NEW ISSUE — BOOK-ENTRY ONLY

RATINGS:
Standard & Poor's: AAA
(See "CERTIFICATE OF INSURANCE" and "MISCELLANEOUS — Ratings" herein).

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS — Tax Matters" herein.

$1,310,000
CAYUCOS ELEMENTARY SCHOOL DISTRICT
(San Luis Obispo, California)
General Obligation Bonds
Election of 2004, Series A
(Current Interest Bonds)

$1,006,287.20
CAYUCOS ELEMENTARY SCHOOL DISTRICT
(San Luis Obispo, California)
General Obligation Bonds
Election of 2004, Series A
(Capital Appreciation Bonds)

(Bank Qualified)

Current Interest Bonds Dated: Date of Delivery
Capital Appreciation Bonds Dated: Date of Delivery

Due: August 1 as shown on the inside front cover

The Current Interest Bonds and the Capital Appreciation Bonds (collectively "the Bonds") are issued by the Cayucos Elementary School District (the "District"), and the Board of Supervisors of San Luis Obispo is empowered and is obligated to annually levy ad valorem taxes, without limitation as to rate or amount, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), for the payment of interest on, and principal of, the Current Interest Bonds, and for the payment of Accreted Value on the Capital Appreciation Bonds, all as more fully described herein under "THE BONDS" and "AD VALOREM PROPERTY TAXATION."

Interest on the Current Interest Bonds is payable semiannually on each February 1 and August 1 commencing February 1, 2006. The Capital Appreciation Bonds will not bear current interest, but will accrete interest, at their stated Bond Yields, as defined herein, commencing on their date of delivery, from their respective Denominational Amounts, as defined herein, to their respective Maturity Values, as defined herein, on their respective maturity dates. Interest in the Capital Appreciation Bonds will compound semiannually on each August 1 and February 1 commencing August 1, 2005. See "INTRODUCTION — Definitions Regarding the Bonds". The Bonds, when delivered, will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds as described herein under "THE BONDS — Book-Entry System."

The Current Interest Bonds due on or before August 1, 2012, are not subject to optional redemption; the Current Interest Bonds due on and after August 1, 2013, are subject to optional redemption as described herein. The Capital Appreciation Bonds due on or before August 1, 2015, are not subject to optional redemption; the Capital Appreciation Bonds due on and after August 1, 2016, are subject to optional redemption as described herein. See "THE BONDS — Redemption."

Payment of the denominational amount and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by XL Capital Assurance Inc. simultaneously with the delivery of the Bonds. See "CERTIFICATE OF INSURANCE".

The following firm, serving as financial advisor to the District, has structured this financing

MATURITY SCHEDULE
(on inside front cover)

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York, on or about March 29, 2005.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK 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.

Official Statement Date: March 15, 2005

$1,310,000
CURRENT INTEREST BONDS

MATURITY SCHEDULE
(Base CUSIP[1]: 14976P)

Maturity (August 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP[1]
2006	$ 10,000.00	5.000%	2.500%	AA 3
2007	45,000.00	5.000	2.700	AB 1
2008	55,000.00	5.000	2.800	AC 9
2009	65,000.00	5.000	3.000	AD 7
2010	80,000.00	5.000	3.150	AE 5
2011	95,000.00	5.000	3.300	AF 2
2012	105,000.00	5.000	3.500	AG 0
2013	120,000.00	3.625	3.700	AH 8
2014	130,000.00	3.750	3.800	AJ 4

$605,000 5.25% Term Bond due August 1, 2029, Yield 4.25% (CUSIP: AK 1)

$1,006,287.20
CAPITAL APPRECIATION BONDS

MATURITY SCHEDULE
(Base CUSIP[1]: 14976P)

Maturity (August 1)	Denominational Amount	Bond Yield	Reoffering Yield	Maturity Value	CUSIP[1]
2015	$73,208.80	6.370%	4.660%	$140,000	AL 9
2016	85,245.50	4.740	4.740	145,000	AM 7
2017	85,601.85	4.870	4.870	155,000	AN 5
2018	85,608.60	4.980	4.980	165,000	AP 0
2019	85,716.75	5.040	5.040	175,000	AQ 8
2020	87,753.40	5.100	5.100	190,000	AR 6
2021	86,448.00	5.200	5.200	200,000	AS 4
2022	86,073.10	5.350	5.350	215,000	AT 2
2023	84,683.25	5.400	5.400	225,000	AU 9
2024	82,294.65	5.500	5.500	235,000	AV 7
2025	82,107.50	5.550	5.550	250,000	AW 5
2026	81,545.80	5.600	5.600	265,000	AX 3

No dealer, broker, salesperson or other person has been authorized by the Cayucos Elementary School District (the "District") to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation 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 any 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 a representation of facts. The summaries and descriptions of 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 document, statute and constitutional provision.

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

THE PRICES AND OTHER TERMS OF THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER SUCH BONDS ARE RELEASED FOR SALE AND SUCH BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL SUCH BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES FOR SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT.

SAN LUIS OBISPO COUNTY

County Board of Supervisors

Shirley Bianchi
Chairperson, District 2

Katcho Achadjian
Vice-Chairperson, District4

Jerry Lenthall
District 3

Harry Ovitt
District 1

Jim Patterson
District 5

CAYUCOS ELEMENTARY SCHOOL DISTRICT

Board of Trustee

Ron Wilson
President

Elaine Thompson
Clerk

Ginger Ortiz
Member

Robert Schwennicke
Member

Jan Lewis
Member

District Administration

George Erdelyi
Superintendent

PROFESSIONAL SERVICES

Financial Advisor

Kelling, Northcross & Nobriga
A Division of Zions First National Bank
Oakland, California

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Paying Agent

U.S. Bank National Association
San Francisco, California

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OFFICIAL STATEMENT

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General Obligation Bonds	General Obligation Bonds
Election of 2004, Series A	Election of 2004, Series A
(Current Interest Bonds)	(Capital Appreciation Bonds)

(Bank Qualified)

INTRODUCTION

This introduction is not a summary of this official statement (the "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.

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of Cayucos Elementary School District (San Luis Obispo, California), General Obligation Bonds in the principal amount of $1,310,000 (the "Current Interest Bonds") and Election of 2004, Series A in the Denominational Amount of $1,006,287.20 (the "Capital Appreciation Bonds"), (collectively "the Bonds") as described more fully herein.

The District

The Cayucos Elementary School District (the "District") provides educational services to the residents of the town of Cayucos, and certain surrounding unincorporated areas in San Luis Obispo County (the "County"), in the State of California (the "State"). More detailed information regarding the area served by the District may be found under "DISTRICT INFORMATION," "DISTRICT TAX BASE INFORMATION," and "ECONOMIC PROFILE" herein.

Sources of Payment for the Bonds

The Bonds are issued by the District, and the Board of Supervisors of the County is empowered and is obligated to annually levy ad valorem taxes, without limitation as to rate or amount, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), as necessary for payment of interest on and principal of the Bonds. See "THE BONDS — Security and Sources of Payment," "AD VALOREM PROPERTY TAXATION" and "DISTRICT TAX BASE INFORMATION" herein.

Purpose of the Bonds

The proceeds of Bonds are authorized to replace old portable classrooms with new classrooms, construct a joint-use multi-purpose school/community center for athletics and performing arts and renovate a library for both the school and the community. See "THE BONDS — Purpose of Issue."

Definitions Regarding the Bonds

The terms set forth below have the following meanings:

"Accreted Interest" means the difference, as of the date of calculation, between the Denominational Amount and its Accreted Value, as these terms are defined below.

"Accreted Value" means the calculated value of a Bond upon discounting its Maturity Value semiannually at its Bond Yield to the date of calculation, assuming the Accreted Value increases between semiannual compounding dates on the basis of a 360-day year of twelve 30-day months commencing on the date of delivery. The semiannual compounding dates for calculation of Accreted Value are February 1 and August 1 beginning August 1, 2005. The Accreted Values are shown (per $5,000 maturity) in the Accreted Value Table(s) in APPENDIX F on the semiannual compounding dates and can be interpolated for any date between the dates given by straight line method on a 360-day basis.

"Accretion Rate" means the yield which discounts the Maturity Value of any Capital Appreciation Bond to its Denominational Amount, as those terms are defined herein (or, stated another way, the yield at which a Capital Appreciation Bond accretes in value from its Denominational Amount to its Maturity Value). Accretion Rate is calculated on the basis of a 360-day year of twelve 30-day months and on the basis of semiannual compounding on each February 1 and August 1, beginning on the date of delivery. Bond Yields for the Bonds appear as part of the Accreted Value Table(s) in APPENDIX F herein. The Bond Yield is not necessarily the same as the Reoffering Yield, as defined herein.

"Capital Appreciation Bond" means a bond, the interest component of which is compounded semiannually and paid at maturity. A Capital Appreciation Bond has a zero stated interest rate, but accretes in value on the basis of its Bond Yield, compounding semiannually, as described herein under "Accreted Value".

"Current Interest Bonds" means the Bonds the interest component of which is payable semi-annually on February 1 and August 1, commencing February 1, 2006.

"Denominational Amount" means the initial purchase price of any Capital Appreciation Bond at which it is purchased by the Underwriter, as hereinafter defined.

"Maturity Value" means the redemption price (or Accreted Value) of any Capital Appreciation Bond on its maturity date.

"Reoffering Price" means the price at which a Bond is initially reoffered to the public by the Underwriter.

"Reoffering Yield," for any Capital Appreciation Bond, means the yield which discounts the Maturity Value to its Reoffering Price. Reoffering Yield is calculated on the basis of a 360-day year of twelve 30-day months discounted semiannually on February 1 and August 1. The Reoffering Yield is not necessarily the same as the Bond Yield, as defined herein. Reoffering Yields on the Capital Appreciation Bonds appear on the inside cover page hereof and in APPENDIX F herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Education Code (the "Education Code") and other applicable law, and pursuant to resolutions adopted by the Board of Trustee of the District. See "THE BONDS — Authority for Issuance" herein.'

Description of the Bonds

Form, Denomination and Registration. The Bonds will be issued in fully registered form only, without coupons, and will be in denominations of $5,000 each for the Current Interest Bonds, dated as of the Delivery Date, and in Denominational Amounts corresponding to $5,000 Maturity Value each for the Capital Appreciation Bonds, or in any integral multiples thereof, except that one Capital Appreciation Bond may be issued in an odd Maturity Value, dated as of the Delivery Date, and will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. So long as DTC, or Cede & Co., as its nominee, is the registered owner of all the Bonds, payments on the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined herein) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined herein) will be the responsibility of the DTC Participants, as more fully described hereinafter. See "THE BONDS — Description of the Bonds, Book-Entry System" and "— Discontinuation of Book-Entry System; Payment to Beneficial Owners" herein.

Interest Payments and Interest Compounding. Interest on the Current Interest Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2006, from the Dated Date of Delivery, calculated on the basis of a 360-day year consisting of twelve 30-day months. The Capital Appreciation Bonds will not bear current interest, but will accrete interest, at their respective Bond Yields, commencing on their date of delivery, from their respective Denominational Amounts to their respective Maturity Values on their respective maturity dates. See "THE BONDS" herein.

Payment of Principal and Accreted Value. Principal of the Current Interest Bonds and Accreted Value of the Capital Appreciation Bonds, comprising both principal and interest, is payable on August 1 in each year due, as set forth on the inside cover page hereof. See "THE BONDS" herein.

Optional Redemption. The Current Interest Bonds maturing on and after August 1, 2013, may be redeemed prior to maturity at the option of the District beginning August 1, 2012. The Capital Appreciation Bonds maturing on and after August 1, 2016 may be redeemed prior to maturity at the option of the District beginning on August 1, 2015. See "THE BONDS — Redemption" herein.

Bond Insurance

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by XL Capital Assurance Inc. See "BOND INSURANCE" herein.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS — Tax Matters" herein.

Professionals Involved in the Offering

With respect to the Bonds, Kelling, Northcross & Nobriga, A Division of Zions First National Bank, Oakland, California, is the District's financial advisor (the "Financial Advisor") (see "MISCELLANEOUS — Financial Advisor" herein) and Jones Hall, A Professional Law Corporation, San Francisco, California is the District's bond counsel (the "Bond Counsel"). U.S. Bank National Association, San Francisco, California will act on behalf of the County as paying agent, registrar and transfer agent (the "Paying Agent") with respect to the Bonds. The Financial Advisor, Bond Counsel, and Paying Agent will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Offering and Delivery of the Bonds

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, respectively, 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 DTC in New York, New York on or about March 29, 2005.

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 Business Office, Cayucos Elementary School District, 301 Cayucos Drive, Cayucos, CA 93430 (805) 995-3694. The District may impose a charge for copying, mailing and handling. See also "MISCELLANEOUS — Continuing Disclosure" herein.

END OF INTRODUCTION

THE BONDS

Authority for Issuance

The Bonds are issued under the provisions of Chapter 1 and 1.5 of Part 10 of Division 2 of Title 1 of the Education Code and other applicable law, and pursuant to a resolution adopted by the Board of Trustee of the District on February 16, 2005 (the "Resolution").

The District received authorization to issue $4,950,000 of bonds at an election held on November 2, 2004 by an affirmative vote of 69.52% of the votes cast (the "Authorization"). A 55% vote in favor was required. The Bonds represent the first series issued under the Authorization.

Purpose of Issue

Net proceeds of the Bonds are authorized to be used to replace old portable classrooms with new classrooms, construct a joint-use multi-purpose school/community center for athletics and performing arts and renovate a library for both the school and the community.

Sources and Deposits of Funds

Upon delivery of the Bonds, the proceeds of the Bonds will be deposited in such funds or used for such purposes as described in the table below.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
Sources And Deposits of Funds

Sources of Funds:	
Principal Amount of Current Interest Bonds ("CIB")	$1,310,000.00
Denominational Amount of Capital Appreciation Bonds ("CAB")	1,006,287.20
Original Issue Premium CIB	74,832.25
Original Issue Premium CAB	13,743.80
Total Sources	$2,404,863.25
Uses of Funds:	
County Held Funds	
Building Fund	$2,316,287.20
Cost of Issuance Fund to be paid by Underwriter[a]	47,750.00
Debt Service Fund[b]	9,424.85
Retained by Underwriter[c]	31,401.20
Total Uses	$2,404,863.25

[a] Includes fees for Financial Advisor, Bond Counsel and Paying Agent.
[b] Bid Premium from Underwriter.
[c] Includes bond insurance premium.

Investment of Bond Proceeds

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, shall be paid to the County to the credit of the building fund of the District (the "Building Fund") and shall be accounted for separately from all other District and County funds, but may be commingled with the proceeds of sale of other bonds of the District deposited in the Building Fund and authorized to be used for the same purpose. The proceeds shall be used only for the purposes for which the Bonds are authorized. The accrued interest and any premium received from the sale of the Bonds shall be deposited in the interest and sinking fund of the District (the "Debt Service Fund") and used only for payments of principal of and interest on the Bonds. Interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund. Interest earned on the investment of monies held in the Building Fund shall be retained in the Building Fund.

Monies in the Building Fund and the Debt Service Fund shall be invested in any one or more investments generally permitted to school districts under the laws of the State, consistent with County investment policy and the Resolution. The Resolution authorizes investment at the County Treasurer's discretion pursuant to law and the investment policy of the County. The Board of Trustee has delegated to the County Treasurer, pursuant to Section 53607 of the Government Code, its authority under Section 41015 of the Education Code and Section 53601 of the Government Code to invest proceeds of the Bonds held in the Treasury of the County. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — County Investment Pool" herein and "APPENDIX D — EXCERPTS FROM THE SAN LUIS OBISPO COUNTY INVESTMENT PORTFOLIO REPORT".

Security and Sources of Payment

The Board of Supervisors of the County is empowered and is obligated to annually levy ad valorem taxes, without limitation as to rate or amount, as necessary for payment of interest on and principal of the Bonds, upon all property within the District (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be placed by the County in the Debt Service Fund.

The rate of the ad valorem tax will be set annually by the County based on the assessed value of taxable property in the District and the debt service requirement on the outstanding bonds in each year. Variation in the annual debt service requirement and changes in assessed valuation within the District may cause the annual tax rate to change from year to year. For further information regarding ad valorem property taxation in general, see "AD VALOREM PROPERTY TAXATION" and within the District in particular, see "DISTRICT TAX BASE INFORMATION" herein.

Description of the Bonds

The Current Interest Bonds in the aggregate principal amount of $1,310,000 will be dated the date of delivery and will bear interest payable semiannually each February 1 and August 1 (each an "Interest Payment Date"), commencing February 1, 2006, at the interest rates shown on the cover hereof. The Bonds will mature on August 1 in each of the years and in the principal amounts shown on the cover page hereof. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond authenticated on or before January 15, 2006, shall bear interest from the date of the Bonds. Each Bond authenticated during the period between the 15th day of the month preceding any Interest Payment Date (the "Record Date") and that Interest Payment Date shall bear interest from that Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. The Bonds will be issued in the denomination of $5,000 principal amount each or any integral multiple thereof.

The Capital Appreciation Bonds will be dated as of their date of delivery and will be issued in the aggregate Denominational Amount of $1,006,287.20. The Bonds will not bear current interest, but will accrete interest, at their respective Bond Yields, commencing on their date of delivery from their respective Denominational Amounts to their respective Maturity Values on their respective maturity dates. Interest on the Bonds will be compounded semiannually on each February 1, and August 1, commencing on August 1, 2005. Interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will accrete in equal daily amounts during each semiannual period. The Capital Appreciation Bonds will mature in each of the years and at the Maturity Values set forth on the cover page hereof. Capital Appreciation Bonds will be issued as fully-registered bonds, without coupons, and will be in Denominational Amounts corresponding to $5,000 Maturity Value each for the Capital Appreciation Bonds or in any integral multiple thereof; provided that one Capital Appreciation Bond for each maturity may be issued in an odd Maturity Value, provided that no Capital Appreciation Bond shall have Maturity Value maturing on more than one maturity date.

The Bonds when issued will be registered in the name of Cede & Co., as registered owner and nominee of DTC. So long as DTC, or Cede & Co., as its nominee, is the registered owner of all the Bonds, principal and interest payments on the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined below) will be the responsibility of the DTC Participants, as more fully described below under "Book-Entry System." Only if the Bonds should cease to be paid through a book-entry system would the Paying Agent make payments on the Bonds directly to Beneficial Owners, as registered owners of the Bonds, as more fully described below under "Discontinuation of Book-Entry System; Payment to Beneficial Owners."

Book-Entry System

The information in this section concerning DTC and DTC's book-entry system has been furnished by DTC for use in disclosure documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC will distribute to Direct Participants, or that Direct Participants or Indirect Participants will distribute to the Beneficial Owners, payments of principal of, interest, and premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the District nor the County nor the Paying Agent are responsible or liable for the failure of DTC or any Direct or Indirect Participant to make any payments or give any notice to a Beneficial Owner or any error or delay relating thereto. Accordingly, no representations can be made concerning these matters and neither the Direct nor Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

DTC 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 depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive 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, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of 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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County 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 County 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 County may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Payment to Holders

The following provisions governing the payment, transfer and exchange of the Bonds apply to holders of the Bonds. As long as the DTC book-entry system described above is in effect, Cede & Co., or such other nominee of DTC, but not the Beneficial Owners, are holders of the Bonds. Only in the event that Bonds are printed and delivered to the Beneficial Owners do these provisions then apply directly to Beneficial Owners as holders of the Bonds.

Principal of the Bonds and any premium upon the redemption thereof prior to the maturity will be payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Paying Agent, or such other location as the Paying Agent may specify. Interest shall be paid by check to the owner of any Bond at the address of such owner shown on the registration books of the Paying Agent, or at such other address the owner of the Bond has filed with the Paying Agent for such purpose on or before the Record Date. Owners of not less than $1,000,000 in principal amount of Bonds may, by written request received by the Paying Agent not later than the Record Date immediately preceding any Interest Payment Date, have interest payments made on the date due by wire transfer to an account maintained in the United States of America in immediately available funds.

