NEW ISSUE—FULL BOOK-ENTRY

RATINGS: Moody's: "Aa2"
S&P: "AA"
See "MISCELLANEOUS – Ratings" herein

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

$27,000,000
ALAMEDA CITY UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Election of 2014 General Obligation Bonds, Series B

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

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

The Alameda City Unified School District (Alameda County, California) Election of 2014 General Obligation Bonds, Series B (the "Bonds"), were authorized at an election of the registered voters of the Alameda City Unified School District (the "District") held on November 4, 2014, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $179,500,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the acquisition, construction, modernization, and equipping of District sites and facilities, and (ii) pay the costs of issuance of the Bonds.

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of Alameda County is empowered and obligated to annually levy such *ad valorem* taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property within the District subject to taxation by the District, for the payment of the principal of and interest on the Bonds when due.

The Bonds will be dated as of their Date of Delivery and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2018. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

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

Maturity Schedule
(See inside cover)

The Bonds will be offered when, as and if issued and received by the Underwriters subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as counsel to the Underwriters. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about May 10, 2018.

RBC Capital Markets

Fidelity Capital Markets **Ross, Sinclaire & Associates, LLC**

Dated: April 26, 2018

MATURITY SCHEDULE

$27,000,000
ALAMEDA CITY UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Election of 2014 General Obligation Bonds, Series B

Base CUSIP[(1)]: 010824

$15,070,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Suffix[(1)]
2019	$3,560,000	3.000%	1.710%	101.555	KM1
2020	4,100,000	4.000	1.800	104.775	KN9
2021	450,000	4.000	1.920	106.472	KP4
2022	215,000	4.000	2.010	108.019	KQ2
2023	305,000	4.000	2.110	109.301	KR0
2024	400,000	5.000	2.200	116.202	KS8
2025	365,000	5.000	2.290	117.947	KT6
2026	360,000	5.000	2.410	119.216	KU3
2027	485,000	5.000	2.480	120.661	KV1
2028	495,000	5.000	2.550	120.022[(C)]	KW9
2029	520,000	5.000	2.660	119.026[(C)]	KX7
2030	510,000	5.000	2.750	118.218[(C)]	KY5
2031	535,000	5.000	2.830	117.505[(C)]	KZ2
2032	470,000	5.000	2.920	116.710[(C)]	LA6
2033	380,000	5.000	3.000	116.008[(C)]	LB4
2034	395,000	5.000	3.060	115.485[(C)]	LC2
2035	330,000	5.000	3.130	114.878[(C)]	LD0
2036	335,000	5.000	3.170	114.533[(C)]	LE8
2037	350,000	5.000	3.200	114.275[(C)]	LF5
2038	510,000	5.000	3.230	114.018[(C)]	LG3

$11,930,000 – 5.000% Term Bond due August 1, 2042, – Yield 3.300%, Price 113.420[(C)]; CUSIP Suffix[(1)]: LH1

(C) Price to call at par on August 1, 2027.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. Neither the Underwriters nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriters and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the District, Financial Advisor, nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

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

The Underwriters have provided the following sentence for inclusion in this Official Statement: "The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information."

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

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

ALAMEDA CITY UNIFIED SCHOOL DISTRICT

District Administration

Sean McPhetridge, Ed.D., *Superintendent*
Shariq Khan, *Chief Business Officer*
April Diyou, *Director, Fiscal Services*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Financial Advisor

Backstrom McCarley Berry & Co., LLC
San Francisco, California

Paying Agent

U.S. Bank National Association
San Francisco, California

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$27,000,000
ALAMEDA CITY UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Election of 2014 General Obligation Bonds, Series B

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Alameda City Unified School District (Alameda County, California) Election of 2014 General Obligation Bonds, Series B (the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside 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.

General

The Alameda City Unified School District (the "District") was formed in 1936 and provides education in grades K-12. The District encompasses an approximately 21 square mile area, including the City of Alameda in Alameda County (the "County"), California. The District is located 10 miles east of San Francisco.

The District operates nine elementary schools, one K-8 school, two middle schools, one 6-8 magnet and early college high school, one 6-12 school, one 9-12 high school, one continuation high school and an adult education center. The District serves a population of approximately 79,928 and the District's average daily attendance ("ADA") for fiscal year 2017-18 is projected to be approximately 9,100. The District has a 2017-18 assessed valuation of $12,544,972,055.

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

See "TAX BASE FOR PAYMENT OF BONDS" herein for more information regarding the District's assessed valuation, and "ALAMEDA CITY UNIFIED SCHOOL DISTRICT" and "DISTRICT FINANCIAL INFORMATION" herein for more information regarding the District generally.

Purpose of the Bonds

The Bonds are being issued to (i) finance the acquisition, construction, modernization, and equipping of District sites and facilities, and (ii) pay the costs of issuance of the Bonds. See also "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and pursuant to a resolution adopted by the Board on February 27, 2018 (the "Resolution"). See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property subject to taxation by the District, for the payment of the principal of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR PAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered book-entry form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein.

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

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

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates as further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial delivery (the "Date of Delivery") and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on February 1 and August 1 of each year (each a "Bond Payment Date"), commencing August 1, 2018. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent") to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds.

Tax Matters

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

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about May 10, 2018.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the District's financial condition and taxation of property within the District, and certain other considerations related thereto, see "TAX BASE FOR PAYMENT OF BONDS" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

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

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation will receive compensation from the District contingent upon the sale and delivery of the Bonds. Backstrom McCarley Berry & Co., LLC, is the financial advisor for the District (the "Financial Advisor"). Jones Hall, A Professional Law Corporation, San Francisco, California is acting as counsel to the Underwriters.

