclassifies a fiscal year 2012-13 appropriation towards prefunding legal settlement obligations under the Quality Education Investment Act of 2006 (the "QEIA"). For fiscal year 2013-14, the minimum funding guarantee is set at $56.2 billion, including $40.9 billion from the State general fund. This represents a net increase of $2.7 billion (or 9%) over the revised funding level for fiscal year 2012-13. The increase in spending is driven largely by year-to-year increases in baseline State revenues and the minimum funding guarantee's share of Proposition 30 revenues.

Proposition 98 funding for K-12 education in fiscal year 2013-14 is set at $49.2 billion, including $36.1 billion from the State general fund. This represents an increase of approximately $2.1 billion (or 4%) from the prior year. Significant features include the following:

- *Deferral Reduction.* The 2012-13 Budget provides $1.9 billion to pay down school district and community college apportionment deferrals. The Proposed Budget includes a plan to eliminate all remaining apportionment deferrals by fiscal year 2016-17.

- *Growth Funding.* The 2012-13 Budget provides $63 million to fund a 1.65% cost-of-living adjustment to certain categorical programs, including special education, child nutrition, and California American Indian Education Centers. Cost-of-living adjustments for school district and county office of education revenue limits will be provided through the proposed funding increase designed to implement a new K-12 funding formula (described below). The Proposed Budget also funds a 0.10% increase in K-12 ADA, but assumes no increase in funded enrollment levels at community colleges.

- *New K-12 Funding Formula.* The Proposed Budget would significantly restructure State funding for K-12 education by consolidating revenue limits and almost all categorical programs into a single funding formula. This formula would provide a base funding grant per pupil, with supplemental funding for school districts that serve English learners and students from low income families, provide lower class sizes in grades K-3, or offer career technical education classes in high school. The Proposed Budget allocates $1.6

billion to begin increasing funding levels to a target base rate, with supplemental grants adjusted in tandem with the base increase. The Proposed Budget estimates the new formula will be fully implemented by fiscal year 2019-20.

- *Energy Efficiency Projects*. The 2012-13 Budget allocates supplemental corporate tax revenues raised by Proposition 39 (approved at the November 2012 general election) to schools and community colleges. Proposition 39 requires most interstate businesses to determine their taxable income using a single sales factor method, and provides that all revenues raised from the measure be transferred to a Clean Energy Job Creation Fund to support energy efficiency and alternative energy projects. The Proposed Budget would allocate all Proposition 39-related funding over the next five years exclusively to schools and community colleges, in an amount equal to $450 million in fiscal year 2012-13 and $550 million annually thereafter. For fiscal year 2013-14, this would include $400.5 million for school districts. Under the proposal, the California Department of Education and California Community College Chancellor's Office, in consultation with the California Energy Commission and California Public Utilities Commission, would develop guidelines for schools and community colleges in prioritizing the use of the funds.

- *Adult Education.* The Proposed Budget includes several changes to adult education funding, including narrowing State support to core instructional programs such as adult elementary and secondary education, vocational training, English as a second language, and citizenship. The Proposed Budget would also eliminate school district adult education categorical programs and consolidate the associated funding (approximately $600 million) into the proposed new K-12 funding formula. Adult education, under the Governor's plan, would be funded entirely through the community college system. The Proposed Budget would provide $300 million to create a new adult education categorical program within the statewide community college budget. Funds would be distributed to colleges based on the number of students served in the prior fiscal year. While community colleges would be responsible for administering adult education, they would be authorized to contract with school districts to provide instruction through the latter's adult schools.

- *K-12 Educational Mandates.* The Proposed Budget provides $100 million to augment the existing block grant program, reflecting the addition of two large educational mandates within the program: the Graduation Requirements ("GR") mandate and Behavioral Intervention Plans ("BIP"). Unlike other mandates included in the block grant program, the Proposed Budget does not provide school districts the option to submit independent claims for reimbursement in connection with GR and BIP.

- *Retiring K-14 Obligations.* The Proposed Budget would use half of the projected year-to-year growth in Proposition 98 spending in fiscal years 2013-14 through 2015-16 to reduce outstanding obligations to schools and community colleges, including the reduction of all apportionment deferrals, funding settle-up payments to reduce outstanding mandate claims, and retiring the State's obligations associated with the Emergency Repair Program and the QEIA.

- *Redevelopment Agency Funds.* The Proposed Budget assumes lower State general fund savings from the distribution of offsetting residual property tax revenues and redevelopment agency liquid assets. For the current year, the Proposed Budget projects that redevelopment-related distributions will be $1.1 billion less than what was assumed by the State budget for fiscal year 2012-13. For fiscal year 2013-14, the Proposed

Budget projects that such distributions will be $494 million less than previously assumed. The LAO notes that, while the Governor's projections are reasonable, the process for dissolving redevelopment agencies has yet to be fully implemented, subjecting associated State general fund savings projections to considerable uncertainty.

Additional information regarding the Proposed Budget is available from the LAO's website: www.lao.ca.gov. However, such information is not incorporated herein by any reference.

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

The District makes no representations regarding the viability of the claims in the CSBA Petition, nor can the District predict whether the petitioners will be successful. Moreover, the District makes no representations as to how a final decisions by the Superior Court would affect the State's ability to fund education in future fiscal years.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. Continued State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District.

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MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

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

Introduction

The Mountain View Whisman School District, as currently constituted, was created by the merger of the former Mountain View School District with the former Whisman Elementary School District. The District currently covers approximately 11.8 square miles in the northwest corner of Santa Clara County, with nearly all of its territory within the City of Mountain View. The District currently operates seven elementary schools and two middle schools. For fiscal year 2012-13, the District has a total projected enrollment of 5,016 students. Property within the territory of the District has a fiscal year 2012-13 assessed valuation of $15,855,098,426.

Administration

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

BOARD OF TRUSTEES
Mountain View Whisman School District

Name	Office	Term Expires
Ellen Wheeler	President	December 2014
Philip D. Palmer	Vice President	December 2014
Steve Nelson	Clerk	December 2016
Chris Chiang	Member	December 2016
William Lambert	Member	December 2016

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Mr. Craig Goldman is currently the Superintendent of the District. Brief biographies of key personnel follow:

Craig Goldman, Superintendent. Mr. Goldman began serving as the Superintendent in 2010. This is Mr. Goldman's 15th year with the District, most recently serving for three years as Chief Financial Officer, and previously as the Principal of Frank L. Huff Elementary School for nine years. Education is Mr. Goldman's second career, having spent five years as an attorney representing banks and other financial institutions. Mr. Goldman received his Bachelor of Arts degree in human biology from Stanford University, a Juris Doctorate and a Master of Arts degree in education from the University of California, Los Angeles, and a Master of Education degree in Educational Administration from San Francisco State University.

Terese McNamee, Chief Business Officer. Ms. McNamee has served as the Chief Business Officer of the District since 2011. Prior to joining the District, Ms. McNamee spent four years at Eden Housing, an organization providing housing services to low-income, senior and disabled residents. Ms. McNamee received her bachelor's degree from Santa Clara University and a Master of Business Administration degree from San Jose State University.

District Growth

The following table shows a six-year enrollment history for the District.

HISTORICAL ENROLLMENT
Fiscal Years 2007-08 through 2012-13
Mountain View Whisman School District

Fiscal Year	Enrollment
2007-08	4,406
2008-09	4,460
2009-10	4,688
2010-11	4,824
2011-12	4,895
2012-13	5,016

Source: Mountain View Whisman School District.

Labor Relations

District employees, except management and some part-time employees, are represented by the two bargaining units as noted below:

BARGAINING UNITS
Mountain View Whisman School District

Labor Organization	Number of Employees In Bargaining Unit	Contract Expiration Date
Mountain View Educators Association	275	June 1, 2013
California School Employees Association	206	December 31, 2013

Source: Mountain View Whisman School District.

Retirement Programs

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. The District is currently required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contribute 8% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 2.791% of teacher payroll. The State's contribution reflects a base contribution of 2.017% and a supplemental contribution of 0.774% that will vary from year-to-year based on statutory criteria.

The District's contribution to STRS was $1,491,058 in fiscal year 2009-10, $1,457,503 in fiscal year 2010-11, and $1,507,376 in fiscal year 2011-12. The District has projected its contribution for fiscal year 2012-13 to be $1,582,179.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provision are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. The District is currently required to contribute to PERS at an actuarially determined rate, which is

11.417% of eligible salary expenditures for fiscal year 2012-13, while participants contribute 7% of their respective salaries.

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

The District's contributions to PERS was $606,145 in fiscal year 2009-10, $596,093 in fiscal year 2010-11, and $641,910 in fiscal year 2011-12. The District has projected its contribution for fiscal year 2012-13 to be $671,230.

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

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

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

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

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

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

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

Other Post-Employment Benefits

Benefit Plan. The District operates a single-employed defined benefit healthcare plan for retired District employees. The District contributes toward post-retirement healthcare benefits (the "Benefits") for employees that retire from the District after the age of 55 with at least 10 years of service to the District. Specifically, the District pays full monthly premiums for medical, dental and vision coverage for eligible employees and their dependents. Payments continue for a maximum of five years, or until such employee reaches Medicare/Medicaid eligibility, whichever occurs first.