Any Bond may be exchanged for Bonds of any authorized denominations of the same maturity and interest rate upon presentation and surrender at the principal corporate trust 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 registration books upon presentation and surrender of the Bond at the principal corporate trust office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the designated District official shall execute, and the Paying Agent shall authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the registered owner or by a person legally empowered to do so, equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

The Paying Agent will not be required to exchange or transfer any Bond during the period from the close of business on the applicable Record Date next preceding any Interest Payment Date or redemption date, to and including such Interest Payment Date or redemption date.

Debt Service

Semi-annual debt service obligations for the Bonds, assuming that no optional redemptions are made, are as follows:

CAYUCOS ELEMENTARY SCHOOL DISTRICT
Semi-Annual Debt Service

	Current Interest Bonds			Capital Appreciation Bonds			Total
Payment Date	Principal	Interest	Debt Service	Denominational Amount	Accreted Interest	Maturity Value	Debt Service
2/1/2006		$ 53,468.68	$ 53,468.68				
8/1/2006	$ 10,000.00	31,868.75	41,868.75				$ 95,337.43
2/1/2007		31,618.75	31,618.75				
8/1/2007	45,000.00	31,618.75	76,618.75				108,237.50
2/1/2008		30,493.75	30,493.75				
8/1/2008	55,000.00	30,493.75	85,493.75				115,987.50
2/1/2009		29,118.75	29,118.75				
8/1/2009	65,000.00	29,118.75	94,118.75				123,237.50
2/1/2010		27,493.75	27,493.75				
8/1/2010	80,000.00	27,493.75	107,493.75				134,987.50
2/1/2011		25,493.75	25,493.75				
8/1/2011	95,000.00	25,493.75	120,493.75				145,987.50
2/1/2012		23,118.75	23,118.75				
8/1/2012	105,000.00	23,118.75	128,118.75				151,237.50
2/1/2013		20,493.75	20,493.75				
8/1/2013	120,000.00	20,493.75	140,493.75				160,987.50
2/1/2014		18,318.75	18,318.75				
8/1/2014	130,000.00	18,318.75	148,318.75				166,637.50
2/1/2015		15,881.25	15,881.25				
8/1/2015		15,881.25	15,881.25	$ 73,208.80	$ 66,791.20	$ 140,000.00	171,762.50
2/1/2016		15,881.25	15,881.25				
8/1/2016		15,881.25	15,881.25	85,245.50	59,754.50	145,000.00	176,762.50
2/1/2017		15,881.25	15,881.25				
8/1/2017		15,881.25	15,881.25	85,601.85	69,398.15	155,000.00	186,762.50
2/1/2018		15,881.25	15,881.25				
8/1/2018		15,881.25	15,881.25	85,608.60	79,391.40	165,000.00	196,762.50
2/1/2019		15,881.25	15,881.25				
8/1/2019		15,881.25	15,881.25	85,716.75	89,283.25	175,000.00	206,762.50
2/1/2020		15,881.25	15,881.25				
8/1/2020		15,881.25	15,881.25	87,753.40	102,246.60	190,000.00	221,762.50
2/1/2021		15,881.25	15,881.25				
8/1/2021		15,881.25	15,881.25	86,448.00	113,552.00	200,000.00	231,762.50
2/1/2022		15,881.25	15,881.25				
8/1/2022		15,881.25	15,881.25	86,073.10	128,926.90	215,000.00	246,762.50
2/1/2023		15,881.25	15,881.25				
8/1/2023		15,881.25	15,881.25	84,683.25	140,316.75	225,000.00	256,762.50
2/1/2024		15,881.25	15,881.25				
8/1/2024		15,881.25	15,881.25	82,294.65	152,705.35	235,000.00	266,762.50
2/1/2025		15,881.25	15,881.25				
8/1/2025		15,881.25	15,881.25	82,107.50	167,892.50	250,000.00	281,762.50
2/1/2026		15,881.25	15,881.25				
8/1/2026		15,881.25	15,881.25	81,545.80	183,454.20	265,000.00	296,762.50
2/1/2027		15,881.25	15,881.25				
8/1/2027	275,000.00	15,881.25	290,881.25				306,762.50
2/1/2028		8,662.50	8,662.50				
8/1/2028	305,000.00	8,662.50	313,662.50				322,325.00
2/1/2029		656.25	656.25				
8/1/2029	25,000.00	656.25	656.25				26,312.50
Total	$1,310,000.00	$929,187.43	$2,239,187.43	$1,006,287.20	$1,353,712.80	$2,360,000.00	$4,599,187.43

Redemption

Optional Redemption

The Current Interest Bonds maturing on or before August 1, 2012 are not subject to optional redemption. Current Interest Bonds maturing on and after August 1, 2013 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 August 1, 2012 at the optional redemption prices set forth below. If less than all of the Current Interest Bonds are called for redemption, such Current Interest Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Current Interest Bonds of any given maturity are called for redemption, the portions of such Current Interest Bonds of a given maturity to be redeemed shall be determined by lot.

Redemption Date	Redemption Price
August 1, 2012 and thereafter	100%

The Capital Appreciation Bonds maturing on or before August 1, 2015, are not subject to optional redemption. Capital Appreciation Bonds maturing on and after August 1, 2016, 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 August 1, 2015, at the optional redemption prices set forth below. If less than all of the Capital Appreciation Bonds are called for redemption, such Capital Appreciation Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Capital Appreciation Bonds of any given maturity are called for redemption, the portions of such Capital Appreciation Bonds of a given maturity to be redeemed shall be determined by lot.

Redemption Date	Redemption Price
August 1, 2015, and thereafter	102%

Mandatory Sinking Fund Redemption

The term Bond maturing on August 1, 2029, shall be subject to redemption prior to the stated maturity, in part by lot, from mandatory sinking fund payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

Redemption Date	Principal Amount
August 1, 2027	$275,000
August 1, 2028	305,000
August 1, 2029	25,000

Notice of Redemption

Notice of redemption will be given by the Paying Agent at the expense of the District. Such notice will specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and maturity date. Such notice of redemption will also state that the Bonds, along with the interest accrued to such date and the redemption premium, if any, will become due and payable on the specified date, and that from and after such date interest with respect to the Bonds will cease to accrue.

Notice of redemption will be made by registered or otherwise secured mail, postage prepaid, to (a) the registered owners of the Bonds being redeemed (or, if such owner is a syndicate, to the managing member of such syndicate), (b) a municipal registered securities depository, and (c) a national information service that disseminates securities redemption notices. Notice of redemption will be at least thirty days, but not more than sixty days, prior to the redemption date. Neither failure to receive such notice nor any defect in the content of such notice will affect the sufficiency of the proceeding for the redemption of the Bonds.

Effect of Notice of Redemption

The actual receipt by the registered owner of any Bond or any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption. The owners of Bonds so called for redemption after the redemption date shall no longer be entitled to the levy of taxes for payment of such obligations, but shall instead look for the payment of principal, interest and redemption premium only to the Debt Service Fund or the escrow fund established for such purpose.

Right to Rescind Notice

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

Defeasance

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations for which the faith and credit of the United States of America are pledged for the payment of principal and interest, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Debt Service Fund of the District, be fully sufficient, in the opinion of a certified public accountant licensed to practice in the State of California, to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

AD VALOREM PROPERTY TAXATION

The information in this section describes how ad valorem property taxes in general are assessed and levied. For specific information on the property tax base, tax levies and collections in the District, see "DISTRICT TAX BASE INFORMATION" herein.

County Services

School districts within each county use the services of that county for the assessment and collection of property taxes for district purposes. District property taxes, including the ad valorem property tax for payment of the Bonds, are assessed and collected by the county at the same time and on the same rolls as county, special district and city property taxes.

Assessed Valuation

All property is assessed using full cash value as defined by Article XIIIA of the California Constitution (the "Constitution"). State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, provided that the owner files and qualifies for such exemption. The State is required to reimburse local agencies for the value of taxes on the exempt $7,000. State law also provides exemptions from ad valorem property taxation for certain classes of property based on ownership or use, such as churches, colleges, non-profit hospitals and charitable institutions; the State does not reimburse local agencies for any tax not levied due to these exemptions. State and federal government property also is not taxed, nor is local government property located within the jurisdiction of that local government.

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 other property having a tax lien on real property which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all other taxable property. Unsecured property is assessed on the "unsecured roll." Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer. Valuation of secured property and a statutory tax lien is established as of January 1 prior to the tax year (the tax year is the July 1 – June 30 fiscal year of the State) of the related tax levy, and the secured and unsecured tax rolls are certified on or before July 1 of the tax year by the County Assessor. New property and improvements are assessed and added to a "supplemental" roll during the year acquired or when improvements are completed, and such property is taxed at the secured or unsecured rate then in effect, as appropriate, for the remaining portion of that year. The next year and thereafter such assets are assessed on the regular tax rolls.

Future growth in assessed valuation allowed under Article XIIIA is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts 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.

See "DISTRICT TAX BASE INFORMATION" herein for a history of assessed valuation and a list of the largest secured tax payers for the current tax year within the District.

State-Assessed Utility Property

The Constitution provides that the State Board of Equalization (the "SBE") rather than counties assess certain property owned or used by regulated utilities. Such property is grouped and assessed by the SBE as "going concern" operating units, which may cross local tax jurisdiction boundaries, rather than as individual parcels of real or personal property separately assessed. Such utility property is known as "unitary property." The SBE assesses property at "fair market value," determined by various methods and formulae depending on the nature of the property, except that certain railroad property is assessed at a specified percentage of the fair market value determined by the SBE, in conformity with federal law. The SBE assesses values as of January 1 prior to the tax year of the related tax levy. Property tax on SBE–assessed property is then levied and collected by each county in the same manner as county assessed property, but at special county-wide tax rates, and distributed to each taxing agency within that county, subject to certain adjustments, according to the approximate percentage allocated to each taxing agency in the prior year.

Ongoing changes in the California electric utility industry structure and in the way in which components of that industry are regulated and owned, including the sale of electric generation assets to largely unregulated, non-utility companies, may cause property that had been assessed by the SBE to be assessed locally instead. A change in property status from assessment by the SBE to assessment locally or the reverse may result in a change in property tax revenue received by local agencies and an adjustment in ad valorem tax rates and debt capacity for any local agency general obligation bonds.

Tax Levies, Collections and Delinquencies

Secured property tax rates are set annually by the first business day of September for the levy of property taxes in that tax year. The levy is payable in two equal installments due November 1 and February 1, and payments become delinquent if not postmarked or paid by end of the business day on December 10 and April 10, respectively. Taxes on unsecured property (personal property and leasehold interests) are levied at the preceding fiscal year's secured tax rate and have a due date set by each county effectively no earlier than July 1 and no later than July 31 of each year. Taxes on unsecured property become delinquent if not postmarked or paid by the end of the business day on August 31, or if added to the unsecured roll after July 31, become delinquent at the end of the month succeeding the month of enrollment.

A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll for 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 of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale at auction by the County Tax Collector.

A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and after the last day of the second month after the 10% penalty attaches, an additional penalty of 1.5% per month begins to accrue and a lien is recorded against the assessee. The taxing authority may collect delinquent unsecured personal property taxes by: (a) a civil action against the taxpayer; (b) filing a certificate of delinquency in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; and (c) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental roll taxes are due on the date the bill is mailed. If the tax bill is mailed within the months of July through October, the first installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on December 10 of the same year and the second installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on April 10 of the next year; if the bill is mailed within the months of November through June, the first installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on the last day of the month following the month in which the bill is mailed and the second installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on the last day of the fourth calendar month following the date the first installment is delinquent. A 10% penalty attaches to any delinquent payment for supplemental roll taxes.

All tax due dates and delinquency dates become the next business day if they fall on a day that is not a business day.

Teeter Plan

Under 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 State Revenue and Taxation Code, each participating local agency levying secured property taxes, including school districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county. The County does apply the Teeter Plan to secured tax levy collections for the bonds. See "DISTRICT TAX BASE INFORMATION — Secured Tax Charges and Delinquencies" herein for a history of property tax collections and delinquencies in the District.

CERTIFICATE OF INSURANCE

The following information has been supplied by the Insurer for inclusion in this Official Statement. No representation is made by Issuer as to the accuracy or completeness of the information.

The Insurer accepts no responsibility for the accuracy or completeness of this Official Statement or any other information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer and its affiliates set forth under this heading. In addition, the Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

General

XL Capital Assurance Inc. (the "Insurer" or "XLCA") is a monoline financial guaranty insurance company incorporated under the laws of the State of New York. The Insurer is currently licensed to do insurance business in, and is subject to the insurance regulation and supervision by, the State of New

York, forty-eight other states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Singapore. The Insurer has a license application pending with the State of Wyoming, the only state in which it is not currently licensed.

The Insurer is an indirect wholly owned subsidiary of XL Capital Ltd, a Cayman Islands corporation ("XL Capital Ltd"). Through its subsidiaries, XL Capital Ltd is a leading provider of insurance and reinsurance coverages and financial products to industrial, commercial and professional service firms, insurance companies and other enterprises on a worldwide basis. The common stock of XL Capital Ltd is publicly traded in the United States and listed on the New York Stock Exchange (NYSE: XL). XL Capital Ltd is not obligated to pay the debts of or claims against the Insurer.

The Insurer was formerly known as The London Assurance of America Inc. ("London"), which was incorporated on July 25, 1991 under the laws of the State of New York. On February 22, 2001, XL Reinsurance America Inc. ("XL Re") acquired 100% of the stock of London. XL Re merged its former financial guaranty subsidiary, known as XL Capital Assurance Inc. (formed September 13, 1999) with and into London, with London as the surviving entity. London immediately changed its name to XL Capital Assurance Inc. All previous business of London was 100% reinsured to Royal Indemnity Company, the previous owner at the time of acquisition.

Reinsurance

The Insurer has entered into a facultative quota share reinsurance agreement with XL Financial Assurance Ltd ("XLFA"), an insurance company organized under the laws of Bermuda, and an affiliate of the Insurer. Pursuant to this reinsurance agreement, the Insurer expects to cede up to 90% of its business to XLFA. The Insurer may also cede reinsurance to third parties on a transaction-specific basis, which cessions may be any or a combination of quota share, first loss or excess of loss. Such reinsurance is used by the Insurer as a risk management device and to comply with statutory and rating agency requirements and does not alter or limit the Insurer's obligations under any financial guaranty insurance policy. With respect to any transaction insured by XLCA, the percentage of risk ceded to XLFA may be less than 90% depending on certain factors including, without limitation, whether XLCA has obtained third party reinsurance covering the risk. As a result, there can be no assurance as to the percentage reinsured by XLFA of any given financial guaranty insurance policy issued by XLCA, including the Policy.

Based on the audited financials of XLFA, as of December 31, 2004, XLFA had total assets, liabilities, redeemable preferred shares and shareholders' equity of $1,173,450,000, $558,655,000, $39,000,000 and $575,795,000, respectively, determined in accordance with generally accepted accounting principles in the United States ("US GAAP"). XLFA's insurance financial strength is rated "Aaa" by Moody's and "AAA" by S&P and Fitch Inc. In addition, XLFA has obtained a financial enhancement rating of "AAA" from S&P.

The obligations of XLFA to the Insurer under the reinsurance agreement described above are unconditionally guaranteed by XL Insurance (Bermuda) Ltd ("XLI"), a Bermuda company and one of the world's leading excess commercial insurers. XLI is a wholly owned indirect subsidiary of XL Capital Ltd. In addition to A.M. Best's rating of "A+" (Negative Outlook), XLI's insurance financial strength rating is "Aa2" (Outlook Negative) by Moody's, "AA-" by Standard & Poor's and "AA" (Ratings Watch Negative) by Fitch. The ratings of XLFA and XLI are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's or Fitch.

Notwithstanding the capital support provided to the Insurer described in this section, the

Bondholders will have direct recourse against the Insurer only, and neither XLFA nor XLI will be directly liable to the Bondholders.

Financial Strength and Financial Enhancement Ratings of XLCA

The Insurer's insurance financial strength is rated "Aaa" by Moody's and "AAA" by Standard & Poor's and Fitch, Inc. ("Fitch"). In addition, XLCA has obtained a financial enhancement rating of "AAA" from Standard & Poor's. These ratings reflect Moody's, Standard & Poor's and Fitch's current assessment of the Insurer's creditworthiness and claims-paying ability as well as the reinsurance arrangement with XLFA described under "Reinsurance" above.

The above ratings are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's or Fitch. Any downward revision or withdrawal of these ratings may have an adverse effect on the market price of the Bonds. The Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

Capitalization of the Insurer

Based on the audited financials of XLCA, as of December 31, 2004, XLCA had total assets, liabilities, and shareholder's equity of $827,815,000, $593,849,000, and $233,966,000, respectively, determined in accordance with U.S. GAAP.

Based on the unaudited statutory financial statements for XLCA as of December 31, 2004 filed with the State of New York Insurance Department, XLCA has total admitted assets of $341,937,445, total liabilities of $144,232,151 and total capital and surplus of $197,705,294 determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities ("SAP"). Based on the audited statutory financial statements for XLCA as of December 31, 2003 filed with the State of New York Insurance Department, XLCA has total admitted assets of $329,701,823, total liabilities of $121,635,535 and total capital and surplus of $208,066,288 determined in accordance with SAP.

Incorporation by Reference of Financials

For further information concerning XLCA and XLFA, see the financial statements of XLCA and XLFA, and the notes thereto, incorporated by reference in this Official Statement. The financial statements of XLCA and XLFA are included as exhibits to the periodic reports filed with the Securities and Exchange Commission (the "Commission") by XL Capital Ltd and may be reviewed at the EDGAR website maintained by the Commission. All financial statements of XLCA and XLFA included in, or as exhibits to, documents filed by XL Capital Ltd pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or prior to the date of this Official Statement, or after the date of this Official Statement but prior to termination of the offering of the Bonds, shall be deemed incorporated by reference in this Official Statement. Except for the financial statements of XLCA and XLFA, no other information contained in XL Capital Ltd's reports filed with the Commission is incorporated by reference. Copies of the statutory quarterly and annual statements filed with the State of New York Insurance Department by XLCA are available upon request to the State of New York Insurance Department.

Regulation of the Insurer

The Insurer is regulated by the Superintendent of Insurance of the State of New York. In addition, the Insurer is subject to regulation by the insurance laws and regulations of the other jurisdictions in which it is licensed. As a financial guaranty insurance company licensed in the State of New York, the Insurer is subject to Article 69 of the New York Insurance Law, which, among other things, limits the business of each insurer to financial guaranty insurance and related lines, prescribes minimum standards of solvency, including minimum capital requirements, establishes contingency, loss and unearned premium reserve requirements, requires the maintenance of minimum surplus to policyholders and limits the aggregate amount of insurance which may be written and the maximum size of any single risk exposure which may be assumed. The Insurer is also required to file detailed annual financial statements with the New York Insurance Department and similar supervisory agencies in each of the other jurisdictions in which it is licensed.

The extent of state insurance regulation and supervision varies by jurisdiction, but New York and most other jurisdictions have laws and regulations prescribing permitted investments and governing the payment of dividends, transactions with affiliates, mergers, consolidations, acquisitions or sales of assets and incurrence of liabilities for borrowings.