Forward-Looking Statements

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

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

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 Alameda City Unified School District, 2060 Challenger Drive, Alameda, California 94501, telephone: (510) 337-7000. The District may impose a charge for copying, mailing and handling.

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

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

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

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Government Code Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (the "Act"), commencing with Section 53506 *et seq*., as amended, Article XIIIA of the California Constitution and the Resolution. The District received authorization at an election held on November 4, 2014 by the requisite 55% of the votes cast by eligible voters within the District to issue $179,500,000 aggregate principal amount of general obligation bonds (the "2014 Authorization"). On June 18, 2015, the District issued its Election of 2014 General Obligation Bonds, Series A in an aggregate principal amount of $90,000,000 (the "2014 Series A Bonds"). The Bonds are the second series of bonds issued under the 2014 Authorization, and following the issuance thereof, $62,500,000 of the 2014 Authorization will remain unissued.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property within the District subject to taxation thereby, for the payment of the principal of and interest on the Bonds when due.

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest thereon when due. The levy may include allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish such a reserve, and the District can make no representation that such reserve will be established by the County or that such a reserve, if previously established by the County, will be maintained in the future. Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) established by the Resolution, which is required to be segregated and maintained by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Fund, the Bonds are not a debt of the County.

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the District Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 2016 and payable, both principal and interest, from the proceeds of *ad valorem* taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the State Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

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

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

General Provisions

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. The Bonds will be dated as of the Date of Delivery.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each Bond Payment Date, commencing August 1, 2018. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2018, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover page hereof.

Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds.

Annual Debt Service

The following table shows the annual debt service requirements of the District for the Bonds:

The Bonds

Year Ending (August 1)	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service
2018	--	$276,322.50	$276,322.50
2019	$3,560,000.00	1,228,100.00	4,788,100.00
2020	4,100,000.00	1,121,300.00	5,221,300.00
2021	450,000.00	957,300.00	1,407,300.00
2022	215,000.00	939,300.00	1,154,300.00
2023	305,000.00	930,700.00	1,235,700.00
2024	400,000.00	918,500.00	1,318,500.00
2025	365,000.00	898,500.00	1,263,500.00
2026	360,000.00	880,250.00	1,240,250.00
2027	485,000.00	862,250.00	1,347,250.00
2028	495,000.00	838,000.00	1,333,000.00
2029	520,000.00	813,250.00	1,333,250.00
2030	510,000.00	787,250.00	1,297,250.00
2031	535,000.00	761,750.00	1,296,750.00
2032	470,000.00	735,000.00	1,205,000.00
2033	380,000.00	711,500.00	1,091,500.00
2034	395,000.00	692,500.00	1,087,500.00
2035	330,000.00	672,750.00	1,002,750.00
2036	335,000.00	656,250.00	991,250.00
2037	350,000.00	639,500.00	989,500.00
2038	510,000.00	622,000.00	1,132,000.00
2039	205,000.00	596,500.00	801,500.00
2040	3,560,000.00	586,250.00	4,146,250.00
2041	3,900,000.00	408,250.00	4,308,250.00
2042	4,265,000.00	213,250.00	4,478,250.00
Total	$27,000,000.00	$18,746,522.50	$45,746,522.50

[1] Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2018.

See "ALAMEDA CITY UNIFIED SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds" herein for a complete debt service schedule of all of the District's general obligation bonded debt.

Application and Investment of Bond Proceeds

The proceeds of the sale from the Bonds, net of costs of issuance and any premium received upon the sale thereof, will be deposited by the County to the credit of the fund created by the Resolution and known as the "Alameda City Unified School District, Election of 2014 General Obligation Bonds, Series B Building Fund" (the "Building Fund"), and will be applied solely for the purposes for which the Bonds are being issued. Interest earnings in the Building Fund will be retained therein. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued, upon written notice from the District, will be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds.

The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, are required to be held separate and apart by the County in a fund created by the Resolution and known as the "Alameda City Unified School District, Election of 2014 General Obligation Bonds, Series B Debt Service Fund" (the "Debt Service Fund"), and used only for payment of principal of and interest on Bonds. Any accrued interest and net premium received upon the sale of the Bonds will be deposited in the Debt Service Fund. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Moneys in the Building Fund and Debt Service Fund are expected to be invested through the County pooled investment fund. See "APPENDIX E – ALAMEDA COUNTY INVESTMENT POOL" attached hereto.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2027 are not subject to redemption prior to their stated maturity dates. The Bonds maturing on and after August 1, 2028 may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on August 1, 2027 or on any date thereafter, at a redemption price equal to the principal amount of such Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2042 (the "Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2039, at a redemption price equal to the principal amount thereof as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount of Bonds to be so redeemed and the redemption dates therefor, and the final payment date is as shown in the following table:

Redemption Date (August 1)	Principal Amount
2039	$205,000
2040	3,560,000
2041	3,900,000
2042[1]	4,265,000

[1] Maturity.

In the event that a portion of such Term Bonds are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately (or as otherwise directed by the District), in integral multiples of $5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.

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

Redemption Notice. When optional redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or, in the absence of such a written designation, as the Paying Agent may select.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District to the effect that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in "– Defeasance," the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

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

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in "– Defeasance," and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in "– Defeasance," such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

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

Book-Entry Only System

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the DTC 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 DTC 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 DTC 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 affect 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 DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

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

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

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

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount upon presentation and surrender at the designated 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 on the registration books of the Paying Agent only upon presentation and surrender of such Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent will complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

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

Defeasance

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

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

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

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

"Government Obligations" means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody's Investors Service ("Moody's") or S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P").