Funding Policy. Expenditures for the Benefits are recognized on a "pay-as-you-go" basis to cover the cost of premiums for current retirees, with an additional amount to be transferred to a special reserve account to fund its outstanding liability for the Benefits, as discussed below. During fiscal year 2011-12, expenditures of $279,627 were recognized for the Benefits. The District has budgeted $546,834 as its contribution for fiscal year 2012-13. As of June 30, 2012, the balance in the reserve fund established to being funding the District's AAL (as defined herein) was $3,104,479. This fund has not been irrevocably pledged to pay for the Benefits, and as such may be accessed by the District upon Board action for other purposes.

Accrued Liability. The District has implemented GASB Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, pursuant to which the District has commissioned and received several actuarial studies of its outstanding liabilities with respect to the Benefits. The most recent of these studies, dated as of September 18, 2011, determined that the actuarial accrued liability ("AAL") with respect to the Benefits, as of a July 1, 2010 valuation date, was $8,614,052. The Study also concluded that the annual required contribution ("ARC") for fiscal year 2011-12 was $1,129,351. The ARC is the amount that would be necessary to fund the value of future benefits earned by current employees during each fiscal year (the "Normal Cost") and the amount necessary to amortize the AAL, in accordance with the GASB Statements Nos. 43 and 45.

As of June 30, 2012, the District recognized a long-term obligation (the "Net OPEB Obligation") of $3,693,762 with respect to its accrued liability for the Benefits. The Net OPEB Obligation is based on the District's contributions towards the ARC during fiscal year 2011-12. See "APPENDIX B – EXCERPTS FROM THE 2011-12 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10 – Employee Retirement Systems – Postemployment Healthcare Plan" herein.

Risk Management

The District participates in joint powers agreements with the Santa Clara County School Insurance Group ("SCCSIG") and the South Bay Area Schools Insurance Authority ("SBASIA," and together with SCCSIG, the "JPAs"). SCCSDIG provides worker's compensation insurance, while SBASIA provides property and liability insurance. 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 provides coverage for its members. The JPAs are each governed by a board consisting of a representative from each member district. The board controls the operations of each JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPAs.

See also "APPENDIX B – EXCERPTS FROM THE 2011-12 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 8" herein.

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2012, is shown below:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
General Obligation Bonds	$45,359,447	$10,880,000	$6,436,875	$49,802,572
Loss on Early Retirement of Bonds	(722,223)	--	(148,343)	(573,880)
Unamortized Bond Premiums – Net	495,966	--	204,168	291,798
Net OPEB obligation	2,844,038	1,129,351	279,627	3,693,762
Compensated Absences	27,380	--	1,700	25,680
Total Long-term Debt	$48,004,608	$12,009,351	$6,774,027	$53,239,932

Source: Mountain View Whisman School District.

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General Obligation Bonds. On June 4, 1996 the voters of the Whisman District approved the issuance of $34,000,000 of general obligation bonds, payable from *ad valorem* taxes levied on taxable property within the boundaries of the former Whisman District (the "1996 Authorization"). Prior to its unification of the Former Districts, the Whisman District issued four series of bond comprising substantially the 1996 Authorization, as well as one series of general obligation refunding bonds to refinance a portion thereof (collectively, the "Whisman Bonds").

On April 14, 1998, the voters of the Mountain View District approved the issuance of not-to-exceed $36,000,000 of general obligation bonds, payable from *ad valorem* taxes levied on taxable property within the former boundaries of the Mountain View District (the "1998 Authorization"). Five series of bonds comprising substantially all of the 1998 Authorization have been, including two series of bonds following the unification of the Former Districts (collectively, the "Mountain View Bonds"). The District has also issued several series of general obligation refunding bonds to refinance portions of the outstanding Whisman Bonds and Mountain View Bonds.

Pursuant to the 2012 Authorization, the voters of the District approved the issuance of not-to-exceed $198 million of general obligation bonds. The Bonds are the first issuance of bonds pursuant to the 2012 Authorization.

The following table summarizes information on the currently outstanding bonds of the District.

OUTSTANDING GENERAL OBLIGATION BONDS
Mountain View Whisman School District

Issuance	Initial Principal Amount	Principal Currently Outstanding[1]	Date of Delivery
Election of 1996 Bonds, Series B	$6,784,645.65	$3,612,423.90	December 10, 1997
Election of 1996 Bonds, Series C	6,499,471.25	4,850,834.50	April 15, 1999
Election of 1996 Bonds, Series D	5,298,641.45	4,343,827.60	April 27, 2000
Election of 1998 Bonds, Series E	3,000,000.00	295,000.00	September 10, 2003
1998 Refunding Bonds, Series A[2]	14,821,024.70	556,370.00	August 6, 1998
2005 Refunding Bonds[3]	9,090,000.00	6,785,000.00	March 3, 2005
2006 Refunding Bonds[4]	16,239,684.50	14,642,296.75	August 22, 2006
2010 Refunding Bonds[5]	2,645,000.00	1,690,000.00	November 16, 2010
2012 Refunding Bonds[6]	10,880,000.00	10,880,000.00	July 24, 2012

[1] As of December 1, 2012.
[2] Issued to refund a portion of the then-outstanding Election of 1996 Bonds, Series A.
[3] Issued to refund the then-outstanding Election of 1998 Bonds, Series B. Payable solely from *ad valorem* taxes levied within the boundaries of the former Mountain View District.
[4] Issued to refund portions of the then-outstanding Election of 1998 Series A Bonds, Series C Bonds, Series D Bonds and Series E Bonds. Payable solely from *ad valorem* taxes levied within the boundaries of the former Mountain View District.
[5] Issued to refund the then-outstanding Election of 1998 Series A Bonds and portion of the then-oustanding Election of 1998 Bonds, Series C
[6] Issued to refund, on a crossover basis, a portion of the then-outstanding 1998 Refunding Bonds, Series A. Payable solely from *ad valorem* taxes levied within the former boundaries of the Mountain View District.

The following table shows the annual debt service requirements of the District's outstanding bonded indebtedness, including the Bonds (and assuming no optional redemptions).

ANNUAL BONDED DEBT SERVICE
Mountain View Whisman School District

Fiscal Year	Election of 1996 Bonds, Series B	Election of 1996 Bonds, Series C	Election of 1996 Bonds, Series D	1998 Refunding Bonds, Series A	Election of 1998 Bonds, Series E	2005 Refunding Bonds	2006 Refunding Bonds	2010 Refunding Bonds	2012 Refunding Bonds[(1)]	The Bonds	Total
2013	$555,000.00	$400,000.00	$265,000.00	$1,460,000.00	$104,600.00	$150,631.25	$1,184,362.50	$535,950.00	$112,501.56	$4,964,920.00	$9,732,965.31
2014	610,000.00	450,000.00	310,000.00	750,000.00	105,900.00	737,362.50	1,594,362.50	522,050.00	216,580.56	5,862,800.00	11,159,055.56
2015	670,000.00	505,000.00	355,000.00	--	106,750.00	724,462.50	1,954,362.50	239,475.00	1,337,356.18	1,945,800.00	7,838,206.18
2016	735,000.00	570,000.00	395,000.00	--	102,250.00	721,162.50	2,008,268.75	218,550.00	1,381,399.90	1,611,050.00	7,742,681.15
2017	805,000.00	630,000.00	455,000.00	--	--	712,362.50	2,174,650.00	223,200.00	1,425,504.40	1,611,050.00	8,036,766.90
2018	880,000.00	705,000.00	510,000.00	--	--	708,062.50	2,237,875.00	217,700.00	1,469,739.35	1,671,050.00	8,399,426.85
2019	955,000.00	785,000.00	570,000.00	--	--	698,262.50	2,305,375.00	220,500.00	1,518,730.70	1,765,150.00	8,818,018.20
2020	1,040,000.00	865,000.00	645,000.00	--	--	688,062.50	2,384,375.00	213,150.00	1,567,256.10	1,847,050.00	9,249,893.60
2021	1,125,000.00	960,000.00	720,000.00	--	--	686,931.25	2,684,925.00	--	1,619,472.95	1,939,850.00	9,736,179.20
2022	1,220,000.00	1,060,000.00	800,000.00	--	--	672,500.00	2,459,112.50	--	1,664,378.60	2,029,650.00	9,905,641.10
2023	3,280,000.00	1,165,000.00	895,000.00	--	--	665,000.00	--	--	--	2,131,450.00	8,136,450.00
2024	--	7,300,000.00	965,000.00	--	--	661,375.00	--	--	--	2,233,700.00	11,160,075.00
2025	--	--	10,160,000.00	--	--	651,625.00	--	--	--	2,344,450.00	13,156,075.00
2026	--	--	--	--	--	645,750.00	--	--	--	2,452,950.00	3,098,700.00
2027	--	--	--	--	--	--	--	--	--	2,573,950.00	2,573,950.00
2028	--	--	--	--	--	--	--	--	--	2,697,950.00	2,697,950.00
2029	--	--	--	--	--	--	--	--	--	2,830,150.00	2,830,150.00
2030	--	--	--	--	--	--	--	--	--	2,969,950.00	2,969,950.00
2031	--	--	--	--	--	--	--	--	--	3,111,750.00	3,111,750.00
2032	--	--	--	--	--	--	--	--	--	3,260,150.00	3,260,150.00
2033	--	--	--	--	--	--	--	--	--	3,419,550.00	3,419,550.00
2034	--	--	--	--	--	--	--	--	--	3,584,150.00	3,584,150.00
2035	--	--	--	--	--	--	--	--	--	3,758,350.00	3,758,350.00
2036	--	--	--	--	--	--	--	--	--	3,941,350.00	3,941,350.00
2037	--	--	--	--	--	--	--	--	--	4,132,350.00	4,132,350.00
2038	--	--	--	--	--	--	--	--	--	4,335,550.00	4,335,550.00
2039	--	--	--	--	--	--	--	--	--	4,544,400.00	4,544,400.00
2040	--	--	--	--	--	--	--	--	--	4,766,175.00	4,766,175.00
Total	$11,875,000.00	$15,395,000.00	$17,045,000.00	$2,210,000.00	$419,500.00	$9,123,550.00	$20,987,668.75	$2,390,575.00	$12,312,920.30	$84,336,695.00	$176,095,909.05