THE FINANCIAL GUARANTY INSURANCE POLICIES ISSUED BY THE INSURER, INCLUDING THE INSURANCE POLICY, ARE NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

The principal executive offices of the Insurer are located at 1221 Avenue of the Americas, New York, New York 10020 and its telephone number at this address is (212) 478-3400.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS

The information in this section concerning certain provisions of Articles XIIIA, XIIIB, XIIIC and XIIID of the State constitution, Propositions 98 and 111 and certain other law is provided as supplementary information only, to outline the principal constitutional and statutory laws under which the operating revenue and finances of K-12 school districts in the State are determined. The tax for the Bonds was approved in conformity with all applicable constitutional and statutory limitations. For specific financial information on the District, see "DISTRICT INFORMATION" herein.

Article XIIIA

Article XIIIA of the State constitution (the "Constitution") limits, subject to certain exceptions, 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 tax 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. 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 requires a vote of two-thirds of those voting in an election to impose ad valorem taxes, and, except to pay debt service on certain voter approved indebtedness, prohibits the imposition of any additional ad valorem, sales or transaction taxes on real property. Article XIIIA does permit ad valorem taxes to be levied in excess of the basic 1% tax limitation as required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, (b) 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) on any bonded indebtedness approved by fifty-five percent of the votes cast by the voters of a school or community college district for the construction, reconstruction, rehabilitation or replacement of, including furnishing and equipping of, or the acquisition or lease of real property for, school facilities, provided that certain accountability and other requirements are satisfied. 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, while prohibiting the imposition by the State Legislature of any new ad valorem, sales or transaction taxes on real property.

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 each county in the State and distributed according to a formula among taxing agencies within that county. The formula apportions the tax roughly in proportion to the relative shares of taxes last levied prior to 1989.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency claims, if any, on tax increment and subject to changes in organization, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

Article XIIIB

Article XIIIB of the Constitution, approved by voters in 1979 and subsequently amended by Propositions 98 and 111, 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, for transfers in the financial responsibility for providing services and for certain declared emergencies (the "Gann limit"). 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 of the school district from the preceding fiscal year.

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. For school districts Article XIIIB constrains appropriations from State and local tax sources, but not federal aid or non-tax income, such as revenues from cafeteria sales or adult education fees.

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

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two fiscal years. If a school district receives any proceeds of taxes in excess of its appropriations limit, it may increase its appropriations limit to equal that amount by taking appropriations limit from the State.

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 Constitution. See "Propositions 98 and 111" below.

Propositions 98 and 111

On November 8, 1988 the voters approved Proposition 98, an initiative constitutional amendment and statute called "The Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). In addition to adding certain provisions to the Education Code, Proposition 98 also amended Article XIIIB and Section 8 of Article XVI of the Constitution and added Section 8.5 of Article XVI to the Constitution, the effects of which are to establish a minimum level of State funding for school districts, to allocate to school districts, within limits, State revenues in excess of the State's appropriations limit and to exempt such excess funds from school district appropriations limits.

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 Constitution with respect to appropriations limitations and school funding priority and allocation.

Article XIIIB, as amended by both Proposition 98 and Proposition 111, is discussed above under "Article XIIIB."

The provisions of Sections 8 and 8.5 of Article XVI, as added to or amended by Propositions 98 and 111, may be summarized as follows:

(a) State Funding of Schools (Section 8). Monies to be applied by the State for the support of school districts must be at a level equal to the greater of the following "tests":

(i) The amount which, as a percentage of the State general fund revenues which may be appropriated pursuant to Article XIIIB, equals the percentage of general fund revenues appropriated for school districts in fiscal year 1986/87;

(ii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess state revenues allocated pursuant to Section 8.5), adjusted for changes in enrollment and for the change in the cost of living (operative only in a fiscal year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita general fund revenues plus one-half of one percent);

(iii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess State revenues allocated pursuant to Section 8.5) adjusted for changes in enrollment and for the change in per capita general fund revenues, and, in addition, an amount equal to one-half of one percent times the prior year appropriations (excluding any excess State revenues) adjusted for changes in enrollment (operative only in a fiscal year in which the percentage growth in California per capita personal income is greater than the percentage growth in per capita general fund revenues plus one-half of one percent).

If the third test is used in any year the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when the general fund revenue growth exceeds personal income growth.

The State legislature by a two-thirds vote of both houses, with the Governor's concurrence, may suspend for one year the minimum funding provisions for school districts as provided for in Section 8.

(b) Allocations to the State School Fund (Section 8.5). In addition to the amounts applied to school districts under the tests discussed above, the State Controller is directed to allocate available excess State revenues (pursuant to Article XIIIB) to the State School Fund. However, no such allocation is required at any time that the Director of Finance and the Superintendent of Public Instruction mutually determine that current annual expenditures per student equal or exceed the average annual expenditures per student of the 10 states with the highest annual expenditures per student and the average class size equals or is less than the average class size of the 10 states with the lowest class size.

Such allocations do not constitute appropriations subject to Article XIIIB limitations and are to be made in an equal amount per enrollment.

Articles XIIIC and XIIID

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

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

Voter approved special taxes (including those levied pursuant to the Mello-Roos Community Facilities Act), "parcel" taxes and assessments levied pursuant to the Landscape and Lighting District Act of 1972, that are not pledged to the payment of bonds, may be subject to reduction or repeal by voter initiative under the provisions of Article XIIIC.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect laws existing prior to enactment of Articles XIIIC and XIIID relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by a school district.

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

Future Initiatives

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

GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

The information in this section concerning funding procedures of K-12 school districts in the State is provided as supplementary information only. For specific financial information on the District, see "DISTRICT INFORMATION" herein.

State Funding of School Districts

Annual State apportionments of basic and equalization aid to K-12 school districts for general purposes are made according to a revenue limit per unit of average daily attendance ("A.D.A."). If a district's total revenue limit exceeds its property tax revenue, its annual State apportionments, subject to certain adjustments, amount to the difference between the revenue limit and a district's actual property tax receipts (after any redevelopment agency tax increment or other deductions or "shifts" that may be in effect under State law). A.D.A. is determined by school districts twice a year, in December ("First Period A.D.A.") and April ("Second Period A.D.A.").

The calculation of the amount of State apportionment a school district is entitled to receive each year is summarized as follows: first, the prior year Statewide revenue limit per A.D.A. is recalculated with certain adjustments for equalization and other factors; second, this adjusted prior year Statewide revenue limit per A.D.A. is inflated according to formulas based on the implicit price deflator for government goods and services and the Statewide average revenue limit per A.D.A. for each type of A.D.A., yielding the school district's current year "component" revenue limits per A.D.A.; third, the current year component revenue limits per A.D.A. are applied to the school district's A.D.A. for either the current or prior year, as the district elects; fourth, revenue limit adjustments known as "add-ons" are calculated for each school district if the school district qualifies for such add-ons (for example, add-ons to adjust for small school district size and providing meals for needy pupils, among others); and fifth, local property tax revenues are deducted from the total revenue limit calculated for each district to arrive at the amount of State apportionment each school district is entitled to for the current year.

The State revenue limit is calculated three times a year for each school district on the basis of projections submitted by the district on or about December 10, based on First Period A.D.A., and April 15 and June 30, both based on Second Period A.D.A. A.D.A. calculations are based on actual attendance and do not include excused absences. Revenue limit calculations are made by each school district, reviewed by the County Office of Education and submitted to the State Department of Education. The State Department of Education reviews the calculations for accuracy, determines the amount of State apportionment owed to each school district and notifies the State Controller to distribute the apportionments. The first calculation is performed for the First Principal Apportionment in February, the second calculation for the Second Principal Apportionment in June, and the final calculation for the end of the fiscal year Annual Principal Apportionment, in essence a correction that is made in October of the next fiscal year.

See "DISTRICT INFORMATION" herein for the District's specific annual revenue limit per A.D.A.

Basic Aid Districts

In the event that a school district's property tax revenue exceeds its calculated revenue limit entitlement, that school district retains all of its property tax revenue, and State apportionments to that district are limited to the minimum "basic aid" amount of $120 per A.D.A. set forth in the Constitution. Currently the State allocates basic aid funding to categorical entitlements that would have been received in any event. Such districts are commonly known as "Basic Aid Districts." The District is a Basic Aid district.

State Budget

The State budget approval process begins with the release to the State legislature by January 10th of the Governor's proposed budget for the following fiscal year. State fiscal years begin July 1st. In May, the Governor submits a revision of the proposed budget that reflects updated estimates of revenues and expenditures. After a series of public hearings and other steps in the legislative process, the budget must be approved by two-thirds vote in each house of the State legislature and submitted to the Governor. The Governor may reduce or eliminate any appropriation through the line-item veto. Although the budget is required by the Constitution to be approved no later than June 15th, it often has not been approved until later.

While the Constitution in large part dictates the formulae for determining the allocation of State revenues to the K-12 education portion of the State budget pursuant to Proposition 98 and other provisions (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS" herein), in the State budget process the Governor and State legislature still have significant leeway in deciding whether and by how much to exceed or reduce such allocation in the actual funding of K-12 school districts, and to decide what funds will be general purpose or restricted purpose.

2004/05 Budget

On January 9, 2004, the Governor's 2004/05 Budget was released, revised as of May 13, 2004, with the release of the Governor's Budget May Revision 2004/05, and adopted in final form by the legislature as of July 31, 2004 as the 2004 Budget Act (the "2004/05 State Budget"). The 2004/05 State Budget projects for the State general fund a beginning balance of $4.178 billion, revenue and transfers-in of $74.570 billion and allocates the use of $2.012 billion from State Economic Recovery Bonds, for a total of $80.760 billion in general fund resources for 2003/04, and projects a beginning balance of $3.127 billion, revenue and transfers-in of $77.251 billion and no allocation from Economic Recovery Bonds, for a total of $80.378 billion in general fund resources for 2004/05. General fund expenditures are projected to be $77.633 billion for 2003/04 and $78.681 billion for 2004/05, with general fund ending balances of $3.127 billion and $1.697 billion for these years, respectively.

The 2004/05 State Budget "rebases", i.e., reduces, Proposition 98 funding of K-12 education by $2 billion from what it otherwise would be in 2004/05, to be restored to schools over future years. The 2004/05 State Budget estimates Proposition 98 K-12 education funding allocations, including local property tax revenue, of $43.695 billion for 2002/03, $46.201 billion for 2003/04 and $46.989 billion for 2004/05. Of these amounts, the State general fund will provide $28.892 billion in 2002/03, $30.412 billion in 2003/04 and $34.003 billion in 2004/05; the difference is funded from local property tax revenue projected for each school district. For 2002/03, the 2002/03 Budget Act included a 2.00% COLA (only 1.66% was mandated for 2003/04 under Proposition 98 formula) for school district and county office of education revenue limit apportionments and categorical programs, and funding of a 1.37% increase in statewide enrollment (the Governor's Budget May Revision 2003/04 indicated that the 2002/03 increase in statewide enrollment was 1.75%). The 2003/04 Budget Act had no COLA and assumed funding of a 1.34% increase in statewide enrollment for 2003/04. The 2004/05 State Budget includes a 2.41% COLA for school district and county office of education revenue limit apportionments, and funding of an assumed 0.95% increase in statewide enrollment (and indicates that the growth for 2003/04 was 0.75% rather than the previously assumed 1.34%). Proposition 98 K-12 funding per pupil in the 2004/05 State Budget is estimated at as $6,597 for 2002/03, $7,009 for 2003/04 and $7,007 for 2004/05.

2005/06

On January 10, 2005, the Governor's 2005/06 Budget was released. It will be revised in May, 2005 and, if the legislature follows state law, adopted in final form by the legislature by June 15, 2005. The Governor's 2005/06 Budget projects for the State general fund for 2003/04 prior year resources available of $5.060 billion and revenue and transfers-in of $74.762 billion, for a total of $79.812 billion in general fund resources; for 2004/05 projects prior year resources available of $3.489 billion, revenue and transfers-in of $78.219 billion and allocates the use of $2.012 billion from State Economic Recovery Bonds issued in 2004/05, for a total of $83.720 billion in general fund resources; and for 2004/05 projects prior year resources available of $1.425 billion, revenue and transfers-in of $83.772 billion and allocates the use of $1.683 billion from State Economic Recovery Bonds, for a total of $86.880 billion in general fund resources. General fund expenditures are projected to be $76.333 billion for 2003/04, $82.295 billion for 2004/05 and $85.738 for 2005/06, with general fund ending balances of $3.489 billion, $1.425 billion and $1.141 billion, respectively, for these years.

The budget proposal for 2005/06 generally increases expenditures over 2004/05, balancing the budget by assuming increased revenues, by increasing expenditures less than current funding formulae would prescribe and by some actual spending reductions. Proposition 98 funding of K-12 education for 2005/06 in the Governor's 2005/06 Budget is $2.284 billion less in this respect, and non-Proposition 98 spending, i.e., spending on all other general fund purposes besides K-12 education, is $4.716 billion less in this respect. Two spending reduction proposals are that beginning in 2005/06 employees in PERS will pay one-half of the total PERS contribution on their behalf, and that the State will no longer contribute to the defined benefits program for school district employees in STRS. Initially, school districts would pay an additional 2% of payroll for these employees, but will have the authority to shift this cost in whole or part to teachers through collective bargaining agreements. Proposition 98 funding of K-12 education in the Governor's 2005/06 Budget increases by about 6.1% (after backfilling revenue limit funding for shifting a portion of property tax revenue to cities and counties) per A.D.A. in 2005/06 over 2004/05, but the shift in STRS contributions to the school districts from the State reduces the net increase actually realized by school districts to about 4.3% per A.D.A. The District cannot predict whether all or some of these and other changes proposed in Governor's 2005/06 Budget will ultimately be enacted into law.

The Governor's 2005/06 Budget estimates Proposition 98 funding of K-12 education, including local property tax revenue, of $46.276 billion for 2003/04, $47.083 billion for 2004/05 and $49.968 billion for 2005/06. Of these amounts, the State general fund will provide $30.522 billion in 2003/04, $34.124 billion in 2004/05 and $36.532 billion in 2004/05; the difference is funded from local property tax revenue projected for each school district. The Governor's 2005/06 Budget includes a 3.93% COLA for most school district and county office of education revenue limit apportionments, and funding of an assumed 0.79% increase in A.D.A. statewide. Proposition 98 funding per A.D.A. in the Governor's 2005/06 Budget is estimated at as $5,958 for 2003/04, $6,016 for 2004/05 and $6,063 for 2005/06. From all sources, including federal, local parcel taxes and local debt service taxes, among others, the Governor's 2005/06 Budget projects total spending per A.D.A. of $9,526 in 2003/04, $9,864 in 2004/05 and $10,084 in 2005/06.

State Funding of Schools Without A State Budget

On May 29, 2002, the Court of Appeal of the State of California for the Second Appellate District in White v. Davis et al. (combined with Howard Jarvis Taxpayers Association et al. v. Westly in appeal) held, among other things, that absent adoption of a budget bill or an emergency appropriation by the Legislature, the State Controller may disburse State funds authorized by (a) a continuing appropriation enacted by the Legislature, (b) a self-executing provision of the State constitution, including payment of certain funds for public schools under Article XVI, Section 8.5 of the constitution, and (c) mandate of federal law, such as prompt payment of minimum wage and overtime compensation mandated by the federal Fair Labor Standards Act and benefits under federal food stamp, foster care and adoption, child support and child welfare programs. The Court of Appeal specifically concluded that Article XVI, Section 8.0 does not constitute a self-executing authorization to disburse revenue limit apportionment to school districts; legislative appropriation is required for revenue limit disbursement. On May 1, 2003, the California Supreme Court in its decision in White v. Davis et al. granted review to two other matters and let these particular conclusions of the Court of Appeal stand without ruling on them.

During the 2003/04 State budget impasse, the State Controller announced that only "payments of prior year obligations, constitutional authorizations, federal mandates and continuous legislative appropriations would be made." The State Controller concluded that revenue limit apportionments to school districts, under provisions of the Education Code implementing Article XVI, Section 8 of the State constitution, are authorized as continuous legislative appropriations, so disbursed these funds without a budget bill or emergency appropriation enacted. The State Controller did not disburse certain categorical and other funds to school districts until the 2003/04 Budget Act was enacted.

State Funding of School Construction

The State makes funding for school facility construction and modernization available to K-12 districts throughout the State through the Office of Public School Construction ("OPSC") and the State Allocation Board ("SAB"), financed with proceeds of State general obligation bonds authorized and issued for this purpose. Such bonds were authorized in the amount of $13.05 billion, $11.40 billion of which were for K-12 school facilities and $1.65 billion of which were for higher education facilities, on November 5, 2002 under Proposition 47, passed by 58.9% of the State-wide vote. An additional bond measure for education capital projects was approved on March 2, 2004 under Proposition 55, passed by 50.6% of the State-wide vote, in an authorization amount of $12.3 billion, $10.0 billion of which is for K-12 school facilities and $2.3 billion of which is for higher education facilities. The SAB allocates bond funds for 50% of approved new construction costs, 60% of approved modernization costs (80% for modernization project applications made prior to February 1, 2002), or up to100% of approved costs of any type if the school district is approved for "hardship" funding. The school district is responsible for the portion of costs not funded by the State. School districts routinely apply for such funding whenever they have projects they believe meet OPSC and SAB criteria for funding.

State Retirement Programs

School districts participate in the State of California Teachers Retirement System ("STRS"). STRS covers all full-time and most part-time employees with teaching certificates. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools. School districts also participate in the State of California Public Employees Retirement System ("PERS"). PERS covers all classified personnel, generally those employees without teaching certificates, who are employed at least four hours per day. In order to receive PERS benefits, an employee must be at least 50 years old and have had five years of covered PERS service as a public employee.

Contribution rates to PERS varies with changes in actuarial assumptions and other factors, such as changes in benefits and investment performance, and are set by a State retirement board for PERS. The contribution rates are set by statute for STRS at a constant 8.25% of salary. STRS has a substantial State-wide unfunded liability. Under current law, the liability is the responsibility of the State and not of individual school districts. See "DISTRICT INFORMATION" herein for information regarding the District's contributions to these retirement systems.

County Office of Education

In each county there is a county superintendent of schools (the "County Superintendent") and a county board of education. The Office of the County Superintendent, frequently known as the "County Office of Education" (the "County Office" herein) in each county provides the staff and organization that carries out the activities and policies of the County Superintendent and county board of education for that county.

County Offices provide instructional and support services to school districts within their counties, and various State mandated services county-wide, particularly in special education and juvenile court education services. County Office business services departments act as a control point for a variety of information, including pupil data collection, attendance accounting, teacher credential registration, payroll accounting, retirement and tax information and school district budgets, and also report such information to the State Department of Education. All school district budgets must be approved by their County Office and each district must provide its County Office with scheduled interim reports throughout the fiscal year. County Offices also act as enforcement entities which intervene in district fiscal matters should a district fail to meet State budget and reporting criteria.

The District is under the jurisdiction of, and is served by, the County Office for San Luis Obispo County.

School District Budget Process

School districts are 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. School districts' annual general fund expenditures are characterized in large part by multi-year expenditure commitments such as union contracts. Year-to-year fluctuations in State and local funding of school district general funds could result in revenue decreases which, if large enough, may not easily be offset by an equal reduction in expenditures until at least the following fiscal year. School districts are required by State law to maintain general fund reserves which can be drawn upon in the event of a resulting excess of expenditures over revenues for a given fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

School districts must adopt a budget no later than June 30 of each year. The budget must be submitted to the County Superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the County Superintendent, or as needed.

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, and will determine if the budget allows the district to meet its current obligations and is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the County Superintendent will approve or disapprove the adopted budget for each school district. Pursuant to State law, the county superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved.