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of the Bonds	$27,000,000.00
Original Issue Premium	3,030,947.95
Total Sources	$30,030,947.95
Uses of Funds	
Building Fund	$26,803,000.00
Debt Service Fund	2,956,697.95
Underwriters' Discount	74,250.00
Costs of Issuance[(1)]	197,000.00
Total Uses	$30,030,947.95

(1) Reflects all costs of issuance, including legal fees, printing costs, the cost and fees of the Financial Advisor, rating agency fees, and the costs and fees of the Paying Agent.

TAX BASE FOR PAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The principal of and interest on the Bonds are payable solely from the proceeds of* ad valorem *property taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem **Property Taxation**

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

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property is assessed on the “unsecured roll.” Unsecured property comprises all property not attached to land, such as personal property or business property. Boats and airplanes are examples of unsecured property. A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County’s taxing boundaries

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and 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 by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder’s office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also “– Secured Tax Charges and Delinquencies” herein.

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

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

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts, 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.

Assessed Valuations

The following table represents a 10-year history of assessed valuations in the District.

ASSESSED VALUATIONS
Fiscal Years 2008-09 through 2017-18
Alameda City Unified School District

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2008-09	$8,699,294,471	$25,718,737	$501,268,953	$9,226,282,161	--
2009-10	8,796,462,645	25,718,737	536,772,645	9,358,954,027	1.44%
2010-11	8,767,561,741	30,754,568	486,282,942	9,284,599,251	(0.79)
2011-12	8,851,986,300	10,495,070	524,614,003	9,387,095,373	1.10
2012-13	8,916,551,434	10,495,070	496,000,269	9,423,046,773	0.38
2013-14	9,462,141,169	10,495,038	476,558,073	9,949,194,280	5.58
2014-15	10,067,110,668	7,211,614	457,262,328	10,531,584,610	5.85
2015-16	10,681,362,114	7,211,614	466,708,505	11,155,282,233	5.92
2016-17	11,396,899,575	7,211,614	454,198,686	11,858,309,875	6.30
2017-18	12,027,107,256	6,564,425	511,300,374	12,544,972,055	5.79

Source: California Municipal Statistics, Inc. The column "% Change" provided by the Financial Advisor.

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

Appeals and Adjustments of Assessed Valuations. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

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

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein. Such reductions are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA.

No assurance can be given that future property tax appeals, or actions by the County assessor, will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

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Assessed Valuation by Jurisdiction. The following table shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2017-18 assessed valuation.

ASSESSED VALUATION AND PARCELS BY JURISDICTION
Fiscal Year 2017-18
Alameda City Unified School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Alameda	$12,544,972,055	100.00%	$12,544,972,055	100.00%
Total District	$12,544,972,055	100.00%		
Alameda County	$12,544,972,055		$271,029,290,743	4.63%

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2017-18 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2017-18
Alameda City Unified School District

	No. of Parcels	2017-18 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	12,640	$6,648,358,701	$525,978	$484,134

2017-18 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	98	0.775%	0.775%	$4,287,891	0.064%	0.064%
50,000 - 99,999	1,165	9.217	9.992	89,455,864	1.346	1.410
100,000 - 149,999	651	5.150	15.142	79,862,670	1.201	2.611
150,000 - 199,999	392	3.101	18.244	68,689,384	1.033	3.644
200,000 - 249,999	545	4.312	22.555	123,662,973	1.860	5.504
250,000 - 299,999	672	5.316	27.872	184,727,341	2.779	8.283
300,000 - 349,999	808	6.392	34.264	262,916,704	3.955	12.238
350,000 - 399,999	793	6.274	40.538	297,495,466	4.475	16.712
400,000 - 449,999	774	6.123	46.661	328,396,003	4.940	21.652
450,000 - 499,999	616	4.873	51.535	292,661,075	4.402	26.054
500,000 - 549,999	676	5.348	56.883	354,102,980	5.326	31.380
550,000 - 599,999	643	5.087	61.970	369,295,724	5.555	36.935
600,000 - 649,999	567	4.486	66.456	354,425,970	5.331	42.266
650,000 - 699,999	619	4.897	71.353	417,708,622	6.283	48.549
700,000 - 749,999	546	4.320	75.672	395,517,691	5.949	54.498
750,000 - 799,999	535	4.233	79.905	414,395,987	6.233	60.731
800,000 - 849,999	462	3.655	83.560	380,693,092	5.726	66.457
850,000 - 899,999	427	3.378	86.938	373,114,225	5.612	72.069
900,000 - 949,999	315	2.492	89.430	291,163,645	4.379	76.449
950,000 - 999,999	284	2.247	91.677	276,598,141	4.160	80.609
$1,000,000 and greater	1,052	8.323	100.000	1,289,187,253	19.391	100.000
Total	12,640	100.000%		$6,648,358,701	100.000%	

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

Assessed Valuations and Parcels by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2017-18.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2017-18
Alameda City Unified School District