(1) Debt service shown includes debt service on the 2012 Refunding Bonds prior to the crossover date of August 1, 2013. Prior to the crossover date, interest on the 2012 Refunding Bonds is secured by and payable solely from an proceeds of the 2012 Refunding Bonds deposited into an escrow fund established therefor. From and after such crossover date, such bonds shall, without any further action on the part of the District, be general obligations thereof payable solely from the proceeds of *ad valorem* taxes levied on property within the boundaries of the former Whisman School District.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, 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 calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS SUCH AS THE BONDS. THE INTRODUCTION OR ENACTMENT OF ANY SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

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

LEGAL MATTERS

Legality for Investment in California

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

Continuing Disclosure

In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2012-13 Fiscal

Year, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of material events will be filed by the District in accordance with the requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Reports or the notices of material events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule. Within the past five years, the District has not failed to timely file any annual reports or notices of material events required by its existing continuing disclosure undertakings.

No Litigation

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

There is one lawsuit pending against the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under this lawsuits will not materially affect the finances of the District.

Information Reporting Requirements

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

Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers thereof without cost. A copy of the proposed form of such legal opinion for the Bonds is attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

The Bonds have been assigned ratings of "Aa2" and "AA" by Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), respectively. The ratings reflect only the view of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007; Standard & Poor's, 55 Water Street, 45th Floor, New York, New York 10041. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Financial Statements

Excerpts from the financial statements with supplemental information for the year ended June 30, 2012, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report of Chavan & Associates, LLP (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Underwriting

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed, pursuant to a purchase contract by and between the District and the Underwriter (the "Purchase Contract"), to purchase all of the Bonds for a purchase price of $52,148,484.10 (consisting of the initial principal amount of the Bonds of $50,000,000, plus net original issue premium of $2,848,484.10, less Underwriter's discount of $225,000.00, and less $475,000.00 of premium retained by the Underwriter to pay costs of issuance of the Bonds.

The Purchase Contract related to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth therein, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices. The offering prices may be changed from time to time by the Underwriter.

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

The Underwriter has entered into a distribution agreement ("Schwab Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Schwab Agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

By: /s/ Craig Goldman
Superintendent

APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

February 7, 2013

Board of Trustees
Mountain View Whisman School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $50,000,000 Mountain View Whisman School District (Santa Clara County, California) Election of 2012 General Obligation Bonds, Series A (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, a fifty-five percent vote of the qualified electors of the Mountain View Whisman School District (the "District") voting at an election held on June 5, 2012 and a resolution of the Board of Trustees of the District (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, 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 calculating the federal alternative minimum tax imposed on individuals and corporations. It should be noted that, with respect to corporations, such interest is may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

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

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income

of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

EXCERPTS FROM THE DISTRICT'S 2011-12 AUDITED FINANCIAL STATEMENTS

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MOUNTAIN VIEW WHISMAN
SCHOOL DISTRICT
COUNTY OF SANTA CLARA
MOUNTAIN VIEW, CALIFORNIA

AUDIT REPORT

JUNE 30, 2012

CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SANTA CLARA COUNTY

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MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SANTA CLARA COUNTY

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FINANCIAL SECTION

Chavan & Associates, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Mountain View Whisman School District
Mountain View, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mountain View Whisman School District (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-12 (K-12 Audit Guide)*, prescribed by the California State Controller's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District at June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 22, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 41 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

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management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise District's basic financial statements. The combining and individual fund financial statements and other schedules listed in the supplementary section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. These statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the District. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

C & A LLP

September 22, 2012
San Jose, California

Management's Discussion and Analysis

The Management's Discussion and Analysis ("MDA") of Mountain View Whisman School District's (The District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of the MDA is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2012 were as follows:

- Total net assets increased by $4,315,734 or 18.5% from June 30, 2011 to June 30, 2012.

- General revenues accounted for $42,589,403, which is 77% of all revenues. Program specific revenues in the form of operating grants and contributions, and charges for services accounted for $12,843,891 or 23% of total revenues of $55,433,294.

- The District had $51,117,560 in expenses, which was directly supported by program specific revenues as noted in the second bullet.

- Total fund balances of governmental funds (i.e. General Fund, Building Fund, and Bond Fund) increased by $5,490,192, or 28% from June 30, 2011 to June 30, 2012.

- Among major funds, the General Fund had $46,495,973 in revenues and $41,285,317 in expenditures. The General Fund's fund balance increased by $5,210,656 from June 30, 2011 to June 30, 2012.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Overview of the Financial Statements

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

- 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, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining 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 section provides further explanations and provides additional support for the financial statements.

Government-Wide Financial Statements - Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2011 - 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business like activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds

The district is the trustee, or fiduciary, for student body funds and a foundation trust fund. All of the district's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the district's fund and government-wide financial statements because the district cannot use these assets to finance its operations.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets as of June 2012 as compared to June 2011:

Table 1 - Summary of Net Assets

	2012	2011	Increase (Decrease)	Percent
Assets				
Current and Other Assets	$ 26,632,282	$ 22,978,611	$ 3,653,671	15.9%
Capital Assets	49,934,422	52,740,209	(2,805,787)	-5.3%
Total Assets	$ 76,566,704	$ 75,718,820	$ 847,884	1.1%
Liabilities				
Other Liabilities	$ 2,663,743	$ 4,393,881	$ (1,730,138)	-39.4%
Long-Term Liabilities	46,266,896	48,004,608	(1,737,712)	-3.6%
Total Liabilities	$ 48,930,639	$ 52,398,489	$ (3,467,850)	-6.6%
Net Assets				
Invested in Capital Assets, Net of Debt	$ 7,511,402	$ 7,760,923	$ (249,521)	-3.2%
Restricted	12,584,150	9,928,081	2,656,069	26.8%
Unrestricted	7,540,513	5,631,327	1,909,186	33.9%
Total Net Assets	$ 27,636,065	$ 23,320,331	$ 4,315,734	18.5%

Total assets of governmental activities increased by $847,884, and net capital assets decreased by $2,805,787 because of current year depreciation. Unrestricted net assets of the District; which do not have constraints from grantors, legal requirements, or legislation, increased by $1,909,186.

Table 2 shows the changes in net assets from fiscal year 2010-11 to 2011-12.

Table 2 - Change in Net Assets

	2012	2011	Increase (Decrease)	Percent
Revenues				
Program Revenues:				
Charges for Services	$ 447,335	$ 376,625	$ 70,710	18.8%
Operating Grants and Contributions	12,396,556	11,566,367	830,189	7.2%
General Revenues:				
Property Taxes	34,701,533	33,405,628	1,295,905	3.9%
Grants and Entitlements - Unrestricted	4,174,711	3,525,705	649,006	18.4%
Other	3,713,159	3,750,358	(37,199)	-1.0%
Total Revenues	55,433,294	52,624,683	2,808,611	5.3%
Program Expenses				
Instruction	31,491,961	30,931,396	560,565	1.8%
Instruction-Related Services	5,702,094	5,631,635	70,459	1.3%
Pupil Services	3,602,628	3,709,031	(106,403)	-2.9%
General Administration	2,929,146	2,568,811	360,335	14.0%
Plant Services	4,465,786	4,665,945	(200,159)	-4.3%
Ancillary Services	22,860	79,509	(56,649)	-71.2%
Interest and Fiscal Charges	2,903,085	2,379,223	523,862	22.0%
Total Expenses	51,117,560	49,965,550	1,152,010	2.3%
Change in Net Assets	$ 4,315,734	$ 2,659,133	$ 1,656,601	62.3%

Property taxes comprised 63% of District revenues for fiscal year 2011-12. Direct Instruction Costs comprised 62% of District expenses for fiscal year 2011-12.