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

At minimum, school districts are required by statute to file with their County Superintendent and the State Department of Education a First Interim Financial Report by December 15th covering financial operations from July 1st through October 31st, and a Second Interim Financial Report by March 15th covering financial operations from November 1st through January 31st. Section 42131 of the Education Code requires that each interim report be certified by the school board as either (a) "positive," certifying that the district, "based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years," (b) "qualified," certifying that the district, "based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years," or (c) "negative," certifying that the district, "based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year." A certification by a school board may be revised by the County Superintendent. If either the First or Second Interim Report is not "positive," the County Superintendent may require the district to provide a Third Interim Financial Report by June 1st covering financial operations from February 1st through April 30th. If not required, a Third Interim Financial Report is not prepared. Each interim report shows fiscal year to date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. After the close of the fiscal year, an unaudited financial report for the fiscal year is prepared and filed without certification with the County Superintendent and the State Department of Education.

Accounting Practices

The accounting policies of California school districts conform to generally accepted accounting principles, as modified in accordance with policies and procedures of the California School Accounting Manual. This manual, pursuant to Section 41010 of the 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. See also "Note 1" in "APPENDIX A" herein for further discussion of applicable accounting policies.

County Investment Pool

In accordance with Education Code Section 41001, each California public school district maintains substantially all of its operating funds in the county treasury of the county in which it is located, and each county treasurer serves as ex officio treasurer for those school districts located within the county. Each county treasurer has the authority to invest school district funds held in the county treasury. Generally, the county treasurer pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis.

Each county treasurer is required to invest funds, including those pooled funds described above, in accordance with Government Code Sections 53601 et seq. In addition, each county treasurer is required to establish an investment policy which may impose further limitations beyond those required by the Government Code. A copy of the County investment policy and periodic reports on the County investment pool are available from the County Treasurer-Tax Collector, San Luis Obispo County, 1035 Palm Street, Room 200, San Luis Obispo, CA 93408 (805) 781-5830. It is not intended that such information be incorporated into this Official Statement by such references. Certain information concerning the County's pooled investment portfolio as of December 31, 2004 is included herein in "APPENDIX D –SAN LUIS OBISPO COUNTY INVESTMENT PORTFOLIO REPORT."

DISTRICT INFORMATION

The description in this section concerning District general operating and financial information is provided as supplementary information only. It should not be inferred from the inclusion of this information that any of the matters discussed in this section affect in any way the obligation of the County on behalf of the District to levy ad valorem taxes on taxable property within the District in an amount sufficient to pay all amounts due on the Bonds.

General Information

The District includes approximately 42 square miles in San Luis Obispo County and provides educational (K-8) services to essentially all of the town of Cayucos and certain surrounding unincorporated areas within the County. The District operates 1 elementary school. The estimated population of the District is 3,270.

The 2004/05 pupil-teacher ratios are expected to be as follows:

CAYUCOS ELEMENTARY SCHOOL DISTRICT
Pupil -Teacher Ratios

Grade	Ratio
K	14:1
1 through 3	20:1
4 through 6	24:1
7 and 8	23:1

Source: The District.

The District is governed by a Board of Trustees consisting of 5 members. Members are elected to four-year terms in staggered years. The day-to-day operations are managed by a board-appointed Superintendent of Schools. George Erdelyi has served in this capacity since 1997.

Average Daily Attendance and Revenue Limit

The following table summarizes the historical and current year estimated average daily attendance (A.D.A.) for the District.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
Average Daily Attendance Second Period Report

Academic Year	Average Daily Attendance[b]
2000/01	260.69
2001/02	259.43
2002/03	225.66
2003/04	213.42
2004/05[a]	202.54

[a] Estimated.
[b] A.D.A. calculations throughout the State are calculated based on actual attendance instead of actual attendance plus excused absences.

Source: The District.

The District is a Basic Aid District. As a result, the District receives revenues in excess of its entitlement under the revenue limit and receives a Basic Aid entitlement, from the State, of $120 per ADA. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — State Funding of School Districts" herein.

Labor Relations

As of January 1, 2005, the District employs approximately 13.2 full-time equivalent (FTE) certificated employees and approximately 8.7 FTE classified employees. There is 1 formal bargain unit operating in the District which are described in the table below.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
Labor Organizations

Labor Organization	Number of Employees	Contract Expiration
Cayucos Teachers Association	12	June 30, 2005

Source: The District.

See "— Comparative Financial Statements" below for historical comparison of salary expense for the District.

Retirement Programs

The District's contribution to STRS for fiscal year 2003/04 was $64,443.66 and in fiscal year 2004/05 is estimated to be $64,984. The District's contribution to PERS for fiscal year 2002/03 was $26,388.73 and for fiscal year 2004/05 is projected to be $25,494. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — State Retirement Programs" herein.

Comparative Financial Statements

The table below summarizes the District's historical and current General Fund revenue, expenditures, and fund balances from fiscal year 2000/01 through 2004/05. The format shown is that used by the District for internal accounting, budgeting and periodic reporting to the County Office and the State, and by the District's auditors in preparing audited financial statements for the District, for years prior to the year ended June 30, 2003. Audited financial statements commencing with the year ended June 30, 2003 are prepared under GASB 34, and in respect to line items, generally are not comparable with prior years audited financial statements or the District's internal accounting, budgeting or reports to the County Office and the State. For the District's combined audited basic financial statements for the year ended June 30, 2004, independent auditor's letter and management's discussion and analysis, all prepared according to GASB 34, see "APPENDIX A" hereto.

The District's First Interim Report for fiscal year 2004/05 was certified as "positive." For a description of the interim report certification process, see "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — School District Budget Process" herein. The District's 2004-05 budget has been approved by the County Superintendent.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
General Fund Revenue, Expenditures and Fund Balances
2000/01 through 2004/05

	Actuals 2000/01[a]	Actuals 2001/02[a]	Actuals 2002/03[a]	Actuals 2003/04[a]	Budget 2004/05[b]
REVENUES:					
Revenue Limit Sources:					$1,267,841
State Apportionment	$ 170,782	$ 42,500	$ 71,509	$ 5,243	0
Local Sources	1,113,409	1,294,869	1,163,677	1,243,491	0
Federal	60,731	72,207	72,260	87,428	78,433
Other State	461,883	556,278	396,232	193,605	223,581
Other Local	72,480	60,035	46,492	87,035	93,653
TOTAL REVENUES	1,879,285	2,025,889	1,750,170	1,616,802	1,663,508
EXPENDITURES:					
Salaries:					
Certificated	983,168	972,908	920,505	847,934	849,309
Classified	258,872	261,308	259,749	233,000	230,431
Employee Benefits	246,083	303,575	308,970	295,078	297,304
Books, Supplies and Equipment Replacement	90,622	80,583	72,074	56,400	76,052
Contract Services and Other Expenses	163,545	190,438	218,197	265,055	264,001
Capital Outlay	13,702	9,156	2,537	0	24,435
Transfers Out/Other	25	2,246	8,399	48	2,408
Direct Support/Indirect Costs	3,045	0	0	0	(2,437)
TOTAL EXPENDITURES	1,759,062	1,820,214	1,790,431	1,697,515	1,741,503
EXCESS REVENUE OVER (UNDER) EXPENDITURES	120,223	205,675	(40,261)	(80,713)	(77,995)
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	0	0	0	0	
Interfund Transfers Out	(40,672)	(26,311)	(37,929)	(41,000)	(38,150)
TOTAL OTHER FINANCING SOURCES	(40,672)	(26,311)	(37,929)	(41,000)	(38,150)
EXCESS REVENUE OVER (UNDER) EXPENDITURES	79,551	179,364	(78,190)	(121,713)	(116,145)
FUND BALANCE, JULY 1	392,839	472,390	651,754	573,564	449,969
FUND BALANCE, JUNE 30	$ 472,390	$ 651,754	$ 573,564	$ 451,851	$333,824

(a) Audited Financial Statements.
(b) Unaudited Financial Statement.

Audit

Excerpts from the 2003/04 audited financial statements are included in APPENDIX A, herein. The District is required to accept its annual audit at a public meeting no later than January 31st of the following year. The District considers its audited financial statements to be documents of public record. The District has not requested its auditors to review this Official Statement, nor have they done so.

District Debt

The District has no outstanding debt.

Availability of Documents

Additional public documents will be made available upon request through the Business Office of the District. Such public documents include periodic financial reports such as interim reports, approved budget and audited financial statements. See "INTRODUCTION — Other Information" herein for contact information.

DISTRICT TAX BASE INFORMATION

This section presents certain information concerning the property tax base in the District. For general information on how ad valorem property is assessed, and how taxes are levied and collected, see "AD VALOREM PROPERTY TAXATION" herein.

Assessed Valuation

The following table represents the five-year history of assessed valuation in the District. For more information regarding how property is assessed in the State of California, see "AD VALOREM PROPERTY TAXATION — Assessed Valuation" herein.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
Assessed Valuation

Fiscal Year	Local Secured	Utility	Unsecured	Total
2000/01	$455,437,909	$0	$5,271,538	$460,709,447
2001/02	495,259,969	0	5,423,382	500,683,351
2002/03	540,859,410	0	5,582,618	546,442,028
2003/04	599,403,752	0	5,482,293	604,886,045
2004/05	650,888,973	0	4,911,069	655,800,042

Source: California Municipal Statistics, Inc.

The ad valorem property tax to pay debt service on the Bonds and all other outstanding bonds is levied on total assessed value of all taxable property within the District before deducting any redevelopment agency tax increment. The District's general fund property tax revenue is a percentage of the County-wide 1% general purpose tax rate levied on total assessed value of all taxable property within the District after deducting redevelopment agency tax increment.

Secured Tax Charges and Delinquencies

The following table reflects the historical secured tax levy and year-end delinquencies for the District.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
Secured Tax Charges and Delinquencies

Fiscal Year	Secured Tax Charge[(a)]	Amount Delinquent June 30	Percent Delinquent June 30
1999/00	$ 821,126.45	$12,562.05	1.53%
2000/01	891,984.74	12,746.02	1.43
2001/02	965,848.47	14,448.88	1.50
2002/03	1,058,122.81	14,550.31	1.38
2003/04	1,174,431.47	16,565.73	1.41

(a) 1% general fund apportionment.

Source: California Municipal Statistics, Inc.

Under the Teeter Plan, the County funds the District its full tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments, when the late taxes are collected. The County does include the secured, ad valorem tax levy for the District's general obligation bonds under the Teeter Plan. See "AD VALOREM PROPERTY TAXATION — Teeter Plan" herein.

Tax Rates

The following is a summary of tax rates for a representative tax rate area, TRA 63-008, within the District. TRA 63-008 has a total 2004/05 assessed valuation of $387,119,216, approximately 59% of the District's total assessed valuation. See "AD VALOREM PROPERTY TAXATION" for further information on establishing tax rates.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
Tax Rates – TRA 63-008

	2000/01	2001/02	2002/03	2003/04	2004/05
County-wide Rate[(a)]	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Coast Unified School District	0.00860	0.00830	0.00810	0.00816	0.00808
State Water Project	0.00230	0.00230	0.00230	0.00230	0.00223
TOTAL	1.01090%	1.01060%	1.01040%	1.01046%	1.01031%

(a) Maximum rate for purposes other than paying debt service in accordance with Article XIIIA of the State Constitution.

Source: California Municipal Statistics, Inc.

Largest Taxpayers

The twenty largest taxpayers in the District, as shown on the secured tax roll, and the amounts of their assessed valuations for all taxing jurisdictions within the District, are shown below.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
Largest Taxpayers

Name	Primary Land Use	Assessed Valuation	Percent of Total[(a)]
Michael E. Hischier, Trustee	**Residential**	$ 6,470,855	0.99%
Lewis C. Pollard, Trustee	Mobilehome Park	3,062,581	0.47
Bert Forbes, Trustee	Residential	3,023,615	0.46
Richard D. Walker, Trustee	Residential	2,642,537	0.41
TS LLC	Residential	2,588,620	0.40
Whale Rock Terrace Inc.	Mobilehome Park	2,562,104	0.39
Benedict Aron Morris, MD Profit Sharing Plan	Residential	2,543,577	0.39
Ross B. Sweet, Trustee	Residential	2,439,428	0.37
Amitage Corp.	Hotel/Motel	2,236,141	0.34
Michael I. and Andrea B. Boone	Residential	2,133,154	0.33
Scott L. Robinson, Trustee	Residential	2,119,648	0.33
Tides LLC	Hotel/Motel	2,091,086	0.32
John F. Swift	Residential	2,026,134	0.31
Richard L. and Ann F. Aschenbrenner	Residential	1,979,568	0.30
David C. Pierson, Trustee	Residential	1,960,674	0.30
Marvin Mouchawar, Trustee	Residential	1,796,402	0.28
Forster-Gill Inc.	Commercial	1,786,288	0.27
Cayucos Beach Inn Inc.	Hotel/Motel	1,689,966	0.26
Jeffrey A. Mowry, Trustee	Residential	1,457,257	0.22
David F. and Carolyn J. Santos	Residential	1,456,120	0.22
Total		$48,065,755	7.38%

(a) Local Secured Assessed Valuation for 2004/05: $650,888,973.

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated as of March 1, 2005. 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 of the Debt Report lists local agencies with territory overlapping, at least in part, that of the District. The second column shows the portion of each overlapping entity's debt assignable to property within the boundaries of the District, and the third column shows the amount of that portion of the overlapping entity's existing debt. The total amount of debt for each overlapping entity is not given.

The Debt Report also shows, at the top, the gross assessed valuation, less any redevelopment agency tax increment and the resulting net assessed valuation after deducting redevelopment agency tax increment.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
Statement of Direct and Overlapping Debt

2004/05 Assessed Valuation: $655,800,042

	Percent Applicable	Debt 3/1/05
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		
Coast Unified School District	29.240%	$1,012,936
Cayucos School District	100.	–
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		1,012,936[(a)]
OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
San Luis Obispo County Certificates of Participation	2.412	1,059,953
San Luis Obispo County General Fund Obligations	2.412	3,309,129
San Luis Obispo Community College District Certificates of Participation	2.396	73,677
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$4,442,759
COMBINED TOTAL DEBT		$5,455,695[(b)]

(a) Excludes general obligation bonds to be sold.
(b) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2004/05 Assessed Valuation:

Direct Debt	– %
Total Direct and Overlapping Tax and Assessment Debt	0.15%
Combined Total Debt	0.83%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: $0

Source: California Municipal Statistics, Inc.

ECONOMIC PROFILE

While the economics of the Community and County and surrounding region influence the economics within the District, only property within the District is subject to an unlimited ad valorem tax levy to pay debt service on the Bonds.

Introduction

The District is located in the town of Cayucos in San Luis Obispo County.

San Luis Obispo County was created in 1850, as one of twenty-seven original California counties. The county's name is derived from the Mission San Luis Obispo, established in 1772 by Father Junipero Serra.

The County's 3,326 square miles are home to a wide variety of topography. The Southern Coast Ranges run northwest to southwest throughout San Luis Obispo, with the Santa Lucia Range in the west and the Temblor Range in the east. A mountainous county, level land is found mostly along the northern border, in some coastal valleys, and with the Carrizo Plain in the southeast. The northernmost end of the Carrizo Plain contains one of the largest natural wildlife preserves in the nation.

The County is located on California's central coast. The County is bordered on the north by Monterey, on the east by Kern and to the south by Santa Barbara. San Luis Obispo has several tourist attractions and recreational areas, including Hearst Castle in San Simeon, visited by more than 70,000 people annually.

San Luis Obispo's economy is largely based on tourism and education; as a result, government; trade, transportation and utilities; and leisure and hospitality are significant industries in the County.

Population

The following table summarizes population figures for the County.

SAN LUIS OBISPO COUNTY
Population

Year	San Luis Obispo County
1980	155,435
1990	217,162
2000	246,681
2001	250,500
2002	253,600
2003	255,400
2004	258,200

Source: The 1980, 1990 and 2000 totals are U.S. Census figures. The figures for the years 2001 through 2004 are based upon adjusted January 1 estimates provided by the State.

Employment

The following table summarizes employment and unemployment in the San Luis Obispo-Paso Robles Metropolitan Statistical Area, which includes San Luis Obispo County.

SAN LUIS OBISPO-PASO ROBLES METROPOLITAN STATISTICAL AREA
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES

	2004
Civilian Labor Force[(a)]	
Employment	125,300
Unemployment	5,700
Total	131,000
Unemployment Rate[(b)]	4.4%

(a) Based on place of residence. Based on a March 2004 benchmark.
(b) The unemployment rate is calculated using unrounded data.

Source: California Employment Development Department, Labor Market Information Division.

The following table summarizes the historical numbers of workers in San Luis Obispo-Paso Robles Metropolitan Statistical Area, which includes San Luis Obispo County, by industry.

SAN LUIS OBISPO-PASO ROBLES METROPOLITAN STATISTICAL AREA
Estimated Number of Wage and Salary Workers by Industry[(a)]
(in thousands)

	2000	2001	2002	2003	2004
Agricultural	4,800	4,900	4,600	3,900	4,100
Natural Resources, Mining and Construction	6,100	6,700	6,800	6,900	7,200
Manufacturing	7,400	7,400	6,900	6,500	6,300
Trade, Transportation and Utilities	18,100	18,800	18,900	19,100	19,500
Information	1,800	1,800	1,500	1,400	1,500
Financial Activities	3,700	3,800	4,300	4,400	4,700
Professional and Business Services	8,800	9,000	8,900	8,500	8,900
Educational and Health Services	8,700	9,600	10,000	10,300	10,500
Leisure and Hospitality	13,000	13,200	13,800	14,300	14,500
Other Services	4,300	4,400	4,400	4,300	4,200
Government	22,400	22,800	23,000	22,400	21,900
Total All Industries	99,000	102,200	103,000	102,000	103,100

(a) The industry employment data are now based upon the North American Industry Classification System (NAICS). Newly released data are not comparable to the data based on the Standard Industrial Classification (SIC). Items may not add to totals due to independent rounding. March 2004 Benchmark.

Source: California Employment Development Department, Labor Market Information Division.

Major Employers

The following table summarizes the major employers in San Luis Obispo County.

SAN LUIS OBISPO COUNTY
Major Employers

Employer	Product/Service	Employees
Pro Forms Inc.	Manufacture business forms	3,000
Atascadero State Hospital	General medical & surgical hospital	1,600
Pacific Gas & Electric (Diablo Canyon Nuclear Power Plant)	Nuclear power plant	1,200
San Luis Coastal Unified School District	Public school district	855
Lucia Mar Unified School District	Public school district	850
Sierra Vista Hospital Inc.	Regional medical center & general surgical hospital	760
Paso Robles Joint Unified School District	Public school district	685
Associated Students Inc. (Polytechnic State University)	College student assistant services	600
Wal-Mart Stores Inc.	Retail discount department store	530
French Hospital Medical Center	Medical & surgical hospital	500
Cuesta College	4 year college	400
Arroyo Grande Community Hospital	Medical & surgical hospital providing acute care	375
Ernie Ball Inc.	Manufactures guitars & accessories	360
Joslyn Sunbank Co. LLC	Manufactures current-carrying wiring devices & electrical connectors & back shells connector accessories	330
County of San Luis Obispo (Social Services Dept.)	Family services, NEC	300
Talley Farms	Farming specializing in vegetables	300
Templeton Unified School District	Public school district	280
General Hospital	General medical & surgical hospital	275
Albertson's Inc.	Supermarket	257
Integrity Management Service	Housekeeping services for hospitals	250

Source: 2004 Harris Info Source, January 2005.

Construction Activity

The following table summarizes historical residential building permit valuation for the County.

SAN LUIS OBISPO COUNTY
Residential Building Permit Valuation
(Dollars in Thousands)

Year[a]	Residential Units[b]	Residential Valuation[c]
1999	1,648	$244,914
2000	1,673	269,987
2001	1,943	320,459
2002	1,993	320,019
2003	2,260	414,092

(a) As of January 1.
(b) Does not include alterations and additions.
(c) Includes all residential building activity.

Source: "California Building Permit Activity," Economic Sciences Corporation.