Non-Residential:	**2017-18 Assessed Valuation[1]**	**% of Total**	**No. of Parcels**	**% of Total**
Commercial/Office	$1,494,828,474	12.43%	777	3.68%
Vacant Commercial	84,688,430	0.70	61	0.29
Industrial	362,266,075	3.01	95	0.45
Vacant Industrial	22,635,522	0.19	27	0.13
Government/Social/Institutional	34,827,978	0.29	844	4.00
Subtotal Non-Residential	$1,999,246,479	16.62%	1,804	8.55%
Residential:				
Single Family Residence	$6,648,358,701	55.28%	12,640	59.88%
Condominium/Townhouse	1,407,730,337	11.70	3,850	18.24
Houseboat	9,830,706	0.08	41	0.19
2-4 Residential Units	974,423,092	8.10	2,042	9.67
5+ Residential Units/Apartments	907,326,112	7.54	554	2.62
Cooperatives	43,250,181	0.36	4	0.02
Vacant Residential	36,941,648	0.31	175	0.83
Subtotal Residential	$10,027,860,777	83.38%	19,306	91.45%
Total	$12,027,107,256	100.00%	21,110	100.00%

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

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Secured Tax Charges and Delinquencies

The following table shows secured *ad valorem* property tax levies for bonded indebtedness of the District, and amounts delinquent as of June 30, for fiscal years 2009-10 through 2016-17.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2009-10 through 2016-17
Alameda City Unified School District

	Secured Tax Charge[1]	Amt. Del. June 30	% Del. June 30
2009-10	$14,104,809.95	$527,418.89	3.74%
2010-11	14,043,256.87	400,802.88	2.85
2011-12	14,334,660.77	342,410.34	2.39
2012-13	14,317,440.83	242,594.08	1.69
2013-14	15,169,935.45	201,370.30	1.33
2014-15	16,137,654.71	199,972.67	1.24
2015-16	17,067,542.86	250,306.91	1.47
2016-17	17,943,330.46	232,294.08	1.29

	Secured Tax Charge[2]	Amt. Del. June 30	% Del. June 30
2009-10	$4,340,143.83	$94,398.35	2.18%
2010-11	4,545,254.66	87,595.26	1.93
2011-12	4,604,925.54	78,504.67	1.70
2012-13	4,881,391.00	60,743.74	1.24
2013-14	5,088,101.77	41,392.06	0.81
2014-15	5,018,617.61	34,087.03	0.68
2015-16	11,059,187.18	72,379.23	0.65
2016-17	10,954,583.49	73,115.32	0.67

(1) 1% General Fund apportionment.
(2) Bond debt service levy only.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment – "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 California Revenue and Taxation Code, each participating local agency levying 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 Teeter Plan, as adopted by the County, apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions for which the County acts as the tax-levying or tax-collecting agency. **However, the Teeter Plan, as implemented by the County, is not applicable to *ad valorem* property taxes levied to pay the principal of and interest on the District's general obligation bonds, including the Bonds. Consequently, the District will receive *ad valorem* property taxes to pay debt service on the Bonds based on actual collections for that purpose, rather than the amount levied.**

Tax Rates

A representative tax rate area ("TRA") located within the District is TRA 21-000. The table below shows the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in this TRA during the five-year period from fiscal years 2012-13 through 2017-18.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 21-000)
Fiscal Years 2012-13 through 2017-18
Alameda City Unified School District

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18[1]
1% General Fund Levy	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Alameda Unified General Obligation Bonds	.0553	.0534	.0503	.1043	.0967	.0653
Peralta Community College District Bonds	.0434	.0419	.0412	.0337	.0256	.0310
Bay Area Rapid Transit District	.0043	.0075	.0045	.0026	.0080	.0084
East Bay Regional Park District	.0051	.0078	.0085	.0067	.0032	.0021
East Bay Municipal Utility District Special District No. 1	.0068	.0066	.0047	.0034	.0028	.0011
City of Alameda	.0260	.0260	.0250	.0240	.0230	.0225
Total Tax Rate	1.1409%	1.1432%	1.1342%	1.0000%	1.1593%	1.1304%

(1) The fiscal year 2017-18 assessed valuation of TRA 21-000 is $10,035,366,372.
Source: California Municipal Statistics, Inc.

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Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2017-18 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2017-18
Alameda City Unified School District

	Property Owner	2017-18 Primary Land Use	Assessed Valuation	% of Total[1]
1.	Jamestown Harsch Alameda Towne Centre	Shopping Center	$204,456,289	1.70%
2.	BSREP Marina Village Owner LLC	Office Building	163,161,621	1.36
3.	KW Alameda LLC	Apartments	101,172,585	0.84
4.	VF Outdoor Inc.	Office Building	69,611,810	0.58
5.	Catellus Alameda Retail LLC	Shopping Center	66,940,097	0.56
6.	Wind River Systems Inc.	Office Building	64,412,715	0.54
7.	Peets Operating Co.	Industrial	57,149,906	0.48
8.	Amstar 105 LLC	Office Building	49,783,495	0.41
9.	Bridgeside Properties LLC	Shopping Center	47,168,831	0.39
10.	Woodstock Homes Corporation	Apartments	44,524,181	0.37
11.	Harbor Bay NLA LLC	Office Building	40,603,700	0.34
12.	Ballena Village LLC & CCD Ballena LLC	Apartments	40,000,093	0.33
13.	SRM Marina Investors LLC	Commercial	38,416,777	0.32
14.	Tri Pointe Homes Inc.	Residential Properties	34,517,856	0.29
15.	Target Corporation	Shopping Center	33,750,599	0.28
16.	South Shore Beach & Tennis Club	Apartments	31,122,105	0.26
17.	Oakland Raiders	Office/Training Facility	31,109,950	0.26
18.	OakmontSL of Alameda LP	Assisted Living Facility	25,176,723	0.21
19.	Harbor Bay I LLC & Harbor Bay II LLC	Office Building	24,775,533	0.21
20.	VP IV Marina View LLC	Apartments	22,617,018	0.19
			$1,190,471,884	9.90%