Total revenues increased by 5.3% and total expenses increased by 2.3% for fiscal year 2011-12.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

Table 3 - Net Cost of Services

Function	2012	2011	Increase (Decrease)	Percent
Instruction	$ 22,641,460	$ 25,037,761	$ (2,396,301)	-9.57%
Instruction-Related Services	4,625,743	3,282,574	1,343,169	40.92%
Pupil Services	1,000,000	514,386	485,614	94.41%
General Administration	2,697,999	2,331,161	366,838	15.74%
Plant Services	4,382,739	4,535,427	(152,688)	-3.37%
Ancillary Services	22,643	(57,974)	80,617	-139.06%
Interest and Fiscal Charges	2,903,085	2,379,223	523,862	22.02%
Total Expenses	$ 38,273,669	$ 38,022,558	$ 251,111	0.66%

Direct Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services and Instruction-related Services include the activities involved with assisting staff with the content and process of teaching to pupils.

General Administration includes the costs for the Board of Trustees, administration, fiscal and business services and other expenses associated with administrative and financial supervision of the District.

Plant Services includes the operation and maintenance of plant activities, which involve keeping the school grounds, buildings, and equipment in an effective working condition.

Facilities Acquisition and Construction includes activities concerned with capital projects, such as acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-in equipment, and improving sites.

Ancillary Services includes the operation of non-instructional services including the preparation, delivery, and servicing of lunches, snacks and other incidental meals.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

The dependence upon tax revenues is apparent, 77% of the District's activities are supported through taxes and other general revenues. The community, as a whole, is the primary support for the District.

The District's Funds

The District's governmental funds report a combined fund balance of $25,021,105, which is an increase of $5,490,192 from last year's total. Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Change in Fund Balances

Funds	2012	2011	Increase (Decrease)
General Fund	$ 18,257,670	$ 13,047,014	$ 5,210,656
Child Development Fund	68,562	54,604	13,958
Cafeteria Fund	244,015	388,399	(144,384)
Deferred Maintenance Fund	692,138	575,426	116,712
Building Fund	667,731	952,149	(284,418)
Capital Facilities Fund	1,086,378	606,344	480,034
Bond Interest & Redemption Fund	4,004,611	3,906,977	97,634
Total Governmental Fund Balances	$ 25,021,105	$ 19,530,913	$ 5,490,192

General Fund Budgeting Highlights

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

During the course of the 2011-12 fiscal year, the District revised its General Fund budget twice - at 1st Interim and 2nd interim, which resulted in an increase in budgeted expenditures of $4,239,465. The overall increase in expenditures is largely due to additional expenditures generated from restricted ending balance/deferred income from prior year and increased expenditures in Special Education programs.

For the General Fund, the 2nd Interim budget basis revenue and other financing sources estimate was $44,445,519. The original budgeted estimate was $42,972,428.

Capital Assets

At the end of the fiscal year 2012, the District had $49,934,422 invested in land, buildings, furniture and equipment, and vehicles located at twelve sites within the city of Mountain View.

Table 5 shows June 2012 balances as compared to June 2011.

Table 5 - Summary of Capital Assets Net of Depreciation

	2012			2011	
Capital Asset	Cost	Accumulated Depreciation	Net Capital Asset	Net Capital Asset	Percentage Change
Land	$ 1,341,037	$ -	$ 1,341,037	$ 1,341,037	0.0%
Buildings and Improvements	95,821,723	47,421,566	48,400,157	51,165,625	-5.4%
Property and Equipment	2,438,054	2,244,826	193,228	147,167	31.3%
Work-in-Progress	-	-	-	86,380	-100.0%
Totals	$ 99,600,814	$ 49,666,392	$ 49,934,422	$ 52,740,209	-5.3%

Overall capital assets decreased by 5.3% from fiscal year 2011 to fiscal year 2012 because of $3.4 million in current depreciation net $.6 million in capital asset additions.

Long Term Debt

Table 6 summarizes the percent changes in Long-term Debt over the past two years.

Table 6 - Long-term Debt

Type of Debt	2012	2011	Percentage Change
General obligation bonds	$ 49,802,572	$ 45,359,447	9.80%
Loss on early retirement of bonds	(7,546,916)	(722,223)	944.96%
Unamortized bond premiums - net	291,798	495,966	-41.17%
Net OPEB obligation	3,693,762	2,844,038	29.88%
Compensated absences	25,680	27,380	-6.21%
Total Debt	$ 46,266,896	$ 48,004,608	-3.62%

Factors Bearing on the District's Future

In November 2012, California voters will determine whether additional tax funds will be available to fund public education. If this measure fails, Governor Brown has proposed automatic trigger cuts of approximately $457 per student. While the District has set aside reserves to offset these trigger cuts, the ongoing cuts will dramatically reduce the District reserves. Additionally, in 2011-12, the District received a one-time grant from Google to support professional development. We have budgeted to spend those funds in 2012-13 and do not assume that the grant funds will continue. To offset these reductions in revenue the District is planning on using cash reserves and reducing expenses through efficiency over the next three years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Ms. Terese McNamee, Chief Business Officer, Mountain View Whisman School District, 750-A San Pierre Way, Mountain View, CA 94043

Basic Financial Statements

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

		Governmental Activities
Assets		
Current Assets:		
Cash and investments	$	24,267,477
Accounts receivable		2,185,277
Stores inventories		53,856
Prepaid expenses		1,238
Total Current Assets		26,507,848
Noncurrent Assets:		
Unamortized bond issuance costs - net		124,434
Land		1,341,037
Building and improvements		95,821,723
Equipment		2,438,054
Less accumulated depreciation		(49,666,392)
Total Noncurrent Assets		50,058,856
Total Assets	$	76,566,704
Liabilities		
Current Liabilities:		
Accounts payable	$	754,341
Unearned revenue		732,402
Accrued interest		1,177,000
Total Current Liabilities		2,663,743
Long-term Liabilities:		
Due within one year:		
General obligation bonds payable		2,425,859
Due after one year:		
General obligation bonds payable		47,376,713
Net OPEB obligation		3,693,762
Compensated absences payable		25,680
Deferred loss on early retirement of long-term debt		(7,546,916)
Unamortized bond premiums - net		291,798
Total due after one year		43,841,037
Total long-term Liabilities		46,266,896
Total Liabilities	$	48,930,639
Net Assets		
Invested in capital assets, net of related debt	$	7,511,402
Restricted for:		
Capital projects		1,754,109
Debt service		4,004,611
Educational programs		6,786,560
Total restricted net assets		12,545,280
Unrestricted		7,579,383
Total Net Assets	$	27,636,065

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental activities				
Instruction	$ 31,491,961	$ -	$ 8,850,501	$ (22,641,460)
Instruction-related services:				
Supervision of instruction	928,357	-	306,622	(621,735)
Instruction library, media and technology	940,924	-	311,616	(629,308)
School site administration	3,832,813	-	458,113	(3,374,700)
Pupil services:				
Home-to-school transportation	768,606	10,188	538,288	(220,130)
Food services	1,990,378	406,361	1,398,839	(185,178)
All other pupil services	843,644	-	248,952	(594,692)
General administration:				
Data processing	387,969	-	-	(387,969)
All other general administration	2,541,177	21,103	210,044	(2,310,030)
Plant services	4,465,786	9,683	73,364	(4,382,739)
Ancillary services	22,860	-	217	(22,643)
Interest on long-term debt	2,903,085	-	-	(2,903,085)
Total governmental activities	$ 51,117,560	$ 447,335	$ 12,396,556	(38,273,669)
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				26,422,892
Taxes levied for debt service				5,469,169
Taxes levied for other specific purposes				2,809,472
Federal and state aid not restricted to specific purposes				4,174,711
Interest and investment earnings				122,469
Miscellaneous				3,590,690
Total general revenues				42,589,403
Change in net assets				4,315,734
Net assets beginning				23,320,331
Net assets ending				$ 27,636,065

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 17,352,794	$ 668,394	$ 4,001,251	$ 2,245,038	$ 24,267,477
Accounts receivable	2,031,663	1,044	3,360	149,210	2,185,277
Due from other funds	106,305	8	-	2,772	109,085
Stores inventories	14,986	-	-	38,870	53,856
Prepaid expenditures	1,238	-	-	-	1,238
Total Assets	$ 19,506,986	$ 669,446	$ 4,004,611	$ 2,435,890	$ 26,616,933
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 675,505	$ 1,715	$ -	$ 77,121	$ 754,341
Due to other funds	2,610	-	-	106,475	109,085
Deferred revenue	571,201	-	-	161,201	732,402
Total Liabilities	1,249,316	1,715	-	344,797	1,595,828
Fund balances:					
Nonspendable:					
Revolving fund	8,000	-	-	-	8,000
Stores inventories	14,986	-	-	38,870	53,856
Prepaid expenditures	1,238	-	-	-	1,238
Restricted for:					
Educational programs	6,512,853	-	-	-	6,512,853
Debt service	-	-	4,004,611	-	4,004,611
Child development programs	-	-	-	68,562	68,562
Cafeteria programs	-	-	-	205,145	205,145
Capital projects	-	667,731	-	1,086,378	1,754,109
Committed for:					
Other postemployment benefits	3,104,479	-	-	-	3,104,479
Assigned for:					
Educational programs	118,022	-	-	-	118,022
Site repairs	-	-	-	692,138	692,138
Unassigned:					
Unappropriated	8,498,092	-	-	-	8,498,092
Total Fund Balances	18,257,670	667,731	4,004,611	2,091,093	25,021,105
Total Liabilities and Fund Balances	$ 19,506,986	$ 669,446	$ 4,004,611	$ 2,435,890	$ 26,616,933