Commercial Activity

The following table summarizes historical taxable transactions in the County.

SAN LUIS OBISPO COUNTY
Taxable Transactions
($ in Thousands)

Year	Permits	Taxable Transactions
1999	9,117	$2,598,180
2000	9,281	2,924,571
2001	9,425	3,079,515
2002	9,536	3,218,205
2003	9,814	3,305,923

Source: State Board of Equalization.

Median Household Income

Effective Buying Income (EBI) is defined as money income less personal income tax and non-tax payments, such as fines, fees or penalties. The following table summarizes historical median household EBI, for the County, State of California and United States of America.

SAN LUIS OBISPO COUNTY,
STATE OF CALIFORNIA AND UNITED STATES OF AMERICA
Median Household Effective Buying Income

Year[(a)]	San Luis Obispo County	State of California	United States of America
1999	$35,268	$39,492	$37,233
2000	39,060	44,464	39,129
2001	39,906	43,532	38,365
2002	38,730	42,484	38,035
2003	39,548	42,924	38,201

(a) As of January 1.

Source: "Survey of Buying Power", Sales and Marketing Management Magazine.

LEGAL MATTERS

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code") such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Code), a deduction for federal income tax purposes is allowed for 80 percent of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

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

The form of Bond Counsel opinion is attached hereto as APPENDIX A.

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

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 California Government Code, are eligible for security for deposits of public moneys in California.

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 taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Legal Opinion

The legal opinions of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each Bond.

Bond Counsel's employment is limited to a review of the legal proceedings required for authorization of the Bonds and to rendering an opinion as to the validity of the Bonds and the exclusion from gross income of interest on the Bonds. The opinion of Bond Counsel will not consider or extend to any documents, agreements, representations, offering circulars, official statements or other material of any kind concerning the Bonds.

MISCELLANEOUS

Ratings

Standard & Poor’s has assigned its municipal bond rating of “AAA” to the Bonds, based solely upon the issuance of the Policy concurrently with the issuance of the Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency at the following address: Standard & Poor’s Ratings Services, 55 Water Street, 38th Floor, New York, NY 10041.

Generally, a rating agency bases its rating on the information and materials furnished to it (some of which may not be included in this Official Statement) and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgement of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Underwriting

Pursuant to the terms of a semi-competitive sale held on March 15, 2005, Stone & Youngberg LLC as Underwriter, has agreed to purchase the Bonds from the District at the purchase price of $2,373,462.05 (consisting of total principal amount of $1,310,000 plus a total denominational amount of $1,006,287.20 plus a bid premium of $9,424.85 plus a costs of issuance fund of $47,750.00). The Underwriter has represented to the District that the Bonds were reoffered to the public at the prices or yields set forth on the cover page of this Official Statement, at an aggregate reoffering price of $2,404,863.25. Based on such representations, underwriter's compensation for the Bonds will be $31,401.20 (which includes a bond insurance premium of $9,100.00). The Underwriter will be obligated to take and pay for all of the Bonds, if any Bond is purchased.

Closing Papers

The District will furnish to the Underwriter, without charge, concurrently with payment for and delivery of the Bonds, the following closing papers, each dated the date of such delivery:

(a) The opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, substantially in the form attached as APPENDIX B hereto;

(b) The tax certificate of the District containing certifications and covenants relied upon by Bond Counsel in rendering its opinion that the interest on the Bonds is exempt from federal income taxation;

(c) The certificate on behalf of the District certifying that there is no litigation pending affecting the validity of the Bonds;

(d) The Certificate of an appropriate District official, acting on behalf of the District solely in his or her official and not in his or her personal capacity, certifying that at the time of the sale of the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds to the initial purchasers thereof, to the best knowledge and belief of said Official, this Official Statement (excluding the description of the DTC and its book-entry system, information relating to a municipal bond insurance policy, if any, and the provider thereof, information provided by the Underwriter relating to the underwriting and the reoffering of the Bonds, and information relating to the investment of District funds, provided by the County Treasurer-Tax Collector), did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(e) The signature certificate of the officials of the District certifying that said officials have signed the Bonds, whether by facsimile or manual signature, and that they were duly authorized to do so;

(f) The receipt of the Treasurer-Tax Collector of the County for the purchase price of the Bonds, including interest accrued to the date of delivery thereof; and

(g) The Continuing Disclosure Certificate of the District in substantially the form shown in APPENDIX C attached hereto.

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds (a) to provide to any person upon written request certain financial information and operating data relating to the District by not later than nine months following the end of the District's fiscal year (the "Annual Report"), commencing with the Annual Report for the 2004/05 Fiscal Year, which is due no later than April 1, 2006, and (b) to provide notices of the occurrence of certain enumerated events, if material. Currently the District's Fiscal Year ends on June 30 of each year. The Annual Report will be filed by the District with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") and with the state information repository, if any. The notices of material events will be filed by the District with each NRMSIR or with the Municipal Securities Rulemaking Board, and with the state information repository, if any. Submission of Annual Reports to Disclosure USA or another "central post office" designated by the S.E.C. will constitute compliance with such filing requirements. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth below under the caption "APPENDIX C — FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

Financial Advisor

The District has entered into an agreement with Kelling, Northcross & Nobriga, A Division of Zions First National Bank, whereunder the Financial Advisor provides financial recommendations and guidance to the District with respect to preparation and sale of the Bonds. The Financial Advisor has read and participated in the drafting of certain portions of this Official Statement and has supervised the completion and editing thereof. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the District, with respect to accuracy and completeness of disclosure of such information, and the Financial Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

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 documents, statutes and constitutional provisions referenced herein, do not purport to be complete, and reference is made to said documents, statutes, and constitutional provisions for full and complete statements of their provisions. This Official Statement has been reviewed and approved by the District.

CAYUCOS ELEMENTARY SCHOOL DISTRICT

By: /s/ George Erdelyi

Superintendent

APPENDIX A

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004,
WITH INDEPENDENT AUDITOR'S LETTER AND
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAYUCOS ELEMENTARY SCHOOL DISTRICT
COUNTY OF SAN LUIS OBISPO
CAYUCOS, CALIFORNIA

AUDIT REPORT
June 30, 2004

CAYUCOS ELEMENTARY SCHOOL DISTRICT
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June 30, 2004

FINANCIAL SECTION

SUPPLEMENTARY INFORMATION SECTION

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FINANCIAL SECTION

MOSS, LEVY & HARTZHEIM
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS:
ROBERT M. MOSS, C.P.A.*
RONALD A. LEVY, C.P.A.*
CRAIG A. HARTZHEIM, C.P.A.*

*DENOTES PROFESSIONAL CORPORATION

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SANTA MARIA, CA 93454
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cayucos Elementary School District
Cayucos, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cayucos Elementary School District as of and for the fiscal year ended June 30, 2004, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The lack of certain internal control procedures and supporting records limits us from expressing an independent auditors' opinion on recorded transactions of the fiduciary fund.

In our opinion, except for the effects of any adjustments that might have resulted had we been able to audit the fiduciary fund, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cayucos Elementary School District at June 30, 2004, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Cayucos Elementary School District has not presented management's discussion and analysis that the Governmental Accounting Standards Board have determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2004, on our consideration of the Cayucos Elementary School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Cayucos Elementary School District's basic financial statements. The accompanying combining fund statements and schedules, financial, and statistical information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Cayucos Elementary School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MOSS, LEVY & HARTZHEIM

November 12, 2004

OFFICES: BEVERLY HILLS • SANTA MARIA • SACRAMENTO

CAYUCOS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2004

	Governmental Activities
Assets	
Cash in county treasury	$ 901,562
Revolving cash fund	1,000
Cash in bank and on hand	200
Accounts receivable	86,010
Land	222,311
Construction in progress	7,704
Buildings and improvements	1,017,700
Equipment	30,000
Less accumulated depreciation	(451,302)
Total assets	1,815,185
Liabilities	
Accounts payable	73,874
Deferred revenue	392
Total due within one year	74,266
Total liabilities	74,266
Net Assets	
Invested in capital assets, net of related debt	826,413
Restricted for:	
Capital projects	457,436
Unrestricted	457,070
Total net assets	$ 1,740,919

See notes to basic financial statements.

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CAYUCOS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2004

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:					
Instruction	$ 1,159,799	$ -	$ 195,498	$ -	$ (964,301)
Instruction-related services:					
Instructional library, media, and technology	18,000		800		(17,200)
School site administration	131,840		76		(131,764)
Pupil services:					
Home to school transportation	49,905		25,819		(24,086)
Food services	28,140				(28,140)
All other pupil services	1,541		137		(1,404)
General administration:					
Data processing	5,248				(5,248)
All other general administration	208,709		5,565		(203,144)
Plant services	130,086		7,730		(122,356)
Ancillary services	9,701				(9,701)
Community services	14,987				(14,987)
Other outgo	2,165		2,055		(110)
Depreciation (unallocated)	24,628				(24,628)
Total governmental activities	$ 1,784,749	$ -	$ 237,680	$ -	(1,547,069)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					1,238,081
Federal and state aid not restricted to specific purposes					119,088
Interest and investment earnings					14,144
Miscellaneous					88,249
Total general revenues					1,459,562
Change in net assets					(87,507)
Net assets beginning of fiscal year					1,828,426
Net assets end of fiscal year					$ 1,740,919

See notes to basic financial statements

CAYUCOS ELEMENTARY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

	General Fund	Capital Facilities Fund	Special Reserve Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash in county treasury	$ 449,399	$ 333,109	$ 113,698	$ 5,356	$ 901,562
Revolving cash fund	1,000				1,000
Cash in bank and on hand	200				200
Accounts receivable:					
Federal and state governments	70,200				70,200
Other	5,181	10,629			15,810
Total assets	$ 525,980	$ 343,738	$ 113,698	$ 5,356	$ 988,772
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 73,737	$ -	$ -	$ 137	$ 73,874
Deferred revenue	392				392
Total liabilities	74,129			137	74,266
Fund balances:					
Reserved for revolving fund	1,000				1,000
Reserved for legally restricted balances	32,441				32,441
Unreserved:					
Designated for economic uncertainties	90,000				90,000
Designated for projects		343,738	113,698		457,436
Other designations	328,410			5,219	333,629
Total fund balances	451,851	343,738	113,698	5,219	914,506
Total liabilities and fund balances	$ 525,980	$ 343,738	$ 113,698	$ 5,356	$ 988,772

See notes to basic financial statements

CAYUCOS ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2004

Total fund balances - governmental funds		$ 914,506
In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost	$ 1,277,715	
Accumulated depreciation	(451,302)	
Net		826,413
Total net assets, governmental activities		$ 1,740,919

See notes to basic financial statements.

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CAYUCOS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2004

	General Fund	Capital Facilities Fund	Special Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Revenue Limit Sources:					
State apportionments	$ 5,243	$ -	$ -	$ -	$ 5,243
Local sources	1,243,491				1,243,491
Federal	87,428				87,428
Other state	193,605			3,279	196,884
Other local	87,035	75,296	1,675	190	164,196
Total revenues	1,616,802	75,296	1,675	3,469	1,697,242
Expenditures:					
Certificated salaries	847,934				847,934
Classified salaries	233,000			16,356	249,356
Employee benefits	295,078			8,172	303,250
Books and supplies	56,400			2,360	58,760
Contracted services and other operating expenses	265,055	20,385		13,718	299,158
Capital outlay		8,000			8,000
Other outgo	48	2,117			2,165
Total expenditures	1,697,515	30,502		40,606	1,768,623
Excess of revenues over (under) expenditures	(80,713)	44,794	1,675	(37,137)	(71,381)
Other Financing Sources (Uses):					
Operating transfers in				41,000	41,000
Operating transfers out	(41,000)				(41,000)
Total other financing sources (uses)	(41,000)			41,000	
Excess of revenues and other sources over (under) expenditures and other uses	(121,713)	44,794	1,675	3,863	(71,381)
Fund balances, July 1, 2003	573,564	298,944	112,023	1,356	985,887
Fund balances, June 30, 2004	$ 451,851	$ 343,738	$ 113,698	$ 5,219	$ 914,506

See notes to basic financial statements

CAYUCOS ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2004

Total net change in fund balances - governmental funds	$	(71,381)
Capital assets 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 additions to capital assets of $7,704 exceeds depreciation expense $(24,628) in the period.		(16,924)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned was less than the amounts used by $798.		798
Changes in net assets of governmental activities	$	(87,507)

See notes to basic financial statements

CAYUCOS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Revenue Limit Sources:				
State apportionments	$ 62,031	$ 8,628	$ 5,243	$ (3,385)
Local sources	1,202,142	1,205,033	1,243,491	38,458
Federal	79,804	88,377	87,428	(949)
Other state	344,885	233,549	193,605	(39,944)
Other local	47,861	98,938	87,035	(11,903)
Total revenues	1,736,723	1,634,525	1,616,802	(17,723)
Expenditures:				
Certificated salaries	833,925	847,709	847,934	(225)
Classified salaries	218,461	233,315	233,000	315
Employee benefits	273,766	298,489	295,078	3,411
Books and supplies	91,719	68,049	56,400	11,649
Contracted services and other operating expenses	250,718	266,638	265,055	1,583
Capital outlay	34,562	304		304
Other outgo	2,516	(29)	48	(77)
Total expenditures	1,705,667	1,714,475	1,697,515	16,960
Excess of revenues over (under) expenditures	31,056	(79,950)	(80,713)	(763)
Other Financing Sources (Uses):				
Operating transfers out	(40,414)	(41,000)	(41,000)	
Total other financing sources (uses)	(40,414)	(41,000)	(41,000)	
Excess of revenues and other sources over (under) expenditures and other uses	(9,358)	(120,950)	(121,713)	(763)
Fund balance, July 1, 2003	573,564	573,564	573,564	
Fund balance, June 30, 2004	$ 564,206	$ 452,614	$ 451,851	$ (763)

See notes to basic financial statements

CAYUCOS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
June 30, 2004

	Student Body Fund
Assets	
Cash in bank and on hand	$ 15,388
Total assets	15,388
Liabilities	
Due to student groups	15,388
Total liabilities	15,388
Net Assets	
Unrestricted	
Total net assets	$ -

See notes to basic financial statements

CAYUCOS ELEMENTARY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

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

B. Reporting Entity

The reporting entity is the Cayucos Elementary School District. There are no component units included in this report which meet the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39.

C. Implementation of New Accounting Pronouncements

For the fiscal year ended June 30, 2004, the District was required to adopt GASB Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37 (GASB 37), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and GASB Statement No. 38 (GASB 38), *Certain Financial Statement Note Disclosures*. GASB 34 significantly changes the way state and local governments report their financial information to the public. As a result of GASB 34, state and local governments are required to report financial information using both fund-based and government-wide financial statement presentations. Fund-based statements continue to use the modified accrual basis of accounting, but the government-wide statements uses full accrual basis of accounting. In addition to the change in the financial statement presentation, GASB 34 requires the reporting of capital assets and long-term obligations on the government-wide financial statements. Furthermore, the District's notes to the basic financial statements incorporate modifications as required under GASB 38.

D. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. Government-wide statements differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation, with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

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

Fund Financial Statements:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

F. 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:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Accounting (Continued)

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

The Special Reserve Fund is used to set aside funds for projects.

Nonmajor Governmental Funds:

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

1. The Deferred Maintenance Fund is used for the purpose of major repair or replacement of the District's property.
2. The Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains one agency fund for the student body accounts. The 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.

G. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and District Superintendent during the fiscal year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund in the financial statements.

Formal budgetary integration was employed as a management control device during the fiscal 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.

H. Encumbrances

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

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Assets, Liabilities, and Equity

1. Deposits and Investments

Cash balances held in banks and in revolving funds are insured up to $100,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Luis Obispo 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 fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

Information regarding the amount of dollars invested in derivatives with the San Luis Obispo County Treasury was not available.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables.

3. Prepaid Items

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

4. Capital Assets

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

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation, and air conditioning systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression system	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery and tools	Shop and maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science and engineering	Lab equipment, scientific apparatus	10

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Assets, Liabilities, and Equity (Continued)

4. Capital Assets (Continued)

Furniture and accessories	Classroom and other furniture	20
Business machines	Fax, duplicating and printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-Computerized	10
Computer hardware	PCs, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative long-term	10 to 20
Audio visual equipment	Projectors, cameras (still and digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, brass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressor	10
Grounds equipment	Mowers, tractors, attachments	15

5. Deferred Revenue

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

6. Compensated Absences

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

7. Long-Term 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.

8. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Assets, Liabilities, and Equity (Continued)

9. Revenue Limit/Property Tax

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

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 of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January1), 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. The balance is paid from the State General Fund, and is known as the 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.

NOTE 2 - CASH AND INVESTMENTS

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Luis Obispo County Treasury as part of the common investment pool ($901,562 as of June 30, 2004). The fair value of this pool as of that date, as provided by the Plan sponsor, was $901,562. The District is considered to be an involuntary participant in the external pool. Interest is deposited in the participating funds. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks ($15,588 as of June 30, 2004) and in the revolving fund ($1,000) are insured up to $100,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations in individual funds are as follows:

Fund	Excess Expenditures
Major Fund	
General Fund:	
Certificated salaries	$ 225
Other outgo	$ 77
Nonmajor Funds	
Deferred Maintenance Fund:	
Books and supplies	$ 376
Contracted services and other operating expenses	$ 3,782
Cafeteria Fund:	
Classified salaries	$ 179
Contracted services and other operating expenses	$ 2,075

NOTE 4 - RECEIVABLES

Receivables at June 30, 2004, consist of the following:

	General Fund	Capital Facilities Fund	Special Reserve Fund	Other Governmental Funds
Federal Government:				
Federal programs	$ 29,539	$ -	$ -	$ -
State Government:				
Categorical aid programs	26,164			
Lottery	14,497			
Local:				
Fees		10,629		
Miscellaneous	5,181			
Totals	$ 75,381	$ 10,629	$ -	$ -

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/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.

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2003-2004 fiscal year, are as follows:

Fund	Transfers In	Transfers Out
Major Fund:		
General Fund	$ -	$ 41,000
Nonmajor Funds:		
Deferred Maintenance Fund	10,000	
Cafeteria Fund	31,000	
Totals	$ 41,000	$ 41,000

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the fiscal year ended June 30, 2004, is shown below:

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
Capital assets, not being depreciated:				
Land	$ 222,311	$ -	$ -	$ 222,311
Construction in progress		7,704		7,704
Total capital assets, not being depreciated	$ 222,311	$ 7,704	$ -	$ 230,015
Capital assets, being depreciated:				
Buildings and improvements	$ 1,017,700	$ -	$ -	$ 1,017,700
Equipment	30,000			30,000
Total capital assets, being depreciated	1,047,700			1,047,700
Less accumulated depreciation for:				
Buildings and improvements	396,674	24,628		421,302
Equipment	30,000			30,000
Total accumulated depreciation	426,674	24,628		451,302
Total capital assets, being depreciated, net	$ 621,026	$ (24,628)	$ -	$ 596,398
Governmental activities, capital assets, net	$ 843,337	$ (16,924)	$ -	$ 826,413

Depreciation expense was charged to governmental activities, as follows:

Governmental Activities:	
Unallocated	$ 24,628
Total depreciation expense	$ 24,628

NOTE 7 - LONG-TERM DEBT - SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the fiscal year ended June 30, 2004, is shown below:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004	Due within One Year
Compensated absences	$ 798	$ -	$ 798	$ -	$ -
	$ 798	$ -	$ 798	$ -	$ -

NOTE 8 - JOINT VENTURES (Joint Powers Agreements)

The Cayucos Elementary School District participates in three joint ventures under joint powers agreements (JPA's); the Self-Insurance Program for Employees, the Self-Insured Schools of California II, and the Self-Insured Schools of California III. The relationship between the Cayucos Elementary School District and the JPA's are such that none of the JPAs are a component unit of the Cayucos Elementary School District for financial reporting purposes.