[1] Fiscal year 2017-18 local secured assessed valuation: $12,027,107,256.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of December 12, 2017. 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 table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

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

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Alameda City Unified School District

2017-18 Assessed Valuation: $12,544,972,055

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 12/1/17**
Bay Area Rapid Transit District	1.803%	$15,105,895
Peralta Community College District	12.940	49,193,998
Alameda Unified School District	**100.**	**126,197,996**[(1)]
East Bay Municipal Utility District, Special District No. 1	12.048	423,487
East Bay Regional Park District	2.820	3,228,618
City of Alameda	100.	7,570,000
City of Alameda Community Facilities District No. 1	100.	2,940,000
City of Alameda Community Facilities District No. 13-1	100.	15,415,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$220,074,994
OVERLAPPING GENERAL FUND DEBT:		
Alameda County General Fund Obligations	4.629%	$39,140,394
Alameda County Pension Obligation Bonds	4.629	413,709
Alameda-Contra Costa Transit District Certificates of Participation	5.478	755,690
Peralta Community College District Pension Obligation Bonds	12.940	19,920,385
City of Alameda Certificates of Participation	100.	9,210,000
TOTAL OVERLAPPING GENERAL FUND DEBT		$69,440,178
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$55,155,000
COMBINED TOTAL DEBT		$344,670,172[(2)]

Ratios to 2017-18 Assessed Valuation:
Direct Debt ($126,197,996) 1.01%
Total Direct and Overlapping Tax and Assessment Debt..........................1.75%
Combined Total Debt 2.75%

Ratios to Redevelopment Incremental Valuation ($2,202,972,689):
Total Overlapping Tax Increment Debt...2.50%

(1) Excludes issue to be sold. Excludes accreted interest.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations
Note: Subsequent to the date of this table, the District executed and delivered a $5,988,000 Lease/Purchase Agreement, which represents non-voter, approved general fund debt.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Article XIIIA of the California Constitution

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

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

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the State legislature (the "State Legislature") to change any State taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

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

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

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

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

State-Assessed Utility Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See also "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

Article XIIIB of the California Constitution

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

(a) "change in the cost of living" with respect to school districts to mean the percentage change in State 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 ADA of the school district from the preceding fiscal year.

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

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

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

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

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "– Propositions 98 and 111" herein.

Article XIIIC and Article XIIID of the California Constitution

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

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

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

Proposition 26

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

Propositions 98 and 111

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

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

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

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

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

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

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

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

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

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1)

40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, schools will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3") (the application of any such tests referred to herein as the "Minimum Funding Guarantee"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in the State per capital personal income. Under Test 3, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

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

Jarvis vs. Connell

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

Proposition 1A and Proposition 22

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

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

Proposition 30 and 55

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

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

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the Minimum Funding Guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the Minimum Funding Guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the Minimum Funding Guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated Minimum Funding Guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter schools ($500 million) and technical education facilities ($500 million). Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at $3 million for a new facility and $1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual state budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 state facilities funding

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 22, 26, 30, 39, 98, 51 and 55 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

DISTRICT FINANCIAL INFORMATION

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

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Beginning in fiscal year 2013-14, school districts have been funded based on a uniform system of funding grants assigned to certain grade spans. See "– Local Control Funding Formula" herein.

The following table reflects the District's historical ADA and the revenue limit rates per unit of ADA for fiscal years 2008-09 through 2012-13.

AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT
Fiscal Years 2008-09 through 2012-13
Alameda City Unified School District

Fiscal Year	K-12 Enrollment	Average Daily Attendance[1]	Revenue Limit Per ADA[2]	Funded Revenue Limit Per ADA[2]
2008-09	9,936	9,595.93	$6,106.14	$5,627.17
2009-10	9,819	9,396.96	6,368.14	5,199.27
2010-11	9,214	8,902.87	6,386.44	5,203.72
2011-12	9,249	8,889.36	6,486.14	5,185.01
2012-13	9,360	8,924.10	6,698.14	5,241.85

(1) Reflects ADA as of the second principal reporting period ("P-2 ADA"), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning on the first day of school for a particular school district.

(2) Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in fiscal year 2008-09, and discontinued following the implementation of the LCFF (as defined herein).

Source: Alameda City Unified School District.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as part of the fiscal year 2013-14 State budget, established the current system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91").

The primary component of AB 97, as amended by SB 91, is the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF is expected to occur over a period of several fiscal years. Beginning in fiscal year 2013-14, an annual transition adjustment has been calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants are to be adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See "– State Budget Measures" herein for information on the adjusted Base Grants provided by current State budgetary legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed separately herein). A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

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The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2012-13 through 2016-17, and projected figures for fiscal year 2017-18.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2012-13 through 2017-18
Alameda City Unified School District

	Average Daily Attendance(1)					Enrollment(2)	
Fiscal Year	**K-3**	**4-6**	**7-8**	**9-12**	**Total ADA(3)**	**Total Enrollment**	**% of EL/LI Enrollment**
2012-13	2,925.70	1,977.22	1,041.77	2,979.41	8,924.10	9,360	41%
2013-14	2,999.37	2,060.37	1,060.47	2,973.46	9,093.67	9,489	40
2014-15	3,023.74	2,025.83	1,104.58	2,937.20	9,091.35	9,502	39
2015-16	3,024.04	2,014.59	1,147.79	2,890.08	9,077.50	9,455	36
2016-17	2,891.99	2,058.71	1,163.13	2,968.34	9,082.17	9,483	35
2017-18(4)	2,893.81	2,025.00	1,183.96	2,997.27	9,100.04	9,503	36

(1) Except for fiscal year 2017-18, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance is equal to each four-week period of instruction beginning with the first day of school for a particular school district.