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balances - governmental funds		$ 25,021,105
Amounts reported for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $99,600,814 and the accumulated depreciation is $49,666,392.		49,934,422
To recognize accrued interest at year end which is not reported in the governmental funds		(1,177,000)
In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issuance costs have been included in the statement of assets as follows:		124,434
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:		
General obligation bonds	$ 49,802,572	
Deferred loss on early retirement of long-term debt	(7,546,916)	
Unamortized premiums from bond refunding	291,798	
Net OPEB obligation	3,693,762	
Compensated absences (vacation)	25,680	(46,266,896)
Total net assets - governmental activities		$ 27,636,065

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Revenue limit sources	$ 26,530,841	$ -	$ -	$ -	$ 26,530,841
Federal	2,503,557	-	-	1,613,417	4,116,974
Other state	6,165,338	-	-	571,426	6,736,764
Other local	11,296,237	5,134	5,480,073	1,267,272	18,048,716
Total revenues	46,495,973	5,134	5,480,073	3,452,115	55,433,295
Expenditures:					
Instruction	28,354,959	-	-	392,996	28,747,955
Instruction-related services:					
Supervision of instruction	926,338	-	-	-	926,338
Instruction library, media and technology	770,096	-	-	-	770,096
School site administration	3,322,384	-	-	224,237	3,546,621
Pupil services:					
Home-to-school transportation	733,116	-	-	-	733,116
Food services	-	-	-	1,939,473	1,939,473
All other pupil services	838,870	-	-	-	838,870
General administration:					
Data processing	387,969	-	-	-	387,969
All other general administration	2,334,527	-	-	119,145	2,453,672
Plant services	3,594,198	-	-	72,617	3,666,815
Ancillary services	22,860	-	-	-	22,860
Facility acquisition and construction	-	289,552	-	237,327	526,879
Debt service:					
Principal	-	-	2,732,580	-	2,732,580
Interest and other costs	-	202,668	2,649,859	-	2,852,527
Total expenditures	41,285,317	492,220	5,382,439	2,985,795	50,145,771
Excess (deficiency) of revenues over (under) expenditures	5,210,656	(487,086)	97,634	466,320	5,287,524
Other financing sources (uses):					
Defeasance of general obligaiton bonds	-	(10,677,332)	-	-	(10,677,332)
Proceeds from bond issuances	-	10,880,000	-	-	10,880,000
Total other financing sources (uses)	-	202,668	-	-	202,668
Net change in fund balances	5,210,656	(284,418)	97,634	466,320	5,490,192
Fund balance beginning as restated	13,047,014	952,149	3,906,977	1,624,773	19,530,913
Fund balances ending	$ 18,257,670	$ 667,731	$ 4,004,611	$ 2,091,093	$ 25,021,105

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds		$ 5,490,192
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities , the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of $614,942 is less than depreciation expense of $3,420,729 in the period.		(2,805,788)
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Proceeds from bond issuance	$ (10,880,000)	
Defeasance of general obligation bonds	10,677,332	
Repayment of bond principal	2,732,580	2,529,912
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The difference between premiums or discounts recognized in the current period and amortized over future periods is:		204,168
In governmental funds, debt issuance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issuance costs are amortized over the life of the debt. The difference between debt issuance costs recognized in the current period and issuance costs amortized for the period is:		(29,470)
In governmental funds, deferred loss on early retirement of long-term debt is recognized as other finances uses. In the government-wide statements, the deferred losses on early retirement of long-term debt is amortized over the life of the debt. The difference between other financing uses and amortization is:		(148,343)
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned was less than the amounts used by:		1,700
In the statement of activities, the net other postemployment benefits obligation is measured by deducting the amount contributed to the plan from the annual required contribution as actuarially determined. In governmental funds, this obligation is not recorded because it is not paid with current financial resources and only current contributions are expended. The total amount reported as an expense in the statement of activities was $1,129,351 net expenditures of $279,627 reported in the fund statements:		(849,724)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(76,913)
Changes in net assets of governmental activities		$ 4,315,734

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Expendable Trust Fund	Student Body Agency Fund	Total
Assets			
Cash in county treasury	$ 426,703	$ -	$ 426,703
Cash on hand and in banks	-	74,799	74,799
Accounts receivable	664	-	664
Total Assets	$ 427,367	$ 74,799	$ 502,166
Liabilities			
Accounts payable	$ -	$ 74,799	$ 74,799
Total Liabilities	$ -	$ 74,799	$ 74,799
Net Assets			
Restricted	427,367	-	427,367
Total Net Assets	$ 427,367	$ -	$ 427,367

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Expendable Trust Fund
Additions	
Other local	$ 16,892
Deductions	
Services & other operating expenditures	128,334
Changes in net assets	(111,442)
Net assets beginning	538,809
Net assets ending	$ 427,367

The notes to the financial statements are an integral part of this statement

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The Mountain View Whisman School District (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).

B. Reporting Entity

The district is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The district's combined financial statements include the accounts of all its operations. The district evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2012, the district does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the district.

The government-wide 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 the 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 that 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 nonmajor 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.

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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the district, "available" means collectible within the current period or within 60 days after year-end.

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 the 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.

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's accounts are organized into major, nonmajor, and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the district. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Building Fund* is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of the funding of general obligation bonds issued by the district.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The district maintains three non-major special revenue funds:

- The Child Development Fund is used to account for resources committed to child development programs maintained by the district.

- The Cafeteria Fund is used to account for revenues received and expenditures made to operate the district's food service programs.

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

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The district maintains one non-major capital projects fund:

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

Fiduciary Funds:

Expendable Trust Funds are used to account for donations which have the stipulation that principal be expended for a specific purpose. The following expendable trust fund is utilized:

- The Foundation Trust Fund exists primarily to account for money received from gifts or bequests.

Agency Funds are used to account for assets of others for which the district acts as an agent. The district maintains an agency fund for the student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the district.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles 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 district superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

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.

G. 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 on June 30.

H. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation except for non-interest bearing accounts which are completely insured.

In accordance with *Education Code* Section 41001, the district maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

2. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The district's central warehouse inventory is valued at a moving average cost and consists of expendable supplies held for consumption. The district has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The district has chosen to report the expenditure during the benefiting period.

3. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of $25,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Improvement of sites	20
Buildings	50
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Vehicles	8
Computer system and equipment	5
Office equipment	5

4. 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.

5. Compensated Absences

All vacation pay plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

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

7. Fund Balance Classifications

The District maintains a minimum unassigned fund balance of not less than 3 percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aide districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and the Assistant Superintendent of Business Services.

- Unassigned - includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

In order to comply with the requirements of GASB 54, the District has combined transactions in the Special Reserve fund for Other than Capital Outlay (Special Reserve Fund) and the Special reserve fund for Other Postemployment Benefits (OPEB Fund) with the General Fund. The Special Reserve Fund and the OPEB Fund do not meet the definition of a special revenue fund as defined by GASB 54.

8. <u>Net Assets</u>

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

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Legally restricted restrictions reflect the amounts to be expended for federal and state funded educational programs.

Unrestricted net assets reflect net assets that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year.

9. <u>Revenue Limit/Basic Aide/Property Taxes</u>

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

The county 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 March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 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 (March 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 alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

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

The California Department of Education reduces the district's entitlement by the district's local property tax revenue. When the District's property taxes exceed the district's entitlement, the district becomes a basic aide school district and does not receive a state apportionment.

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

10. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other school districts in the County to form the South Bay Area Schools Insurance Authority (SBASIA) and the Santa Clara County Schools Insurance Group (SCCSIG) public entity risk pools currently operating as common risk management and insurance programs. The District pays an annual premium for its property and casualty, workers' compensation, unemployment and liability insurance coverage. The Joint Powers Agreements provide that SBASIA and SCCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

11. Accounting Estimates

The presentation 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 the reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

12. New Accounting Pronouncements

Summary of Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions an amendment of GASB Statement No. 5 (Issued 06/11). The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement were implemented as of June 30, 2012 and did **not** have a significant impact on the entity's financial statements.

13. Upcoming Accounting and Reporting Changes

Summary of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (Issued 12/10). The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The implementation of this standard will **not** have a significant impact on the Entity's financial statements.

Summary of Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (Issued 06/11). This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in

Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The implementation of this standard will **not** have a significant impact on the Entity's financial statements.

Summary of Statement No. 65 Items Previously Reported as Assets and Liabilities (Issued 03/12). This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The implementation of this standard will **not** have a significant impact on the Entity's financial statements.

Summary of Statement No. 67 Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25 (Issued 06/12). This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged. The determination of the impact on the Entity's financial statements from the implementation of this standard is pending as of the issuance date of this report.