The JPAs are independently accountable for their fiscal matters. The insurance groups maintain their own accounting records. Budgets are not subject to any approval other than of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The Self-Insured School of California II (S.I.S.C. II)

S.I.S.C. II arranges for and provides property and liability insurance for its member school districts. The Cayucos Elementary School District pays a premium commensurate with the level of coverage requested.

The Self-Insured School of California III (S.I.S.C. III)

S.I.S.C III arranges for and provides health and welfare insurance for its member school districts. The Cayucos Elementary School District pays a premium commensurate with the level of health and welfare insurance provided.

Self-Insurance Program for Employees (S.I.P.E.)

S.I.P.E. was established to provide the services and other items necessary and appropriate for the development, operation, and maintenance of a self-insurance system for workers' compensation claims against the public educational agencies who are members thereof. The participants consist of the Office of the County Superintendent of Schools, school districts, and a community college. Each participant may appoint one representative to the governing board. The governing board is responsible for establishing premium rates and making budgeting decisions.

Condensed financial information for the above JPA's for the fiscal year ended June 30, 2004, was not available as of the audit report date.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

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

Litigation

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

State Teachers' Retirement System (STRS)

Plan Description

The Cayucos Elementary School 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 the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the Cayucos Elementary School 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 2003-2004 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The Cayucos Elementary School District's contributions to STRS for the fiscal years ending June 30, 2004, 2003, and 2002, were $64,304, $71,330, and $73,918, respectively, and equal 100% of the required contributions for each fiscal year.

California Public Employees' Retirement System (CalPERS)

Plan Description

The Cayucos Elementary School 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 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the Cayucos Elementary School District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2003-2004, was 10.420% of annual payroll. The contribution requirements of the plan members are established by State statute. The Cayucos Elementary School District's contributions to CalPERS for the fiscal years ending June 30, 2004, 2003, and 2002, were $26,472, $6,997 and $0, respectively, and equal 100% of the required contributions for each fiscal year.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

The District offers no postemployment benefits other than pension benefits.

NOTE 12 - STUDENT BODY FUND

The student body fund often engage in activities, which involve cash transactions. These transactions were not subject to adequate internal accounting control prior to deposits being recorded in the bank accounts.

NOTE 13 – NET ASSETS

The government-wide and fiduciary fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted, and unrestricted.

Invested In Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents net assets of the District, not restricted for any project or other purpose.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2004

Assets	Deferred Maintenance Fund	Cafeteria Fund	Totals
Cash in county treasury	$ 4,825	$ 531	$ 5,356
Total assets	$ 4,825	$ 531	$ 5,356
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ -	$ 137	$ 137
Total liabilities		137	137
Fund balances:			
Unreserved:			
Other designations	4,825	394	5,219
Total fund balances	4,825	394	5,219
Total liabilities and fund balances	$ 4,825	$ 531	$ 5,356

CAYUCOS ELEMENTARY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2004

	Deferred Maintenance Fund	Cafeteria Fund	Totals
Revenues:			
Other state	$ 3,279	$ -	$ 3,279
Other local	82	108	190
Total revenues	3,361	108	3,469
Expenditures:			
Classified salaries		16,356	16,356
Employee benefits		8,172	8,172
Books and supplies	790	1,570	2,360
Contracted services and other operating expenses	7,782	5,936	13,718
Total expenditures	8,572	32,034	40,606
Excess of revenues over (under) expenditures	(5,211)	(31,926)	(37,137)
Other Financing Sources (Uses):			
Operating transfers in	10,000	31,000	41,000
Total other financing sources (uses)	10,000	31,000	41,000
Excess of revenues and other sources over over (under) expenditures and other uses	4,789	(926)	3,863
Fund balances, July 1, 2003	36	1,320	1,356
Fund balances, June 30, 2004	$ 4,825	$ 394	$ 5,219

CAYUCOS ELEMENTARY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2004

	Deferred Maintenance Fund			Cafeteria Fund			Totals		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:									
Other state	$ 3,279	$ 3,279	$ -	$ -	$ -	$ -	$ 3,279	$ 3,279	$ -
Other local	75	82	7	110	108	(2)	185	190	5
Total revenues	3,354	3,361	7	110	108	(2)	3,464	3,469	5
Expenditures:									
Classified salaries				16,177	16,356	(179)	16,177	16,356	(179)
Employee benefits				8,254	8,172	82	8,254	8,172	82
Books and supplies	414	790	(376)	1,701	1,570	131	2,115	2,360	(245)
Contracted services and other operating expenses	4,000	7,782	(3,782)	3,861	5,936	(2,075)	7,861	13,718	(5,857)
Capital outlay	8,212		8,212	2,108		2,108	10,320		10,320
Total expenditures	12,626	8,572	4,054	32,101	32,034	67	44,727	40,606	4,121
Excess of revenues over (under) expenditures	(9,272)	(5,211)	4,061	(31,991)	(31,926)	65	(41,263)	(37,137)	4,126
Other Financing Sources (Uses):									
Operating transfers in	10,000	10,000		31,000	31,000		41,000	41,000	
Total other financing sources (uses)	10,000	10,000		31,000	31,000		41,000	41,000	
Excess of revenues and other sources over (under) expenditures and other uses	728	4,789	4,061	(991)	(926)	65	(263)	3,863	4,126
Fund balances, July 1, 2003	36	36		1,320	1,320		1,356	1,356	
Fund balances, June 30, 2004	$ 764	$ 4,825	$ 4,061	$ 329	$ 394	$ 65	$ 1,093	$ 5,219	$ 4,126

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SUPPLEMENTARY INFORMATION SECTION

CAYUCOS ELEMENTARY SCHOOL DISTRICT
ORGANIZATION
For the Fiscal Year Ended June 30, 2004

The Cayucos Elementary School District was established in 1923. The District is currently operating one elementary school.

GOVERNING BOARD

Name	Office	Term Expires
Ron Wilson	President	2006
Elaine Thompson	Clerk	2004
Carolyn Brett	Member	2006
Robert Schwennicke	Member	2004
Jan Lewis	Member	2006

ADMINISTRATION

George Erdelyi
Superintendent

CAYUCOS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
June 30, 2004

	Second Period Report	Annual Report
Elementary		
Kindergarten	23.83	24.07
First through third	60.54	61.06
Fourth through sixth	64.88	64.94
Seventh and eighth	63.02	63.35
	212.27	213.42

Supplemental Instructional Hours	Hours of Attendance
Elementary	5,554

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

CAYUCOS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
June 30, 2004

Grade Level	1982-83 Actual Minutes	1986-87 Minutes Requirement	2003-04 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	33,635	36,000	36,000	180	In compliance
Grades 1 through 3	52,345	50,400	53,200	180	In compliance
Grades 4 through 5	51,560	54,000	54,270	180	In compliance
Grades 6 and 8	51,560	54,000	56,845	180	In compliance

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

The District has received incentive funding for increasing instructional time as provided by the Incentive for Longer Instructional day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
June 30, 2004

General Fund	(Budgeted) 2005	2004	2003	2002
Revenues and other financial sources	$ 1,663,508	$ 1,616,802	$ 1,750,170	$ 2,025,889
Expenditures	1,741,503	1,697,515	1,790,431	1,820,214
Other uses and transfers out	38,150	41,000	37,929	26,311
Total outgo	1,779,653	1,738,515	1,828,360	1,846,525
Change in fund balance	(116,145)	(121,713)	(78,190)	179,364
Ending fund balance	$ 335,706	$ 451,851	$ 573,564	$ 651,754
Available reserves	$ 328,940	$ 418,410	$ 516,068	$ 573,720
Designated for economic uncertainties	$ 90,000	$ 90,000	$ 92,166	$ 92,326
Undesignated fund balance	$ -	$ -	$ -	$ -
Available reserves as a percentage of total outgo	18.48%	24.07%	28.23%	31.07%
Total long-term debt	$ -	$ -	$ 798	$ 1,932
Average daily attendance at P-2	200	212	226	259

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

The General Fund balance has decreased by $199,903 over the past two fiscal years. The fiscal year 2004-05 budget projects a decrease of $116,145. For a District this size, the State recommends available reserve of at least 5% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in one of the past three fiscal years, and the District anticipates incurring an operating deficit in the 2004-05 fiscal year. Total long-term debt has decreased by $1,932 over the past two fiscal years.

Average daily attendance has decreased by 47 over the past two fiscal years. The District anticipates a decrease of 12 ADA during the fiscal year 2004-05.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Catalog Number	Federal Expenditures
Federal Programs:		
U.S. Department of Education:		
Passed through California		
Department of Education:		
Title I	84.010	$ 32,455
Innovative education	84.298	10,502
Special education	84.027	29,876
Safe and drug free schools and communities	84.186	1,285
English language acquisition	84.365	347
Special education - preschool grant	84.173	2,151
Improving teacher quality	84.367	10,812
Total expenditures of federal awards		$ 87,428

The accompanying note is an integral part of this schedule.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2004

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Cayucos Elementary School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with state requirements, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CAYUCOS ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (J-200) WITH AUDITED FINANCIAL STATEMENTS
June 30, 2004

	General Fund	Special Reserve Fund	Deferred Maintenance Fund	Cafeteria Fund	Capital Facilities Fund
June 30, 2004, annual financial and budget report (Form J-200) fund balances	$ 451,851	$ 113,698	$ 4,825	$ 394	$ 343,738
June 30, 2004, audited financial statements fund balances	$ 451,851	$ 113,698	$ 4,825	$ 394	$ 343,738

	Long-Term Debt
June 30, 2004, annual financial and budget report (Form J-200) total liabilities	$ -
June 30, 2004, audited financial statements long-term debt total liabilities	$ -

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the long-term debt as reported on the Form J-200 to the audited financial statements.

MOSS, LEVY & HARTZHEIM
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS:
ROBERT M. MOSS, C.P.A.*
RONALD A. LEVY, C.P.A.*
CRAIG A. HARTZHEIM, C.P.A.*

*DENOTES PROFESSIONAL CORPORATION

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

Board of Trustees
Cayucos Elementary School District
Cayucos, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cayucos Elementary School District (the District) as of and for the fiscal year ended June 30, 2004, which collectively comprise the Cayucos Elementary School District's basic financial statements and have issued our report thereon dated November 12, 2004. In our report, our opinion was qualified because of the lack of certain internal control procedures and supporting records for the fiduciary fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, State Controller's Office, Department of Finance, and the Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

MOSS, LEVY & HARTZHEIM

November 12, 2004

MOSS, LEVY & HARTZHEIM
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS:
ROBERT M. MOSS, C.P.A.*
RONALD A. LEVY, C.P.A.*
CRAIG A. HARTZHEIM, C.P.A.*

*DENOTES PROFESSIONAL CORPORATION

802 EAST MAIN
SANTA MARIA, CA 93454
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AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Cayucos Elementary School District
Cayucos, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cayucos Elementary School District as of and for the fiscal year ended June 30, 2004, which collectively comprise the Cayucos Elementary School District's basic financial statements and have issued our report thereon dated November 12, 2004. In our report, our opinion was qualified because of the lack of certain internal control procedures and supporting records for the fiduciary fund. Our audit was made in accordance with auditing standards generally accepted in the United States of America; the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. 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.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations applicable to the following items:

Description	Procedures in Controller's Audit Guide	Procedures Performed
Attendance accounting:		
Attendance reporting	6	Yes
Kindergarten continuation	3	Yes
Independent study	22	No (see next page)
Continuation education	10	Not applicable
Adult education	9	Not applicable
Regional occupational centers/programs	6	Not applicable
Incentive for longer instructional day:		
School districts	4	Yes
County offices of education	3	Not applicable
Gann limit calculation	1	Yes
Early retirement incentive program	4	Not applicable
Community day schools	9	Not applicable
Instructional time and staff development reform program	7	Yes

Description	Procedures in Controller's Audit Guide	Procedures Performed
Class size reduction:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not applicable
Only one school serving K-3	4	Not applicable
Instructional materials fund:		
General requirements	9	Yes
K-8	1	Yes
9-12	1	Not applicable
Office of Criminal Justice Planning	-	Not applicable
Ratios of administrative employees to teachers	1	Yes

We did not perform testing for independent study because the independent study ADA was under the level which requires testing.

Based on our audit, we found that, for the items tested, the Cayucos Elementary School District complied with the State laws and regulations referred to above, except as described in the accompanying Schedule of Findings and Questioned Costs. Further, based on our examination, for the items not tested, nothing came to our attention to indicate that the Cayucos Elementary School District had not complied with the State laws and regulations.

This report is intended solely for the information and use of the audit committee, management, State Controller's Office, Department of Finance, and Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

MOSS, LEVY & HARTZHEIM

November 12, 2004

FINDINGS AND RECOMMENDATIONS SECTION

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Qualified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	X No
Reporting condition(s) identified not considered to be material weaknesses?	X Yes	___ None reported
Noncompliance material to financial statements noted?	___ Yes	X No

State Awards

Internal control over state programs:		
Material weakness(es) identified?	___ Yes	X No
Reporting condition(s) identified not considered to be material weaknesses?	X Yes	___ None reported
Type of auditors' report issued on compliance for state programs:	Qualified	

Section II – Financial Statement Findings

FINDING 2004-1
STUDENT BODY RECEIPTS
30000

FINDING:
Records concerning a student body fundraiser activity were incomplete. There was no support or documentation as to the amount of money collected.

RECOMMENDATION:
The District should improve the internal control structure concerning the student body fundraising activities.

DISTRICT'S RESPONSE:
ASB Supervisor will be required to sign off on all documentation and accounting before submitting to business office.

FINDING 2004-2
STUDENT BODY DISBURSEMENTS
30000

FINDING:
For five of five disbursements tested, the invoice was not marked "Paid".

RECOMMENDATION:
All paid invoices should be marked "Paid" in order to prevent double payment and a misappropriation of funds.

DISTRICT'S RESPONSE:
Business office has been directed to mark all disbursements (invoices) as "Paid" immediately upon payment.

FINDING 2004-3
STUDENT BODY DISBURSEMENTS
30000

FINDING:
For two of three disbursements tested, the disbursement had no supporting documentation.

RECOMMENDATION:
All disbursements should have supporting documentation to help avoid a misappropriation of funds to go undetected.

DISTRICT'S RESPONSE:
ASB Supervisor and business office shall not issue disbursements without supporting documentation. Disbursements (invoices) shall be marked paid.

Section III – State Award Findings and Questioned Costs

Finding 2004-12
Class Size Reduction
40000

Condition:
In testing the supporting schedules for the Form J-7CSR, it was noted that the average class size was incorrectly calculated.

Effect:
The District has reported an incorrect class size on the Form J-7CSR. The Form J-7CSR was under reported by one pupil.

Cause:
The District calculated the average class size for the entire school year, rather than using a daily average from the first day of school through April 15.

Originally Submitted			Per Corrected		
Grade Two			**Grade Two**		
Number of pupils enrolled in each class	Number of Classes of each size	Total pupils per class size	Number of pupils enrolled in each class	Number of Classes of each size	Total pupils per class size
18	1	18	18	0	0
19	0	0	19	1	19
Total	1	18	Total	1	19
Kindergarten					
22	1	22	22	1	22
	1	22		1	22
Combination					
20	1	20	20	1	20
21	1	21	21	1	21
	2	41		2	41
Total Eligible Pupils		81			82
Per Pupil		$ 906			$ 906
Total Apportionment		73,386			74,292

Questioned Costs:
$906 (One pupil at $906 per pupil)

Recommendation: The District should calculate average class size from the first day of school through April 15. The District should amend the Form J-7CSR using the average class size from the first day of school through April 15.

District Response:
District will calculate average class size from 1st day thru April 15. Form J-7 CSR has been amended.

Section II – Financial Statement Findings

FINDING 2003-1
STUDENT BODY FUND
30000

Finding:
Records concerning student body fundraising activities were inadequate.

Recommendation:
The District should improve their student body account receipts system to provide more control over money prior to receipt by the District.

Status:
The District has determined that the cost of implementing additional controls on fundraising activities would exceed the benefits derived from the additional controls.

FINDING 2003-2
GENERAL FIXED ASSETS
60000

Finding:
The District has recently received an appraisal report to be in compliance with GASB 34. The District must comply with GASB 34 for the fiscal year ended June 30, 2004.

Recommendation:
The District should review the appraisal report and have available for audit by June 30, 2004.

Status:
Implemented.

Section III – State Award Findings and Questioned Costs

There were no state award findings and questioned costs.

APPENDIX B

PROPOSED FORM OF LEGAL OPINION

(LETTERHEAD OF BOND COUNSEL)

___________, 2005

Board of Trustees
Cayucos Elementary School District
301 Cayucos Drive
Cayucos, CA 93430

OPINION: $____________ Cayucos Elementary School District (County of San Luis Obispo, California) General Obligation Bonds, Election of 2004, Series A (Bank Qualified)

Members of the Board of Trustees:

We have acted as bond counsel to the Cayucos Elementary School District (the "District") in connection with the issuance by the District of its Cayucos Elementary School District (County of San Luis Obispo, California) General Obligation Bonds, Election of 2004, Series A (Capital Appreciation Bonds) (Bank Qualified) in the aggregate principal amount of $____________ (the "Bonds"), pursuant to Chapter 1 and Chapter 1.5, Part 10, Division 1, Title 1 of the California Education Code (the "Bond Law") and pursuant to a resolution of the Board of Trustees of the District (the "Board") adopted on ___________, 2005 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

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

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

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

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

3. The Bonds have been duly authorized, executed and delivered by the Board and are valid and binding general obligations of the District, and the Board is obligated under the Bond Resolution and is authorized under the laws of the State of California to cause to be levied a tax upon the taxable property in the District for the payment when due of the principal of and interest on the Bonds.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code") such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Code), a deduction for federal income tax purposes is allowed for 80 percent of that portion of such financial institution's interest expense allocable to interest payable on the Bonds. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$____________
CAYUCOS ELEMENTARY SCHOOL DISTRICT
(San Luis Obispo County, California)
General Obligation Bonds
Election of 2004, Series A

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Cayucos Elementary School District (the “District”) in connection with the issuance of $____________ aggregate denominational amount of Cayucos Elementary School District (County of San Luis Obispo, California) General Obligation Bonds Election of 2004, Series A (the “Bonds”). The Bonds are being issued pursuant to a Resolution adopted by the Board of Trustees of the District on _________________, 2005 (the “Bond Resolution”). The District covenants and agrees as follows:

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

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

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

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

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

“Repository” shall mean each National Repository and each State Repository.

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

“State Repository” shall mean any public or private repository or entity designated by the State of California as 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 Disclosure 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 (which currently would be March 31), commencing March 31, 2006 with the report for the 2004/2005 Fiscal Year, provide to any person who requests it, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. An Annual Report shall consist of the most recently available documents of the type to be included in the Annual Report (see Section 4) at the time the request is received.

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

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the 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.

(b) To the extent not contained in the audited financial statements filed pursuant to the preceding clause (a), the Annual Report shall contain information showing:

(i) the average daily attendance in District schools on an aggregate basis for the preceding fiscal year;

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

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

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

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

(vi) prior fiscal year total secured property tax levy and collections, showing current collections as a percent of the total levy; and

(vii) current fiscal year assessed valuation of taxable properties in the District, including assessed valuation of the top ten properties.

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

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

Section 5. Reporting of Significant Events.

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

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

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

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Bond Resolution.