(2) Fiscal year 2012-13 enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 through 2016-17 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude preschool and adult transitional students. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students was based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years. Prior to fiscal year 2013-14 the percentage of unduplicated EL/LI students was not calculated.

(3) Rows may not sum to Total ADA due to rounding. Total ADA excludes ADA generated from District Funded County Programs

(4) Projected.

Source: Alameda City Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the eight-year implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, yields a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the State Legislature to school districts.

Certain schools districts, known as "basic aid" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a basic aid district.

Accountability. The State Board of Education has promulgated regulations regarding the expenditure of supplemental and concentration funding including a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs, which cover a three-year period, are required to be updated annually. The State Board of Education has developed and adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, establishes a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education is required to develop rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Other Revenue Sources

Federal and Local Sources. The federal government provides funding for several of the District's programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, the District receives additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees and other local sources. With respect to the District, certain of these are discussed below.

Parcel Tax. On June 3, 2008, voters within the District approved Measure H, a special tax of $120 per year for residential parcels and commercial/industrial parcels under 2,000 sq. feet and $0.15 per building square foot for commercial and industrial parcels greater than 2,000 sq. feet, with an exemption for qualified seniors and disabled taxpayers ("Measure H"). Subsequent to the passage of Measure H, taxpayer lawsuits were filed challenging the validity of the differing tax formulas under Measure H for residential and commercial use. On March 6, 2013, in *George J. Borikas v. Alameda Unified School District*, the First Appellate District, Division One of the Court of Appeal of California found that school districts do not have the authority to impose special taxes that classify and differentially tax property within the boundaries of a school district. The court severed the higher tax on non-residential properties and upheld the $120 per parcel tax. Nonresidential taxpayers who paid more than $120 per parcel were eligible for a refund for a period ending four years after payment of the higher nonresidential tax rate. Subsequent to the ruling, the District reached a settlement in which it paid approximately $1.2 million in refund payments and costs for the claimants who filed demands for reimbursement prior to the April 2015 filing deadline.

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On March 8, 2011, voters within the District approved Measure A, a seven year special tax of $0.32 per building square foot for residential and commercial properties, with a maximum tax of $7,999 per parcel, and $299 per parcel without a building ("Measure A"). Measure A will expire in June of 2018. Subsequent to the passage of Measure A, taxpayer lawsuits were filed challenging the validity of Measure A. On September 13, 2011, the Alameda County Superior Court upheld the validity of Measure A. The amounts of tax revenues generated by Measure A for fiscal years 2013-14 through 2016-17 and a projected amount for the current fiscal year are shown in the following table:

MEASURE A REVENUE
Fiscal Years 2013-14 through 2017-18
Alameda City Unified School District

Fiscal Year	Parcel Tax Revenue
2013-14	$11,958,150
2014-15	12,110,214
2015-16	12,183,690
2016-17	12,205,083
2017-18[1]	12,439,922

[1] Projected.
Source: Alameda City Unified School District.

On November 8, 2016, voters within the District approved Measure B1, a seven year special tax of $0.32 per building square foot for residential and commercial properties, with a maximum tax of $7,999 per parcel, with an exemption for qualified seniors (the "Measure B1"). Measure B1 would extend the Measure A parcel tax. Measure B1 commences on July 1, 2018, immediately following the expiration of Measure A. Subsequent to the passage of Measure B1, taxpayer lawsuits were filed challenging the validity of the $7,999 maximum tax per parcel under Measure B1 and the absence of taxes imposed on parcels without buildings. On October 30, 2017, the Alameda County Superior Court issued a tentative ruling upholding the validity of Measure B1. A stipulated judgment was entered on March 23, 2018 holding that the tax imposed by Measure B1 is legally valid as an extension of Measure A. The stipulated judgment also reinstated Measure A's tax of $299 per unimproved parcel. The District estimates that Measure B1 will generate approximately $12 million annually.

Developer Fees. The amounts of developer fees received by the District from fiscal years 2011-12 through 2016-17 and a projected amount for the current fiscal year are shown in the following table:

DEVELOPER FEES
Fiscal Years 2011-12 through 2017-18
Alameda City Unified School District

Fiscal Year	Developer Fees
2011-12	$93,737
2012-13	42,723
2013-14	254,963
2014-15	1,412,993
2015-16	887,875
2016-17	839,031
2017-18[1]	300,000

[1] Projected.
Source: Alameda City Unified School District.

Redevelopment Revenue. The District previously received tax offset revenue from the City of Alameda as a part of certain redevelopment projects within the County (the "Tax Offset Revenues"). The Tax Offset Revenues received are deposited directly into the general fund of the District and offset the State apportionment received by the District. The District also receives pass-through tax increment revenue (the "Pass-Through Revenues") from the redevelopment agencies within the District's boundaries. The Pass-Through Revenues received by the District are deposited into the District's Capital Facilities Fund, and used for facilities improvements. The Pass-Through Revenues do not offset the State apportionment received by the District. The amount of Tax Offset Revenues and Pass-Through Revenues received by the District from fiscal years 2010-11 through 2016-17 and a projection for the current fiscal year are shown in the following table.