Summary of Statement No. 68 Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (Issued 06/12). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged. The determination of the impact on the Entity's financial statements from the implementation of this standard is pending as of the issuance date of this report.

NOTE 2 - CASH AND INVESTMENTS

Summary of Deposits

A summary of deposits as of June 30, 2012, is as follows:

Deposit or Investment	Carrying Amount	Fair Value	Investment Rating
Government-Wide Statements:			
Cash in county treasury investment pool	$ 24,215,926	$ 24,201,129	AA
Cash in banks	20,371	20,371	NA
Cash in revolving fund	8,000	8,000	NA
Cash with fiscal agent	23,180	23,180	NA
Total Government-Wide Cash and Investments	24,267,477	24,252,680	
Fiduciary Funds:			
Cash in county treasury investment pool	426,703	426,442	AA
Cash in banks	74,799	74,799	NA
Total Cash and Investments	$ 24,768,979	$ 24,753,921	

Cash in banks and revolving funds

Except for fully insured non-interest bearing accounts, cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2012, the bank balance of the District's accounts with banks was $75,274, which was fully insured by FDIC.

Cash in County Treasury

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

Policies and Practices

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

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District keeps cash in the Santa Clara County Investment Pool which had a fair value of approximately $3.85 billion and an amortized book value of $3.83 billion. The average weighted maturity for this pool is 472 days.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Santa Clara County Investment Pool is governed by the County's general investment policy, which is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The County's investment policy limits all investments to the top three ratings issued by at least two of the nationally recognized statistical rating organizations (NRSRO).

Custodial Credit Risk – Deposits

Custodial credit risk 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. 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.

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. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2012:

Receivables	General Fund	Building Fund	Bond Interest Redemption	Nonmajor Funds	Total
Federal Government:					
Special Education	$ 225,248	$ -	$ -	$ -	$ 225,248
Title III - LEP	123,158	-	-	-	123,158
Child Nutrition	-	-	-	98,461	98,461
State Government:					
Lottery	234,936	-	-	-	234,936
Class Size Reduction	740,757	-	-	-	740,757
Lottery: Instructional Material	127,096	-	-	-	127,096
Other Resources	580,468	1,044	3,360	50,749	635,621
Total Accounts Receivable	$ 2,031,663	$ 1,044	$ 3,360	$ 149,210	$ 2,185,277

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as 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/expenses. 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. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2012, interfund payables and receivables consisted of the following:

	Due From (receivable in)			
Due To (payable in)	General Fund	Building Fund	Nonmajor Funds	Total Due To
General Fund	$ -	$ -	$ 2,610	$ 2,610
Building Fund	-	-	-	-
Nonmajor Funds	106,305	8	162	106,475
Total Due From	$ 106,305	$ 8	$ 2,772	$ 109,085

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. There were no Interfund transfers for fiscal year 2011-2012.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2012, is shown below:

Capital Assets	Balance July 01, 2011	Additions	Deletions	Balance June 30, 2012
Land - not depreciable	$ 1,341,037	$ -	$ -	$ 1,341,037
Work-in-progress - not depreciable	86,380	-	(86,380)	-
Buildings and improvements	95,263,960	557,763	-	95,821,723
Equipment	2,294,495	143,559	-	2,438,054
Total capital assets	98,985,872	701,322	(86,380)	99,600,814
Less accumulated depreciation for:				
Buildings and improvements	44,098,335	3,323,231	-	47,421,566
Equipment	2,147,328	97,498	-	2,244,826
Total accumulated depreciation	46,245,663	3,420,729	-	49,666,392
Total capital assets - net depreciation	$ 52,740,209	$ (2,719,407)	$ (86,380)	$ 49,934,422

Depreciation expense was charged to governmental activities as follows:	
Instruction	$ 1,895,982
Supervision of instruction	2,019
Instruction library, media and technology	170,828
School site administration	286,192
Home-to-school transportation	35,490
Food services	50,905
All other pupil services	4,774
All other general administration	87,505
Plant services	887,034
Total depreciation expense	$ 3,420,729

NOTE 6 - SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes in long-term debt for the year ended June 30, 2012:

Long-term Debt	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
General Obligation Bonds	$ 45,359,447	$ 10,880,000	$ 6,436,875	$ 49,802,572	$ 2,425,859
Loss on early retirement of bonds	(722,223)	-	(148,343)	(573,880)	-
Unamortized bond premiums - net	495,966	-	204,168	291,798	-
Net OPEB obligation	2,844,038	1,129,351	279,627	3,693,762	-
Compensated Absences	27,380	-	1,700	25,680	-
Total Long-Term Debt	$ 48,004,608	$ 12,009,351	$ 6,774,027	$ 53,239,932	$ 2,425,859

Payments for the capital lease obligations are paid from the General Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund from local revenues. The accrued vacation and other postemployment benefits will be paid by the fund for which the employee worked.

NOTE 7 - GENERAL OBLIGATION BONDS

Through elections, the district received authorization to issue general obligation bonds (GOB) that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

In prior years, the district defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the district's financial statements.

In August of 2006, the District issued $16,239,685 in General Obligation Refunding Bonds with an average interest rate of 4.375% to partially refund $14,895,000 of outstanding 1998 Series A, 1998 Series C, 1998 Series D and 1998 Series E bonds ("refunded") with an average interest rate of 4.09%. The net proceeds of $15,923,796 (after payment of $316,113 in underwriting fees, insurance, and other issuance costs and an additional $1,794,000 cash withheld for capital outlay) was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,794,224. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2014 using the straight-line method. The District completed the advance refunding to finance additional cash for capital outlay, which resulted in an increase of $198,425 in total debt service payments over the next 22 years. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of $687,574.

In 2011, the District issued $2,645,000 in General Obligation Refunding Bonds with interest rates of 4-5% to refund $2,615,000 of outstanding 1998 Series A bonds ("refunded") with an interest rate of 3.5-5%. The net proceeds of $2,712,593 (after payment of $89,000 in underwriting fees, insurance, and other issuance costs) included a premium of $156,593 and was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $186,593. The District completed the advance refunding to finance additional cash for capital outlay, which resulted in a decrease of $94,128 in total debt service payments over the next 9 years. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of $224,878.

In 2012, the District issued $10,880,000 in General Obligation Refunding Bonds with interest rates of .751-2.973% to refund $10,699,000 of outstanding 1998 Series A bonds ("refunded"), including compound interest of $6,994,704 and principal of $3,704,296, with an interest rate of 3.5-5%. The net proceeds of $10,677,332 (after payment of $202,668 in underwriting fees, insurance, and other issuance costs) was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,457,872. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of $1,350,053.

The following schedule summarizes District's outstanding General Obligation Bonds as of June 30, 2012:

Bond	Interest Rate	Year of Issue	Maturity Date	Original Issue	Outstanding July 1, 2011	Redeemed	Outstanding June 30, 2012
1998 Revenue Bonds, Series A	6.5-6.95%	1998	8/1/2021	$ 14,821,025	$ 5,144,472	$ 4,297,683	$ 846,789
1996 GOB Series B	4.65-5.48%	1997	8/1/2022	6,784,646	4,119,485	249,036	3,870,449
1996 GOB Series C	4.3-5.53%	1999	2/1/2024	6,499,471	5,261,447	197,705	5,063,742
1996 GOB Series D	5.11-6.28%	2000	2/1/2025	5,298,641	4,604,358	125,256	4,479,102
1998 GOB Series D	3.75-4.75%	2002	6/1/2012	10,000,000	325,000	325,000	-
1998 GOB Series E	2.75-4.5%	2003	9/1/2015	3,000,000	475,000	90,000	385,000
2005 GOB Series A	3.25-5%	2005	7/1/2025	9,090,000	7,645,000	425,000	7,220,000
2006 GOB	3.5-5.25%	2006	9/1/2021	16,239,685	15,139,685	242,195	14,897,490
2010 GOB	4-5%	2010	9/1/2019	2,645,000	2,645,000	485,000	2,160,000
2012 GOB	.751-2.973%	2011	8/1/2021	10,880,000	10,880,000	-	10,880,000
Total General Obligation Bonds				$ 85,258,468	$ 56,239,447	$ 6,436,875	$ 49,802,572

The following is a summary of the District's annual debt service requirements as of June 30, 2012:

Year Ending June 30	Principal	Interest	Total
2013	$ 2,425,859	$ 2,936,518	$ 5,362,377
2014	2,342,080	2,954,175	5,296,255
2015	3,060,133	2,832,275	5,892,408
2016	4,017,165	2,114,466	6,131,631
2017	4,277,498	2,148,219	6,425,717
2018-2022	23,824,578	11,367,454	35,192,032
2023-2026	9,855,259	18,197,872	28,053,131
Total Debt Service	$ 49,802,572	$42,550,979	$92,353,551

NOTE 8 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The district participates in two joint ventures under joint powers agreements (JPA) with the Santa Clara County School District Insurance Group (SCCSIG) and the South Bay Area Schools Insurance Authority (SBASIA). The relationship between the district and the JPAs is such that the JPAs are not a component unit of the district for financial reporting purposes.