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

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

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

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

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

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure 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 Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Date: _______________, 2005

CAYUCOS ELEMENTARY SCHOOL DISTRICT

By: ____
Superintendent

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Cayucos Union Elementary School District

Name of Bond Issue: $____________ aggregate principal amount of Cayucos Elementary School District (County of San Luis Obispo, California) General Obligation Bonds, Election of 2004, Series A

Date of Issuance: _______________, 2005

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

Dated: _______________, 2005

CAYUCOS ELEMENTARY SCHOOL DISTRICT

By: ________________________
Superintendent

APPENDIX D

EXCERPTS FROM THE
COUNTY INVESTMENT PORTFOLIO REPORT

Treasurer
Tax Collector
Public Administrator
SAN LUIS OBISPO COUNTY

Frank L. Freitas, CPA
Department Head

Donna L. Morris
Assistant

P.O. Box 1149 • Room 200, County Government Center • San Luis Obispo, CA 93406-1149

• Telephone 805.781.5842
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• Email ttc@co.slo.ca.us

QUARTERLY REPORT OF COMBINED POOL INVESTMENTS
TREASURY MANAGED FUNDS ONLY
QUARTER ENDING DECEMBER 31, 2004

DESCRIPTION

This is a summary of the Treasurer's investment operations for the quarter ending December 31, 2004, and a statement of compliance to the currently adopted County Treasurer's Investment Policy.

SUMMARY

TREASURY MANAGED FUNDS

As of December 31, 2004, the Combined Pool of Investments totals were:

CASH ON HAND/BANKS		$3,885,565.09
INVESTMENTS		
	Principal Cost	$493,104,341.48
	Market Value	$490,832,304.50
	Weighted Average Days to Maturity	267

The details of each investment held by the Treasury as of December 31, 2004 can be found on the Treasury Pool Detail Report attached to this summary. The market value information for this report came from Bank of New York, Broker/Dealer provided estimates, or was derived through market value calculations.

FOR FINANCIAL STATEMENT REPORTING PURPOSES ONLY			
Amortized Cost	$492,758,893.61	Market Value	$490,832,304.50
Cash on Hand/Banks	3,885,565.09	Cash on Hand/Banks	3,885,565.09
Accrued Interest	1,388,353.17	Accrued Interest	1,388,353.17
Total:	$498,032,811.87	Total:	$496,106,222.76

Participating Dollar Factor: **0.996131602047**
(Derived by dividing total market value by total amount in Treasury)

The value of each participating dollar equals the agency's fund balance as of December 31, 2004 (available from the County Auditor-Controller's Office) multiplied by the participating dollar factor. This equates to approximately a $386.84 decrease per $100,000.

STATEMENT OF COMPLIANCE

LIQUIDITY

The Treasury will be able to meet the expenditures of the County for the next six months due to anticipated revenues, cash flow from operations, and scheduled maturities in anticipation of expenditures. In addition, portions of the portfolio can be liquidated to meet any significant unexpected cash flow needs.

INVESTMENT

The investment portfolio as of the quarter ending December 31, 2004, was reviewed and found to be in compliance with the current County Treasurer's Investment Policy. The Treasury continues to maintain its conservative and prudent investment objectives, which in order of priority are safety, liquidity, and yield, while maintaining compliance with federal, state, and local laws and regulations.

Respectfully submitted on January 20, 2005

\S\ FRANK L. FREITAS
Treasurer, Tax-Collector, Public Administrator

FRANK L. FREITAS, CPA
SAN LUIS OBISPO COUNTY TREASURER
TREASURY POOL DETAIL REPORT - 12/31/04 PORTFOLIO
AS OF: 01/01/05 "Carrying Value" reflects Pool Revalue & LAIF Interest Earned

Maturity Date	Broker Code	Instrument	Invest. Number	Principal Cost	Purchase Price	Accrued Interest	Carrying Value	Par	Market Value	Market Value (incls Accrued Int)
02/22/05	BOA	BA-BOA	05-061	3,963,444.44	3,963,444.44	-	3,989,137.78	4,000,000.00	3,986,072.80	3,986,072.80
BANKERS ACCEPTANCE				3,963,444.44	3,963,444.44	-	3,989,137.78	4,000,000.00	3,986,072.80	3,986,072.80
01/04/05	CG	C/P-CG	05-160	3,993,250.00	3,993,250.00	-	3,999,250.00	4,000,000.00	3,998,931.60	3,998,931.60
COMMERCIAL PAPER				3,993,250.00	3,993,250.00	-	3,999,250.00	4,000,000.00	3,998,931.60	3,998,931.60
01/07/05	UB	FCB	04-267	3,966,197.78	3,966,197.78	-	3,999,293.33	4,000,000.00	3,999,200.00	3,999,200.00
02/28/05	BOA	FCB	05-066	3,964,001.11	3,964,001.11	-	3,988,335.55	4,000,000.00	3,985,600.00	3,985,600.00
03/15/05	FTN	FCB	05-006	3,950,160.00	3,950,160.00	-	3,985,562.23	4,000,000.00	3,981,600.00	3,981,600.00
04/21/05	UB	FCB	04-295	4,001,250.00	4,001,250.00	11,666.67	4,012,043.38	4,000,000.00	3,988,750.00	4,000,416.67
07/21/05	BOA	FCB	05-184	3,594,066.79	3,594,066.79	-	3,597,217.96	3,650,000.00	3,596,710.00	3,596,710.00
07/26/05	BOA	FCB	05-161	3,935,855.56	3,935,855.56	-	3,942,548.89	4,000,000.00	3,940,000.00	3,940,000.00
08/03/05	FTN	FCB	05-158	3,933,345.56	3,933,345.56	-	3,940,317.78	4,000,000.00	3,936,000.00	3,936,000.00
08/15/05	ZB	FCB	05-013	3,999,484.00	4,033,247.89	32,111.11	4,031,821.74	4,000,000.00	3,983,750.00	4,015,861.11
11/15/05	FTN	FCB	04-002	6,132,780.00	6,151,946.67	19,166.67	6,067,811.87	6,000,000.00	5,979,375.00	5,998,541.67
11/18/05	BOA	FCB	05-135	3,893,226.67	3,893,226.67	-	3,905,840.00	4,000,000.00	3,898,800.00	3,898,800.00
03/15/06	ZB	FCB	03-386	6,108,699.12	6,152,449.12	44,166.67	6,092,306.40	6,000,000.00	5,960,625.00	6,004,791.67
07/28/06	FTN	FCB	04-029	5,950,740.00	5,951,448.33	54,187.50	6,028,386.79	6,000,000.00	5,906,250.00	5,960,437.50
10/02/06	UB	FCB	04-088	6,042,187.50	6,042,583.33	35,229.17	6,059,825.72	6,000,000.00	5,915,625.00	5,950,854.17
01/16/07	FTN	FCB	05-037	5,834,160.00	5,839,472.50	51,562.50	5,913,670.98	6,000,000.00	5,836,875.00	5,888,437.50
FARM CREDIT				65,306,154.09	65,409,251.31	248,090.29	65,564,982.62	65,650,000.00	64,909,160.00	65,157,250.29
02/15/05	ZB	FHLB	03-245	8,023,056.40	8,031,806.40	56,666.67	8,058,109.70	8,000,000.00	7,995,000.00	8,051,666.67
06/24/05	UB	FHLB	05-001	3,913,284.44	3,913,284.44	-	3,957,853.34	4,000,000.00	3,950,400.00	3,950,400.00
07/25/05	BOA	FHLB	05-035	3,913,923.33	3,913,923.33	-	3,950,572.22	4,000,000.00	3,940,400.00	3,940,400.00
08/15/05	FTN	FHLB	04-059	6,093,000.00	6,101,500.00	68,000.00	6,097,478.25	6,000,000.00	6,007,500.00	6,075,500.00
08/22/05	UB	FHLB	05-058	3,916,000.00	3,916,000.00	-	3,945,633.34	4,000,000.00	3,930,400.00	3,930,400.00
10/31/05	ZB	FHLB	05-174	3,904,711.11	3,904,711.11	-	3,909,773.33	4,000,000.00	3,905,600.00	3,905,600.00
12/15/05	FTN	FHLB	04-007	6,118,440.00	6,127,606.67	6,666.67	6,052,874.23	6,000,000.00	5,973,750.00	5,980,416.67
02/15/06	FTN	FHLB	03-384	6,416,340.00	6,515,340.00	102,000.00	6,279,074.09	6,000,000.00	6,095,625.00	6,197,625.00
06/15/06	FTN	FHLB	03-379	6,047,520.00	6,057,520.00	5,000.00	6,028,169.82	6,000,000.00	5,895,000.00	5,900,000.00
08/15/06	CG	FHLB	04-041	6,102,780.00	6,207,196.67	79,333.33	6,134,705.25	6,000,000.00	6,030,000.00	6,109,333.33
09/15/06	UB	FHLB	04-086	6,113,820.00	6,124,840.83	50,791.67	6,116,343.55	6,000,000.00	5,979,375.00	6,030,166.67
05/15/07	UB	FHLB	04-320	5,933,923.92	5,941,215.59	23,958.33	5,971,726.19	6,000,000.00	5,970,000.00	5,993,958.33
FHLB				66,496,799.20	66,754,945.04	392,416.67	66,502,313.31	66,000,000.00	65,673,050.00	66,065,466.67
02/04/05	FTN	FNMA	04-277	3,956,537.78	3,956,537.78	-	3,995,202.22	4,000,000.00	3,992,000.00	3,992,000.00
02/07/05	BOA	FNMA	04-288	3,957,860.00	3,957,860.00	-	3,994,820.00	4,000,000.00	3,991,200.00	3,991,200.00
03/04/05	FTN	FNMA	04-274	3,955,815.56	3,955,815.56	-	3,991,871.11	4,000,000.00	3,984,400.00	3,984,400.00
04/01/05	FTN	FNMA	04-294	3,945,244.44	3,945,244.44	-	3,985,999.99	4,000,000.00	3,976,000.00	3,976,000.00
05/27/05	UB	FNMA	05-017	3,930,393.33	3,930,393.33	-	3,968,042.22	4,000,000.00	3,959,600.00	3,959,600.00
06/15/05	ZB	FNMA	04-063	6,429,251.70	6,509,751.70	15,333.33	6,125,141.91	6,000,000.00	6,084,375.00	6,099,708.33
06/27/05	FTN	FNMA	05-057	3,930,755.56	3,930,755.56	-	3,959,683.33	4,000,000.00	3,949,600.00	3,949,600.00
07/22/05	UB	FNMA	05-034	3,915,826.67	3,915,826.67	-	3,951,968.89	4,000,000.00	3,941,200.00	3,941,200.00
08/19/05	FTN	FNMA	05-056	3,916,700.00	3,916,700.00	-	3,946,333.34	4,000,000.00	3,931,200.00	3,931,200.00
09/15/05	BOA	FNMA	04-055	5,965,644.00	5,967,519.00	33,125.00	6,021,336.61	6,000,000.00	5,958,750.00	5,991,875.00
10/14/05	FTN	FNMA	05-136	3,903,493.33	3,903,493.33	-	3,916,106.66	4,000,000.00	3,911,200.00	3,911,200.00
10/15/05	ZB	FNMA	04-048	6,097,280.58	6,157,176.41	36,416.67	6,071,892.58	6,000,000.00	6,000,000.00	6,036,416.67
04/15/06	CG	FNMA	03-382	6,063,480.00	6,088,625.83	26,916.67	6,055,991.01	6,000,000.00	5,928,750.00	5,955,666.67
06/15/06	UB	FNMA	04-005	6,585,165.60	6,600,915.60	14,000.00	6,301,697.37	6,000,000.00	6,176,250.00	6,190,250.00
FNMA				66,553,448.55	66,736,615.21	125,791.67	66,286,087.24	66,000,000.00	65,784,525.00	65,910,316.67
05/16/05	BOA	FHLMC	05-104	3,951,470.00	3,951,470.00	-	3,968,350.00	4,000,000.00	3,962,800.00	3,962,800.00
05/17/05	FTN	FHLMC	05-127	3,951,466.67	3,951,466.67	-	3,963,733.34	4,000,000.00	3,962,400.00	3,962,400.00
05/23/05	BOA	FHLMC	05-109	3,950,080.00	3,950,080.00	-	3,965,920.00	4,000,000.00	3,960,800.00	3,960,800.00
06/13/05	BOA	FHLMC	05-138	3,944,738.89	3,944,738.89	-	3,955,627.78	4,000,000.00	3,953,600.00	3,953,600.00
06/28/05	FTN	FHLMC	05-148	3,941,712.22	3,941,712.22	-	3,950,357.78	4,000,000.00	3,949,200.00	3,949,200.00
07/08/05	FTN	FHLMC	05-166	3,940,733.33	3,940,733.33	-	3,946,942.22	4,000,000.00	3,945,200.00	3,945,200.00
07/11/05	BOA	FHLMC	05-157	3,939,280.00	3,939,280.00	-	3,946,307.78	4,000,000.00	3,944,400.00	3,944,400.00
08/08/05	CG	FHLMC	05-131	3,926,666.67	3,926,666.67	-	3,939,166.67	4,000,000.00	3,934,800.00	3,934,800.00
09/02/05	FTN	FHLMC	05-168	3,923,451.11	3,923,451.11	-	3,929,782.22	4,000,000.00	3,925,600.00	3,925,600.00
09/16/05	FTN	FHLMC	05-124	3,914,261.11	3,914,261.11	-	3,927,473.33	4,000,000.00	3,921,600.00	3,921,600.00
09/19/05	BOA	FHLMC	05-171	3,916,610.00	3,916,610.00	-	3,921,990.00	4,000,000.00	3,920,400.00	3,920,400.00
09/29/05	FTN	FHLMC	05-130	3,909,764.44	3,909,764.44	-	3,922,614.44	4,000,000.00	3,917,600.00	3,917,600.00
10/03/05	BOA	FHLMC	05-181	3,911,711.11	3,911,711.11	-	3,916,277.78	4,000,000.00	3,914,400.00	3,914,400.00
10/17/05	FTN	FHLMC	05-182	3,906,942.22	3,906,942.22	-	3,911,533.89	4,000,000.00	3,910,000.00	3,910,000.00
10/26/05	FTN	FHLMC	05-179	3,904,753.33	3,904,753.33	-	3,909,606.66	4,000,000.00	3,907,200.00	3,907,200.00

FRANK L. FREITAS, CPA
SAN LUIS OBISPO COUNTY TREASURER
TREASURY POOL DETAIL REPORT - 12/31/04 PORTFOLIO
AS OF: 01/01/05 "Carrying Value" reflects Pool Revalue & LAIF Interest Earned

Maturity Date	Broker Code	Instrument	Invest. Number	Principal Cost	Purchase Price	Accrued Interest	Carrying Value	Par	Market Value	Market Value (incls Accrued Int)
10/28/05	FTN	FHLMC	05-139	3,899,133.33	3,899,133.33	-	3,911,000.00	4,000,000.00	3,906,800.00	3,906,800.00
11/04/05	FTN	FHLMC	05-185	3,901,464.44	3,901,464.44	-	3,905,171.11	4,000,000.00	3,903,200.00	3,903,200.00
11/10/05	FTN	FHLMC	05-172	3,898,493.33	3,898,493.33	-	3,904,013.33	4,000,000.00	3,901,200.00	3,901,200.00
11/15/05	BOA	FHLMC	05-128	3,891,204.44	3,891,204.44	-	3,904,953.33	4,000,000.00	3,899,600.00	3,899,600.00
11/23/05	FTN	FHLMC	05-175	3,894,432.22	3,894,432.22	-	3,899,664.44	4,000,000.00	3,897,200.00	3,897,200.00
11/28/05	FTN	FHLMC	05-167	3,893,315.56	3,893,315.56	-	3,899,964.45	4,000,000.00	3,895,600.00	3,895,600.00
FREDDIE MAC				82,311,684.42	82,311,684.42	-	82,500,450.55	84,000,000.00	82,433,600.00	82,433,600.00
01/01/05	ST	LAIF	1	40,000,000.00	40,000,000.00	179,149.13	40,179,149.13	40,000,000.00	39,918,020.76	40,097,169.89
LAIF				40,000,000.00	40,000,000.00	179,149.13	40,179,149.13	40,000,000.00	39,918,020.76	40,097,169.89
01/03/05	ML	REPO	05-192	7,480,000.00	7,480,000.00	748.00	7,480,748.00	7,480,000.00	7,480,000.00	7,480,748.00
REPO				7,480,000.00	7,480,000.00	748.00	7,480,748.00	7,480,000.00	7,480,000.00	7,480,748.00
01/06/05	ZB	T-BILL	05-019	3,968,711.11	3,968,711.11	-	3,999,111.11	4,000,000.00	3,999,520.00	3,999,520.00
01/13/05	UB	T-BILL	05-021	3,967,138.89	3,967,138.89	-	3,997,833.33	4,000,000.00	3,998,040.00	3,998,040.00
01/20/05	BOA	T-BILL	05-164	3,990,900.00	3,990,900.00	-	3,995,883.33	4,000,000.00	3,996,520.00	3,996,520.00
01/27/05	ZB	T-BILL	05-113	3,981,875.00	3,981,875.00	-	3,994,583.33	4,000,000.00	3,995,120.00	3,995,120.00
02/17/05	ZB	T-BILL	05-064	3,967,983.89	3,967,983.89	-	3,991,096.11	4,000,000.00	3,990,240.00	3,990,240.00
02/24/05	ZB	T-BILL	05-063	3,966,364.44	3,966,364.44	-	3,989,679.99	4,000,000.00	3,988,560.00	3,988,560.00
03/03/05	ZB	T-BILL	05-082	3,966,726.67	3,966,726.67	-	3,987,393.33	4,000,000.00	3,986,440.00	3,986,440.00
03/10/05	ZB	T-BILL	05-103	3,970,133.33	3,970,133.33	-	3,985,493.33	4,000,000.00	3,984,760.00	3,984,760.00
03/17/05	UB	T-BILL	05-079	3,963,616.67	3,963,616.67	-	3,984,583.34	4,000,000.00	3,983,040.00	3,983,040.00
03/24/05	BOA	T-BILL	05-092	3,963,758.89	3,963,758.89	-	3,982,415.56	4,000,000.00	3,980,800.00	3,980,800.00
04/28/05	ZB	T-BILL	05-152	3,963,459.44	3,963,459.44	-	3,970,717.50	4,000,000.00	3,969,960.00	3,969,960.00
05/05/05	ZB	T-BILL	05-133	3,958,840.00	3,958,840.00	-	3,969,620.00	4,000,000.00	3,967,680.00	3,967,680.00
05/12/05	ZB	T-BILL	05-125	3,955,895.56	3,955,895.56	-	3,967,541.11	4,000,000.00	3,965,600.00	3,965,600.00
05/26/05	BOA	T-BILL	05-178	3,958,676.67	3,958,676.67	-	3,962,783.34	4,000,000.00	3,961,560.00	3,961,560.00
06/02/05	UB	T-BILL	05-150	3,953,084.44	3,953,084.44	-	3,960,817.77	4,000,000.00	3,959,240.00	3,959,240.00
06/09/05	CG	T-BILL	05-163	3,952,781.11	3,952,781.11	-	3,958,748.33	4,000,000.00	3,957,240.00	3,957,240.00
06/16/05	ZB	T-BILL	05-176	3,951,567.78	3,951,567.78	-	3,955,825.56	4,000,000.00	3,955,280.00	3,955,280.00
T-BILLS				67,401,513.89	67,401,513.89	-	67,654,126.37	68,000,000.00	67,639,600.00	67,639,600.00
01/31/05	ZB	T-NOTE	03-243	6,008,671.88	6,016,213.32	40,801.63	6,041,171.70	6,000,000.00	5,999,062.50	6,039,864.13
02/28/05	CG	T-NOTE	03-264	5,990,625.00	5,994,782.61	30,580.11	6,029,818.53	6,000,000.00	5,995,800.00	6,026,380.11
03/31/05	BOA	T-NOTE	03-308	5,990,156.25	5,994,152.15	24,910.72	6,023,687.13	6,000,000.00	5,990,625.00	6,015,535.72
04/30/05	BOA	T-NOTE	03-327	6,020,390.63	6,020,655.58	16,698.90	6,020,022.84	6,000,000.00	5,985,240.00	6,001,938.90
05/31/05	CG	T-NOTE	04-204	5,996,250.00	6,005,676.23	6,593.41	6,005,472.89	6,000,000.00	5,971,380.00	5,977,973.41
07/31/05	ZB	T-NOTE	04-187	5,993,906.25	6,030,101.90	37,663.04	6,035,457.58	6,000,000.00	5,963,220.00	6,000,883.04
09/30/05	UB	T-NOTE	05-153	3,972,187.50	3,983,616.07	16,428.57	3,991,295.68	4,000,000.00	3,970,480.00	3,986,908.57
01/31/06	CG	T-NOTE	04-257	6,045,937.50	6,060,463.60	47,078.80	6,073,607.03	6,000,000.00	5,942,340.00	5,989,418.80
05/15/06	UB	T-NOTE	03-340	6,044,296.88	6,044,296.88	15,580.11	6,035,748.14	6,000,000.00	5,929,200.00	5,944,780.11
11/15/06	UB	T-NOTE	04-132	6,043,593.75	6,044,459.13	20,448.90	6,047,665.11	6,000,000.00	5,955,720.00	5,976,168.90
02/15/07	UB	T-NOTE	04-226	6,012,187.50	6,012,929.26	50,991.85	6,059,625.59	6,000,000.00	5,898,300.00	5,949,291.85
05/15/07	FTN	T-NOTE	04-322	5,993,437.50	5,994,456.52	24,343.92	6,019,156.37	6,000,000.00	5,996,940.00	6,021,283.92
05/15/07	UB	T-NOTE	05-004	6,039,843.75	6,064,300.27	24,343.92	6,057,223.58	6,000,000.00	5,996,940.00	6,021,283.92
08/15/07	FTN	T-NOTE	05-114	5,992,968.75	6,027,941.58	62,323.37	6,055,713.86	6,000,000.00	5,934,120.00	5,996,443.37
11/15/07	UB	T-NOTE	05-145	5,953,593.75	5,961,052.31	23,370.16	5,978,338.91	6,000,000.00	5,962,980.00	5,986,350.16
T-NOTES				88,098,046.89	88,255,097.41	442,157.41	88,474,004.94	88,000,000.00	87,492,347.50	87,934,504.91
06/10/05	SLO	TN	04-342	1,500,000.00	1,500,000.00	-	1,516,996.84	1,530,327.69	1,516,996.84	1,516,996.84
TEETER				1,500,000.00	1,500,000.00	-	1,516,996.84	1,530,327.69	1,516,996.84	1,516,996.84
TOTALS				493,104,341.48	493,805,801.72	1,388,353.17	494,147,246.78	494,660,327.69	490,832,304.50	492,220,657.67
QUARTERLY SUMMARY TOTALS				493,104,341.48					490,832,304.50	