REDEVELOPMENT REVENUE
Fiscal Years 2010-11 through 2017-18
Alameda City Unified School District

Fiscal Year	Tax Offset Revenues	Pass-Through Revenues
2010-11	$79,254	--
2011-12	137,084	$539,184
2012-13	522,506	867,605
2013-14	871,809	391,895
2014-15	477,279	438,726
2015-16	1,166,607	478,344
2016-17	1,175,816	676,406
2017-18(1)	441,278	762,397

(1) Projected.
Note: Amounts are rounded to nearest whole number.
Source: Alameda City Unified School District.

Dissolution of Redevelopment Agencies

On December 30, 2011, the State Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in the State ceased to exist as a matter of law on February 1, 2012.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth is tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received had the redevelopment agency existed at that time," and that the County Auditor-Controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of ABX1 26 using current assessed values and pursuant to statutory pass-through formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its revenue limit apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

Budget Process

State Budgeting Requirements. The District is required by provisions of the Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. 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, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a local control and accountability plan, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

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

Within the past five years, all of the District's Interim Financial Reports have received positive certifications. The District has never had an adopted budget disapproved by the County superintendent of schools, and has never received a "negative" certification of an Interim Financial Report pursuant to AB 1200.

Budgeting Trends. The table on the following page summarizes the District's adopted general fund budgets for fiscal years 2013-14 through 2017-18, audited ending results for fiscal years 2013-14 through 2016-17, and projected actuals for fiscal year 2017-18.

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GENERAL FUND BUDGETING
Fiscal Years 2013-14 through 2017-18
Alameda City Unified School District

	Fiscal Year 2013-14		Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18	
	Adopted Budget[1]	Audited Actuals[1]	Adopted Budget[1]	Audited Actuals[1]	Adopted Budget[1]	Audited Actuals[1]	Adopted Budget[1]	Audited Actuals[1]	Adopted Budget[2]	Projected Actuals[3]
REVENUES:										
LCFF/Revenue Limit Sources[4]:	$50,198,171	$60,765,874	$65,611,598	$65,895,336	$72,219,732	$72,184,660	$75,695,758	$75,819,601	$77,403,949	$77,671,272
Federal Revenue	4,449,550	4,680,762	3,905,110	3,904,270	3,623,023	3,704,934	3,614,756	3,535,314	3,630,328	4,214,081
Other State Revenue	13,436,655	6,065,071	3,574,910	6,792,009	9,154,396	12,930,977	9,966,374	9,136,321	7,884,492	11,254,679
Other Local Revenue	18,047,761	19,601,493	17,890,238	20,968,608	18,161,746	21,353,702	17,993,670	19,515,234	18,171,835	19,250,379
TOTAL REVENUES	86,132,137	91,113,200	90,981,856	97,560,223	103,158,897	110,174,273	107,270,558	108,006,470	107,090,604	112,390,411
EXPENDITURES:										
Certificated Salaries	46,186,850	45,114,590	47,227,131	45,588,016	50,839,781	48,722,347	50,418,842	49,828,463	51,103,108	49,792,599
Classified Salaries	14,056,830	14,208,069	15,046,693	15,295,698	16,279,682	16,561,010	16,184,435	17,004,805	17,560,244	17,536,698
Employee Benefits	14,329,148	13,105,610	14,854,958	16,161,824	16,483,138	18,730,112	21,071,618	18,867,598	21,750,209	21,376,606
Books & Supplies	2,091,929	4,403,880	3,480,047	3,096,351	3,581,297	3,933,932	5,365,121	4,891,192	3,937,365	7,613,906
Services & Other Operating Expenditures	12,292,142	12,318,217	12,096,886	13,683,121	13,282,491	14,760,239	14,483,798	15,760,733	15,370,690	19,487,083
Capital Outlay	3,149,852	3,116,401	1,217,240	1,501,566	417,500	3,774,008	383,800	1,189,993	660,000	1,226,388
Other Outgo (Excluding Transfers of Indirect Costs)[5]	459,613	458,877	576,564	589,474	481,391	583,815	359,077	351,688	568,854	586,689
Other Outgo/Transfers of Indirect Costs	(220,519)	(213,363)	(209,914)	(215,589)	(202,456)	(231,634)	--	--	(259,460)	(245,904)
TOTAL EXPENDITURES	92,345,845	92,512,281	94,289,605	95,700,461	101,162,824	106,833,829	108,266,691	107,894,472	110,691,010	117,374,064
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,213,708)	(1,399,081)	(3,307,749)	1,859,762	1,996,073	3,340,444	(996,133)	111,998	(3,600,406)	(4,983,654)
OTHER FINANCING SOURCES (USES)										
Transfers In	--	30,000	--	1,316,385	--	715,111	--	--	--	--
Transfers Out	(503,323)	(479,408)	(470,436)	(1,823,911)	(480,353)	(17)	--	(498)	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(503,323)	(449,408)	(470,436)	(507,526)	(480,353)	715,094	--	(498)	--	--
NET CHANGE IN FUND BALANCE	(6,717,031)	(1,848,489)	(3,778,185)	1,352,236	1,515,720	4,055,538	(996,133)	111,500	(3,600,406)	(4,983,654)
FUND BALANCE – BEGINNING[6]	14,342,122	14,342,122	12,493,633	12,493,633	13,845,869	13,845,869	17,901,407	17,901,407	11,863,197	18,012,907
FUND BALANCE – ENDING[6]	$7,625,091	$12,493,633	$8,715,448	$13,845,869	$15,361,589	$17,901,407	$16,905,274	$18,012,907	$8,262,791	$13,029,254

Note: Totals may not sum to totals due to rounding.