The SCCSIG arranges for and provides for workers' compensation for its member while the SBASIG arranges for and provides property and liability insurance for its members. The JPAs are governed by a board consisting of a representative from each member district. The board controls the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPAs. The following is a summary of coverage provided by each JPA, and each JPA's financial statement information:

Risk Management JPA's	SBASIA June 30, 2011	SCCSIG June 30, 2011
Total Assets	$ 4,660,164	$ 14,542,296
Total Liabilities	2,596,007	5,716,585
Total Equity	2,064,157	8,825,711
Total Revenues	3,288,291	29,515,349
Total Expenditures	3,595,923	30,342,454

SBASIA provides property and liability insurance coverage.
SCCSIG provides workers' compensation insurance and medical coverage
for classified and certificated employees.

NOTE 9 - 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. If the review or audit discloses exceptions, the district may incur a liability to grantor agencies.

B. Litigation

Various claims and litigation involving the district are currently outstanding. However, management of the district believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the district's financial position or results of operations.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS) and certificated employees are members of the State Teachers' Retirement System (STRS).

PERS

Plan Description. The district contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement 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% 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 district's required employer contribution rate for fiscal year 2012 was 10.923%. The contribution requirements of the plan members are established by state statute. For the fiscal year ending June 30, 2012, 2011 and 2010 the district contributed $641,910, $596,093, and $606,145 to CalPERS. These were the district's required contribution.

STRS

Plan Description. The district contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7919 Folsom Boulevard, Sacramento, California 95826.

Funding Policy. Active plan members are required to contribute 8% of their salary and the district is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-2012 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The district's contributions to STRS for the fiscal years ending June 30, 2012, 2011, and 2010, were $1,507,376, $1,457,503, and $1,491,058, respectively, and equaled 100% of the required contributions for each year.

Postemployment Healthcare Plan

Plan Description. The District's Postemployment Healthcare Plan (PHP) is a single-employer defined benefit healthcare plan. The District contributes toward post-retirement benefits for employees who retire after age 55 with at least 10 years of service are entitled to benefits. The District will pay the full monthly premiums for medical, dental and vision coverage, for the retired employee and eligible dependents. Coverage under this program is available to CSEA, CTA and NEA members, as well as Confidential, Supervisory, Classified Management and Certificated Administrators. The maximum payment by the District for medical coverage is for the lowest-cost family plan premium. The District payment is pro-rated for employees who were at least 50%, but less than 100%, FTE at the time of retirement. Payments continue for a maximum of 5 years, or until age 65 (eligibility for Medicare/Medical), whichever is first. After this benefit period has expired, the retiree may continue coverage by paying the full premiums.

Funding Policy. The required contribution to the PHP is based on projected pay-as-you-go financing requirements, with an additional amount transferred to the special reserve fund for postemployment benefits as determined annually by the Board of Trustees. The transfer to the special reserve fund for postemployment benefits does not qualify as a contribution to the plan since the District has control over the money in this fund. For the fiscal year ended June 30, 2012, the District contributed $279,627 to the plan from payment of current premiums and current retiree benefits.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	$	1,183,911
Interest on net OPEB obligation		102,764
Adjustment to annual required contribution		(157,324)
Annual OPEB cost (expense)		1,129,351
Contributions made		(279,627)
Increase in net OPEB obligation		849,724
Net OPEB obligation - beginning of year		2,844,038
Net OPEB obligation - end of year	$	3,693,762

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
6/30/2009	$ 1,104,000	11.67%	$ 975,190
6/30/2010	1,104,000	12.52%	1,940,981
6/30/2011	1,119,530	15.87%	2,844,038
6/30/2012	1,129,351	24.76%	3,693,762

Funded Status and Funding Progress. The most recent actuarial valuation date was July 1, 2010. The actuarial accrued liability for benefits was $9.1 million and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $9.1 million. The covered payroll (annual payroll of active employees covered by the plan) was $24.458 million, and the ratio of the UAAL to the covered payroll was 37 percent.

Actuarial Methods and Assumptions. Under the Projected Unit Credit method, the actual OPEB benefits expected to be paid on behalf of each retired employee in all future years are divided equally among all years of employment from hire to retirement. The actuarial present value of the benefits which are allocated to the current year is called the Normal Cost. The actuarial present value of the benefits which are allocated to past years, including the full value of benefits for all former employees, is called the Actuarial Accrued Liability, and is amortized over a period of future years. The ARC is the sum of that amortization and the Normal Cost. The remaining amortization period at June 30, 2012, was twenty-seven years.

In the July 1, 2010 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a discount rate of 4.00 percent per year and an annual healthcare cost trend rate of 7.6 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after ten years. The discount rate is the interest rate at which future benefit obligations are discounted back to the present time. GASB 45 requires that the discount rate reflect the expected investment return on the District's investments.

Required Supplementary Information (OPEB Schedule of Funding Progress)

Schedule of Funding Progress - Postemployement Healthcare Plan:						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c))
7/1/2010	$ -	$ 9,099,655	$ 9,099,655	0.00%	$ 24,457,598	37.21%

REQUIRED
SUPPLEMENTARY
INFORMATION

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
Revenue limit sources	$ 25,879,197	$ 26,103,337	$ 26,530,841	$ 427,504
Federal	2,307,158	2,758,535	2,503,557	(254,978)
Other state	5,556,346	5,884,454	6,165,338	280,884
Other local	9,229,727	9,699,193	11,296,237	1,597,044
Total revenues	42,972,428	44,445,519	46,495,973	2,050,454
Expenditures:				
Certificated salaries	17,936,329	19,241,290	18,697,193	544,097
Classified salaries	5,900,831	6,524,430	6,488,385	36,045
Employee benefits	9,057,616	9,094,320	8,944,756	149,564
Books and supplies	1,379,621	2,939,273	1,774,029	1,165,244
Services and other operating expenditures	5,796,251	6,514,495	5,500,099	1,014,396
Capital outlay	20,000	20,000	-	20,000
Other outgo	(14,737)	(18,432)	(119,145)	100,713
Total expenditures	40,075,911	44,315,376	41,285,317	-
Excess (deficiency) of revenues over (under) expenditures	2,896,517	130,143	5,210,656	2,050,454
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(200,380)	-	-	-
Total other financing sources (uses)	(200,380)	-	-	-
Net change in fund balances	2,696,137	130,143	5,210,656	2,050,454
Fund balance beginning as restated	13,047,014	13,047,014	13,047,014	
Fund balances ending	$ 15,743,151	$ 13,177,157	$ 18,257,670	$ 2,050,454

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Mountain View Whisman School District (the "District") in connection with the issuance of $50,000,000 of the District's Election of 2012 General Obligation Bonds, Series A (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District dated November 15, 2012. The District covenants and agrees as follows:

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

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

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

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

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

"Holder" shall mean the registered owner of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) or Section 5(b) of this Disclosure Certificate.

"Participating Underwriter" shall mean Piper Jaffray & Co., or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean, the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2012-13 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

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

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) State funding and property tax revenues received by the District for the last completed fiscal year;

(b) average daily attendance of the District for the last completed fiscal year;

(c) outstanding District indebtedness;

(d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(e) The current fiscal year assessed valuation of taxable property within the District; and

(f) Secured tax levy collections and delinquencies within the District, to the extent the Teeter Plan is discontinued by the County of Santa Clara (the "County") or, the Teeeter Plan, as adopted by the County, no longer applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for general obligation bonds of the District.

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

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

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

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

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

7. unscheduled draws on credit enhancement reflecting financial difficulties.

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

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction

has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled Bond calls.

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

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

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

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

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

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

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor

Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. <u>Amendment; Waiver</u>. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. <u>Additional Information</u>. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

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

Dated: ___________, 2013

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

By: ____

Chief Business Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

Name of Bond Issue: Election of 2012 General Obligation Bonds, Series A

Date of Issuance: _____________, 2013

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by ______________.

Dated:________________________

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

By ____[form only; no signature required]______

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APPENDIX D

ECONOMIC PROFILE OF THE CITY OF MOUNTAIN VIEW AND SANTA CLARA COUNTY

Information in this Appendix regarding the City of Mountain View and the County of Santa Clara has been assembled from various sources believed to be reliable; however, the District does not warrant the accuracy or thoroughness of this information. The Bonds are not an obligation or debt of the City of Mountain View or the County of Santa Clara.

The District is in Santa Clara County (the "County"), which lies immediately south of San Francisco Bay and is the fourth most populous county in the State. It encompasses an area of approximately 1,300 square miles. The County was incorporated in 1850 as one of the original 27 counties of the State and operates under a home rule charter, adopted by County voters in 1950 and amended in 1976.

The City of Mountain View ("Mountain View") is located on the San Francisco Peninsula, at the north end of State Route 85, where it meets U.S. Route 101. The historic route El Camino Real also runs through Mountain View. It is bounded to the northwest by Palo Alto, to the southwest by Los Altos, to the east by Sunnyvale, to the northeast by Moffett Federal Airfield, and to the north by the San Francisco Bay. It is surrounded by the Santa Cruz mountain range to the west and the Diablo mountain range to the east.