FRANK L. FREITAS, CPA
SAN LUIS OBISPO COUNTY TREASURER
TREASURY POOL DETAIL REPORT DEFINITION/CODES
AS OF: 12/31/04

Broker/Bank/Issuer Codes - The name of the broker or bank from which the instrument was purchased or issued.

Code	Broker/Bank/Issuer	Code	Broker/Bank/Issuer
BOA	Bank of America	SLO	County of San Luis Obispo
CG	Citigroup Global Markets	ST	State of California Treasurer
FTN	First Tennessee National Bank	UB	Union Bank of California
ML	Merrill Lynch	ZB	Zions First National Bank

Instrument - Type of investment purchased from a broker.

Code	Instrument	Code	Instrument
BA	Bankers Acceptances	LAIF	Local Agency Investment Fund
FCB	Farm Credit Bank	REPO	Repurchase Agreement
FHLB	Federal Home Loan Bank	T-BILL	Treasury Bill
FHLMC	Federal Home Loan Mortgage Corp.	T-NOTE	Treasury Note
FNMA	Federal National Mortgage Association	TN	Teeter Note

Principal Cost - The amount invested in an instrument excluding any purchased accrued interest.

Purchase Price - The amount paid for an instrument which includes the principal cost and any purchased accrued interest.

Carrying Value - The principal cost of an instrument amortized through quarter end including any accrued interest.

Par - The full value of an instrument.

Market Value - Current market value price of an investment priced as of the last day of the quarter.

Market Value (incs Accrued Int.) - Current market value price of an investment plus any accrued interest.

APPENDIX E

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

XL CAPITAL ASSURANCE

1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 478-3400

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [ ] **Policy No:** [ ]

BONDS: [ ] **Effective Date:** [ ]

XL Capital Assurance Inc. (XLCA), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy (which includes each endorsement attached hereto), hereby agrees unconditionally and irrevocably to pay to the trustee (the "Trustee") or the paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the benefit of the Owners of the Bonds or, at the election of XLCA, to each Owner, that portion of the principal and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment.

XLCA will pay such amounts to or for the benefit of the Owners on the later of the day on which such principal and interest becomes Due for Payment or one (1) Business Day following the Business Day on which XLCA shall have received Notice of Nonpayment (provided that Notice will be deemed received on a given Business Day if it is received prior to 10:00 a.m. Pacific time on such Business Day; otherwise it will be deemed received on the next Business Day), but only upon receipt by XLCA, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in XLCA. Upon such disbursement, XLCA shall become the owner of the Bond, any appurtenant coupon to the Bond or the right to receipt of payment of principal and interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by XLCA hereunder. Payment by XLCA to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of XLCA under this Policy.

In the event the Trustee or Paying Agent has notice that any payment of principal or interest on a Bond which has become Due for Payment and which is made to an Owner by or on behalf of the Issuer of the Bonds has been recovered from the Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law, such Owner will be entitled to payment from XLCA to the extent of such recovery if sufficient funds are not otherwise available.

The following terms shall have the meanings specified for all purposes of this Policy, except to the extent such terms are expressly modified by an endorsement to this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of California, the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity, unless XLCA shall elect, in its sole discretion, to pay such principal due upon such acceleration; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the Trustee or Paying Agent for payment in full of all principal and interest on the Bonds which are Due for Payment. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to XLCA which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

Except to the extent expressly modified by an endorsement hereto, (a) this Policy is non-cancelable by XLCA, and (b) the Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of XLCA, nor against any risk other than Nonpayment. This Policy sets forth the full undertaking of XLCA and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto.

IN THE EVENT THAT XLCA WERE TO BECOME INSOLVENT, ANY CLAIMS ARISING UNDER THIS POLICY ARE NOT COVERED BY THE CALIFORNIA GUARANTY INSURANCE FUND SPECIFIED IN ARTICLE 12119(b) OF THE CALIFORNIA INSURANCE CODE.

In witness whereof, XLCA has caused this Policy to be executed on its behalf by its duly authorized officers.

SPECIMEN
Name:
Title:

SPECIMEN
Name:
Title:

APPENDIX F

ACCRETED VALUE TABLES

BOND ACCRETED VALUE TABLE

Cayucos Elementary School District
Election of 2004, Series A

Date	08/01/2006 2.65%	08/01/2007 2.92%	08/01/2008 3.08%	08/01/2009 3.29%	08/01/2010 3.5%	08/01/2011 3.71%
03/29/2005	4,826.80	4,672.20	4,514.90	4,339.85	4,154.50	3,960.65
08/01/2005	4,870.05	4,718.35	4,561.90	4,388.15	4,203.60	4,010.30
02/01/2006	4,934.60	4,787.20	4,632.15	4,460.30	4,277.20	4,084.70
08/01/2006	5,000.00	4,857.10	4,703.50	4,533.70	4,352.05	4,160.50
02/01/2007		4,928.05	4,775.90	4,608.25	4,428.20	4,237.65
08/01/2007		5,000.00	4,849.45	4,684.05	4,505.70	4,316.25
02/01/2008			4,924.15	4,761.15	4,584.55	4,396.35
08/01/2008			5,000.00	4,839.45	4,664.75	4,477.90
02/01/2009				4,919.05	4,746.40	4,560.95
08/01/2009				5,000.00	4,829.45	4,645.55
02/01/2010					4,914.00	4,731.75
08/01/2010					5,000.00	4,819.50
02/01/2011						4,908.90
08/01/2011						5,000.00
02/01/2012						
08/01/2012						
02/01/2013						
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BOND ACCRETED VALUE TABLE

Cayucos Elementary School District
Election of 2004, Series A

Date	08/01/2012 3.9%	08/01/2013 4.08%	08/01/2014 4.23%	08/01/2015 6.37%	08/01/2016 4.74%	08/01/2017 4.87%
03/29/2005	3,765.85	3,570.20	3,382.15	2,614.60	2,939.50	2,761.35
08/01/2005	3,815.45	3,619.45	3,430.50	2,670.75	2,986.55	2,806.75
02/01/2006	3,889.85	3,693.25	3,503.05	2,755.80	3,057.30	2,875.10
08/01/2006	3,965.70	3,768.60	3,577.15	2,843.60	3,129.75	2,945.10
02/01/2007	4,043.05	3,845.50	3,652.80	2,934.15	3,203.95	3,016.85
08/01/2007	4,121.90	3,923.95	3,730.05	3,027.60	3,279.90	3,090.30
02/01/2008	4,202.25	4,004.00	3,808.95	3,124.05	3,357.60	3,165.55
08/01/2008	4,284.20	4,085.65	3,889.50	3,223.55	3,437.20	3,242.60
02/01/2009	4,367.75	4,169.00	3,971.75	3,326.20	3,518.65	3,321.60
08/01/2009	4,452.90	4,254.05	4,055.75	3,432.15	3,602.05	3,402.45
02/01/2010	4,539.75	4,340.85	4,141.55	3,541.50	3,687.40	3,485.30
08/01/2010	4,628.25	4,429.40	4,229.15	3,654.30	3,774.80	3,570.20
02/01/2011	4,718.50	4,519.75	4,318.60	3,770.65	3,864.25	3,657.10
08/01/2011	4,810.55	4,611.95	4,409.90	3,890.75	3,955.85	3,746.15
02/01/2012	4,904.35	4,706.05	4,503.20	4,014.70	4,049.60	3,837.40
08/01/2012	5,000.00	4,802.05	4,598.45	4,142.55	4,145.60	3,930.80
02/01/2013		4,900.00	4,695.70	4,274.50	4,243.85	4,026.55
08/01/2013		5,000.00	4,795.00	4,410.65	4,344.40	4,124.60
02/01/2014			4,896.40	4,551.10	4,447.40	4,225.00
08/01/2014			5,000.00	4,696.05	4,552.80	4,327.90
02/01/2015				4,845.65	4,660.70	4,433.30
08/01/2015				5,000.00	4,771.15	4,541.25
02/01/2016					4,884.20	4,651.80
08/01/2016					5,000.00	4,765.10
02/01/2017						4,881.10
08/01/2017						5,000.00
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BOND ACCRETED VALUE TABLE

Cayucos Elementary School District
Election of 2004, Series A

Date	08/01/2018 4.98%	08/01/2019 5.04%	08/01/2020 5.1%	08/01/2021 5.2%	08/01/2022 5.35%	08/01/2023 5.4%
03/29/2005	2,594.20	2,449.05	2,309.30	2,161.20	2,001.70	1,881.85
08/01/2005	2,637.85	2,490.70	2,349.05	2,199.10	2,037.80	1,916.15
02/01/2006	2,703.50	2,553.50	2,408.95	2,256.30	2,092.35	1,967.90
08/01/2006	2,770.85	2,617.85	2,470.40	2,314.95	2,148.30	2,021.00
02/01/2007	2,839.85	2,683.80	2,533.40	2,375.15	2,205.75	2,075.60
08/01/2007	2,910.55	2,751.45	2,598.00	2,436.90	2,264.75	2,131.60
02/01/2008	2,983.00	2,820.75	2,664.25	2,500.25	2,325.35	2,189.20
08/01/2008	3,057.30	2,891.85	2,732.20	2,565.30	2,387.55	2,248.30
02/01/2009	3,133.40	2,964.75	2,801.85	2,632.00	2,451.40	2,309.00
08/01/2009	3,211.45	3,039.45	2,873.30	2,700.40	2,517.00	2,371.35
02/01/2010	3,291.40	3,116.05	2,946.55	2,770.60	2,584.35	2,435.35
08/01/2010	3,373.35	3,194.55	3,021.70	2,842.65	2,653.45	2,501.10
02/01/2011	3,457.35	3,275.05	3,098.75	2,916.55	2,724.45	2,568.65
08/01/2011	3,543.45	3,357.60	3,177.80	2,992.40	2,797.30	2,638.00
02/01/2012	3,631.70	3,442.20	3,258.80	3,070.20	2,872.15	2,709.25
08/01/2012	3,722.10	3,528.95	3,341.90	3,150.05	2,949.00	2,782.40
02/01/2013	3,814.80	3,617.90	3,427.15	3,231.95	3,027.85	2,857.50
08/01/2013	3,909.80	3,709.05	3,514.55	3,315.95	3,108.85	2,934.65
02/01/2014	4,007.15	3,802.55	3,604.15	3,402.15	3,192.05	3,013.90
08/01/2014	4,106.90	3,898.35	3,696.05	3,490.65	3,277.40	3,095.25
02/01/2015	4,209.15	3,996.60	3,790.30	3,581.40	3,365.10	3,178.85
08/01/2015	4,314.00	4,097.30	3,886.95	3,674.50	3,455.10	3,264.65
02/01/2016	4,421.40	4,200.55	3,986.10	3,770.05	3,547.55	3,352.80
08/01/2016	4,531.50	4,306.40	4,087.75	3,868.05	3,642.40	3,443.35
02/01/2017	4,644.35	4,414.95	4,191.95	3,968.65	3,739.85	3,536.30
08/01/2017	4,760.00	4,526.20	4,298.85	4,071.80	3,839.90	3,631.80
02/01/2018	4,878.50	4,640.25	4,408.50	4,177.70	3,942.60	3,729.85
08/01/2018	5,000.00	4,757.20	4,520.90	4,286.30	4,048.10	3,830.55
02/01/2019		4,877.05	4,636.20	4,397.75	4,156.35	3,934.00
08/01/2019		5,000.00	4,754.40	4,512.10	4,267.55	4,040.20
02/01/2020			4,875.65	4,629.40	4,381.70	4,149.30
08/01/2020			5,000.00	4,749.75	4,498.90	4,261.35
02/01/2021				4,873.25	4,619.25	4,376.40
08/01/2021				5,000.00	4,742.85	4,494.55
02/01/2022					4,869.70	4,615.90
08/01/2022					5,000.00	4,740.55
02/01/2023						4,868.50
08/01/2023						5,000.00
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BOND ACCRETED VALUE TABLE

Cayucos Elementary School District
Election of 2004, Series A

Date	08/01/2024 5.5%	08/01/2025 5.55%	08/01/2026 5.6%	08/01/2027 5.59%	08/01/2028 5.62%	08/01/2029 5.65%
03/29/2005	1,750.95	1,642.15	1,538.60	1,459.10	1,371.45	1,288.30
08/01/2005	1,783.40	1,672.90	1,567.65	1,486.60	1,397.45	1,312.85
02/01/2006	1,832.45	1,719.30	1,611.55	1,528.15	1,436.70	1,349.95
08/01/2006	1,882.85	1,767.00	1,656.70	1,570.85	1,477.10	1,388.10
02/01/2007	1,934.65	1,816.05	1,703.05	1,614.75	1,518.60	1,427.30
08/01/2007	1,987.85	1,866.45	1,750.75	1,659.90	1,561.25	1,467.65
02/01/2008	2,042.50	1,918.25	1,799.80	1,706.30	1,605.15	1,509.10
08/01/2008	2,098.70	1,971.45	1,850.15	1,754.00	1,650.25	1,551.75
02/01/2009	2,156.40	2,026.20	1,902.00	1,803.00	1,696.60	1,595.55
08/01/2009	2,215.70	2,082.40	1,955.25	1,853.40	1,744.30	1,640.65
02/01/2010	2,276.65	2,140.20	2,010.00	1,905.20	1,793.30	1,687.00
08/01/2010	2,339.25	2,199.60	2,066.25	1,958.45	1,843.70	1,734.65
02/01/2011	2,403.55	2,260.60	2,124.10	2,013.20	1,895.50	1,783.65
08/01/2011	2,469.65	2,323.35	2,183.60	2,069.50	1,948.80	1,834.05
02/01/2012	2,537.60	2,387.85	2,244.75	2,127.30	2,003.55	1,885.85
08/01/2012	2,607.35	2,454.10	2,307.60	2,186.80	2,059.85	1,939.15
02/01/2013	2,679.05	2,522.20	2,372.20	2,247.90	2,117.70	1,993.90
08/01/2013	2,752.75	2,592.20	2,438.60	2,310.75	2,177.25	2,050.25
02/01/2014	2,828.45	2,664.10	2,506.90	2,375.30	2,238.40	2,108.15
08/01/2014	2,906.25	2,738.05	2,577.10	2,441.70	2,301.30	2,167.70
02/01/2015	2,986.15	2,814.05	2,649.25	2,509.95	2,366.00	2,228.95
08/01/2015	3,068.25	2,892.10	2,723.45	2,580.10	2,432.45	2,291.95
02/01/2016	3,152.65	2,972.40	2,799.70	2,652.20	2,500.80	2,356.70
08/01/2016	3,239.35	3,054.85	2,878.10	2,726.35	2,571.10	2,423.25
02/01/2017	3,328.45	3,139.65	2,958.65	2,802.55	2,643.35	2,491.70
08/01/2017	3,419.95	3,226.75	3,041.50	2,880.90	2,717.60	2,562.10
02/01/2018	3,514.00	3,316.30	3,126.70	2,961.40	2,794.00	2,634.50
08/01/2018	3,610.65	3,408.35	3,214.25	3,044.20	2,872.50	2,708.90
02/01/2019	3,709.95	3,502.90	3,304.25	3,129.25	2,953.20	2,785.45
08/01/2019	3,811.95	3,600.10	3,396.75	3,216.75	3,036.20	2,864.10
02/01/2020	3,916.80	3,700.05	3,491.85	3,306.65	3,121.50	2,945.05
08/01/2020	4,024.50	3,802.70	3,589.65	3,399.05	3,209.25	3,028.25
02/01/2021	4,135.20	3,908.25	3,690.15	3,494.05	3,299.40	3,113.80
08/01/2021	4,248.90	4,016.70	3,793.45	3,591.75	3,392.10	3,201.75
02/01/2022	4,365.75	4,128.15	3,899.70	3,692.10	3,487.45	3,292.20
08/01/2022	4,485.80	4,242.70	4,008.85	3,795.30	3,585.45	3,385.20
02/01/2023	4,609.15	4,360.45	4,121.10	3,901.40	3,686.20	3,480.85
08/01/2023	4,735.90	4,481.45	4,236.50	4,010.45	3,789.80	3,579.15
02/01/2024	4,866.15	4,605.80	4,355.15	4,122.55	3,896.25	3,680.30
08/01/2024	5,000.00	4,733.60	4,477.10	4,237.75	4,005.75	3,784.25
02/01/2025		4,864.95	4,602.45	4,356.20	4,118.30	3,891.15
08/01/2025		5,000.00	4,731.30	4,477.95	4,234.05	4,001.10
02/01/2026			4,863.80	4,603.10	4,353.00	4,114.10
08/01/2026			5,000.00	4,731.75	4,475.35	4,230.35
02/01/2027				4,864.00	4,601.10	4,349.85
08/01/2027				5,000.00	4,730.40	4,472.75
02/01/2028					4,863.30	4,599.10
08/01/2028					5,000.00	4,729.00
02/01/2029						4,862.60
08/01/2029						5,000.00