Mountain View has a Council-Manager form of government. The City Council consists of the Mayor and four Council members who are elected at large and is responsible for the policy making decisions of the City. The City Manager is appointed by the City Council to serve as administrator of City government and is responsible for preparation of the annual budget, managing personnel and implementing Council policies.

Population

The following table lists population estimates for the County, the Cities and the State for the past twelve years.

POPULATION ESTIMATES
County of Santa Clara, City of Mountain View and State of California
2001-2012

Year(1)	County of Santa Clara	City of Mountain View	State of California
2001	1,690,366	71,087	34,256,789
2002	1,693,230	70,912	34,725,516
2003	1,693,752	71,134	35,163,609
2004	1,695,602	70,999	35,570,847
2005	1,698,234	70,629	35,869,173
2006	1,706,676	70,609	36,116,202
2007	1,725,066	71,410	36,399,676
2008	1,747,912	72,063	36,704,375
2009	1,767,204	73,074	36,966,713
2010	1,781,427	73,958	37,223,900
2011	1,794,337	74,618	37,510,766
2012	1,816,486	75,275	37,678,563

(1) January 1 data.
Source: California State, Department of Finance, Demographic Research Unit. March 2010 Benchmark.

Personal Income

The following tables show the personal income and per capita personal income for the County, State of California and the United States from 2005-2010.

PERSONAL INCOME
County of Los Angeles, State of California, and United States
2005-2010
(Amounts in '000s)

Year	County of Santa Clara	California	United States
2005	$87,881,146	$1,387,661,013	$10,476,669,000
2006	96,092,804	1,495,533,388	11,256,516,000
2007	103,501,849	1,566,400,134	11,900,562,000
2008	104,331,553	1,610,697,843	12,380,225,000
2009	96,315,176	1,526,531,367	12,168,161,000
2010	103,636,350	1,587,403,857	12,353,577,000

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

PER CAPITAL PERSONAL INCOME[1]
County of Los Angeles, State of California, and United States
2005-2010

Year	County of Santa Clara	California	United States
2005	$52,457	$38,767	$35,424
2006	56,821	41,567	37,698
2007	60,456	43,240	39,461
2008	59,927	43,853	40,674
2009	54,565	42,395	39,635
2010	58,018	42,514	39,937

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Estimates for 2005-2010 reflect county population estimates available as of May 2012. All dollar estimates are in current dollars (not adjusted for inflation).

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

Industry and Employment

With respect to the County, the Cities and the State, the following table summarizes the civilian labor force, employment and unemployment for the calendar years 2007 through 2011.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
County of Santa Clara, City of Mountain View, City of Los Altos and State of California
2007-2011

Year	Area	Labor Force	Employment[1]	Unemployment[2]	Unemployment Rate[3]
2007	City of Mountain View	41,100	39,700	1,400	3.4%
	Santa Clara County	848,500	808,900	39,600	4.7
	State of California	17,970,800	17,011,000	959,800	5.3
2008	City of Mountain View	42,200	40,300	1,800	4.4%
	Santa Clara County	874,100	822,000	52,100	6.0
	State of California	18,251,600	16,938,300	1,313,200	7.2
2009	City of Mountain View	41,700	38,300	3,400	8.2%
	Santa Clara County	877,800	781,400	96,400	11.0
	State of California	18,250,200	16,163,900	2,086,200	11.4
2010	City of Mountain View	41,900	38,500	3,400	8.2%
	Santa Clara County	874,300	776,500	97,400	11.1
	State of California	18,316,400	16,051,500	2,264,900	12.4
2011	City of Mountain View	42,800	39,700	3,100	7.2%
	Santa Clara County	896,200	809,300	86,900	9.7
	State of California	18,384,900	16,226,600	2,158,300	11.7

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from un-rounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2010 Benchmark.

The following table shows the annual average industry employment for the County between 2007 and 2011.

INDUSTRY EMPLOYMENT & LABOR FORCE
Santa Clara County
2007-2010[(1)]

	2007	2008	2009	2010
Farm	3,900	3,800	3,500	3,500
Natural Resources and Mining	300	300	200	200
Construction	45,500	42,700	33,400	31,500
Manufacturing	163,800	165,600	153,300	150,100
Wholesale Trade	39,400	40,200	35,200	34,700
Retail Trade	84,600	82,800	77,100	76,100
Transportation, Warehousing and Utilities	13,300	13,100	11,900	11,800
Information	39,500	41,600	41,500	43,800
Financial Activities	36,800	34,400	31,200	30,500
Professional and Business Services	176,600	177,000	160,700	161,600
Education and Health Services	102,500	106,800	108,400	110,600
Leisure and Hospitality	75,300	76,800	73,500	73,200
Other Services	24,600	24,800	24,100	25,100
Government	94,300	94,800	93,400	90,600
Total All Industries	900,300	904,700	847,500	843,100

(1) Annual averages, unless otherwise specified.
Note: Data for 2011 is not yet available. Items may not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2011 Benchmark.

Largest Employers

The table below lists the principal employers in the County as of June 30, 2011.

LARGEST EMPLOYERS
County of Santa Clara
2011

Employer	# of Employees	Percentage of County Employment
County of Santa Clara	15,550	1.97%
Cisco Technology	13,000	1.65
Stanford University	10,400	1.28
Apple Computer, Inc.	10,101	1.27
Kaiser Permanente	10,000	1.06
Lockheed Martin	6,623	0.97
City of San Jose	5,684	0.74
Stanford Hospital & Clinics	5,569	0.71
Intel Corporation	5,001	0.64
Hewlett-Packard Co.	5,000	0.64
Applied Materials Inc.	3,746	0.48
SGI/Silicon Graphics Inc.	2,600	0.33

Source: County of Santa Clara 'Comprehensive Annual Financial Report' for the year ending June 30, 2011.

The table below lists the largest private employers in the City of Mountain View as of June 30, 2012.

LARGEST EMPLOYERS
City of Mountain View
2012

Employer	# of Employees	Percentage of City Employment
Google	12,000	10.3%
El Camino Hospital	2,994	2.6
Symantec/Verisign	2,885	2.5
LinkedIn	2,810	2.4
Intuit Corporation	1,969	1.7
Microsoft Corporation	1,700	1.5
Synopsis, Inc.	1,100	0.9
Palo Alto Medical Foundation	990	0.8
Siemens	238	0.2
Complete Genomics	150	0.1

Source: City of Mountain View 'Comprehensive Annual Financial Report' for the year ending June 30, 2012.

Construction Activity

Provided below are the building permits and valuations for the County, Mountain View and Los Altos for calendar years 2007 through 2011.

BUILDING PERMITS AND VALUATIONS
County of Santa Clara
2007-2011
(Dollars in Thousands)

	2007	2008	2009[2]	2010	2011
Residential	$1,359,207	$1,051,110	$578,690	$1,076,362	$1,005,884
Non-Residential	1,989,336	1,915,010	1,187,776	1,137,316	1,498,752
TOTAL[1]	$3,348,543	$2,966,120	$1,766,466	$2,213,678	$2,504,637
New Dwelling Units					
Single Family	1,964	1,259	667	815	978
Multiple Family	2,577	2,417	450	3,617	2,234
TOTAL[1]	4,451	3,676	1,117	4,432	3,212

(1) Columns may not add to totals due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
City of Mountain View
2007-2011
(Dollars in Thousands)

Valuation ($000's)	2007	2008	2009	2010	2011
Residential	$92,428	$62,635	$56,046	$32,183	$93,690
Non-Residential	11,463	6,655	4,461	73,958	143,060
TOTAL[(1)]	$103,891	$69,290	$60,507	$106,141	$236,750
New Dwelling Units					
Single Family	41	36	29	61	71
Multiple Family	82	8	0	10	306
TOTAL[(1)]	123	44	29	71	377

(1) Columns may not add to totals due to rounding.
Source: Construction Industry Research Board.

Retail Trade

The following table shows a six-year history of taxable sales for the County.

TAXABLE SALES
County of Santa Clara
2005-2010
(Dollars in Thousands)

	Retail and Food Permits	Retail and Food Taxable Transactions	Total Permits	Total Taxable Transactions
2005	20,820	$18,903,508	48,903	$30,193,802
2006	21,035	20,039,932	48,313	32,273,238
2007	20,480	20,790,258	47,651	33,663,448
2008	20,603	19,313,313	47,253	32,274,306
2009	26,695	16,385,238	43,396	27,427,709
2010	27,215	17,695,858	43,583	30,523,322

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

The following tables show six-year histories of taxable sales for the cities of Mountain View and Los Altos.

TAXABLE SALES
City of Mountain View
2005-2010
(Dollars in Thousands)

	Retail and Food Permits	Retail and Food Taxable Transactions	Total Permits	Total Taxable Transactions
2005	1,052	$892,404	2,504	$1,241,047
2006	1,072	969,754	2,458	1,337,309
2007	1,013	1,014,809	2,383	1,392,567
2008	993	975,733	2,313	1,383,936
2009	1,223	900,559	2,152	1,259,138
2010	1,236	928,955	2,100	1,333,081

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