(1) From the District's Comprehensive Audited Financial Statements for fiscal years 2013-14 through 2016-17, respectively.

(2) From the District's 2017-18 Adopted Budget approved by the Board on June, 13, 2017.

(3) From the District's 2017-18 Second Interim Financial Report approved by the Board on March 13, 2018.

(4) Prior to the Fiscal Year 2013-14 First Interim Financial Report, this category was coded as "Revenue Limit." From the Fiscal Year 2013-14 First Interim Financial Report through the Fiscal Year 2013-14 Second Interim Financial Report, this category was coded as "LCFF/Revenue Limit Sources." Beginning with the Fiscal Year 2014-15 Adopted Budget, the category is coded as "LCFF".

(5) The Fiscal Year 2016-17 Audit only provides "Other Outgo" and does not delineate between "Other Outgo (Excluding Transfers of Indirect Costs)" and "Other Outgo/Transfers of Indirect Costs."

(6) Actual amounts reported in this table are for the general fund only, and do not agree with the amounts reported under "– Comparative Financial Statements" herein, because amounts under "– Comparative Financial Statements" include the financial activity of the Adult Education Fund, Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

Source: Alameda City Unified School District.

Comparative Financial Statements

Audited financial statements for the District for the fiscal year ended June 30, 2017, and prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business Officer, 2060 Challenger Drive, Alameda, California 94501, telephone: (510) 337-7067. The District's audited financial statements for the year ended June 30, 2017 are attached hereto as APPENDIX B. For fiscal years ended June 30, 2003 and later, the District implemented Government Accounting Standard Board ("GASB") Statements Nos. 34 and 35. Among the changes implemented under these revised accounting rules is a change in the financial reporting format. While historical total revenue and expenditures figures are comparably consistent to prior years, the breakdown of revenues and expenditures follows functional categories rather than object-oriented categories.

The table on the following page shows the District's audited general fund revenues, expenditures and changes in fund balance for fiscal years 2011-12 through 2016-17.

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AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal Years 2011-12 through 2016-17
Alameda City Unified School District

	Audited Actuals 2011-12	Audited Actuals 2012-13	Audited Actuals 2013-14	Audited Actuals 2014-15	Audited Actuals 2015-16	Audited Actuals 2016-17
REVENUES						
General Revenues:						
LCFF/Revenue limit sources[(1)]	--	$47,951,726	$61,131,258	$66,260,720	$73,153,428	$76,319,601
State aid	$29,730,777	--	--	--	--	--
Local sources	19,467,591	--	--	--	--	--
Transfers	(1,988,340)	--	--	--	--	--
Federal sources	6,325,541	4,805,644	4,943,264	4,152,091	3,961,294	3,535,314
Other state sources	15,101,605	15,849,359	8,058,570	6,822,135	13,597,271	9,136,321
Other local sources	21,812,431	19,430,702	19,726,027	21,108,768	21,491,251	19,576,415
Total Revenues	90,449,605	88,037,431	93,859,119	98,343,768	112,203,244	108,567,651
EXPENDITURES						
Current						
Instruction	52,556,185	55,016,879	57,447,592	59,404,211	66,615,651	69,173,613
Instruction-Related activities:						
Supervision of Instruction	3,834,721	2,932,032	3,157,115	3,076,545	3,148,518	2,849,210
Instructional Library, media, and technology	1,455,995	1,482,187	2,414,832	814,110	824,778	833,405
School site administration	6,128,445	6,559,753	6,427,228	6,883,489	7,171,015	7,118,987
Pupil services:						
Home-to-school transportation	861,484	936,015	1,038,365	1,118,061	1,995,948	2,248,182
Food services	5,731	--	--	--	--	--
All other pupil services	3,489,227	3,904,560	4,156,133	4,747,017	5,577,440	5,677,178
General administration						
Data processing services	1,584,193	1,755,855	1,692,387	1,549,317	1,639,201	1,682,229
Other general administration	4,266,173	4,611,456	4,670,776	6,052,308	4,970,208	4,904,632
Plant services	8,904,224	8,924,219	9,430,857	9,441,984	10,001,686	9,599,336
Facility acquisition and construction	772,953	1,701,724	4,206,428	1,440,493	3,582,952	1,793,204
Ancillary services	1,825,304	1,709,642	1,934,073	1,315,133	1,589,402	1,808,558
Community services	69,485	73,782	78,628	108,074	143,858	130,881
Transfers to other agencies	461,436	469,553	458,877	589,474	583,815	594,952
Other outgo:						
Debt service- Principal	85,000	--	--	--	--	--
Debt service- Interest	64,712	1,850	1,850	3,750	3,400	--
Total Expenditures	86,365,268	90,079,507	97,115,141	96,543,966	107,847,872	108,414,367
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,084,337	(2,042,076)	(3,256,022)	1,799,748	4,355,372	153,284
OTHER FINANCING SOURCES/(USES)						
Interfund Transfers In	--	51,145	--	--	--	--
Interfund Transfers Out	(201,297)	--	--	(27,010)	(17)	(498)
Total Other Financing Sources (Uses)	(201,297)	51,145	--	(27,010)	(17)	(498)
Net Change in Fund Balance	3,883,040	(1,990,931)	(3,256,022)	1,772,738	4,355,355	152,786
Fund Balance, July 1, as originally stated	22,720,014	26,603,054	24,612,123	21,356,101	23,128,839	27,484,194
Adjustment for restatement	--	--	--	--	--	(141,514)[(2)]
Fund Balance, July 1, as restated	22,720,014	26,603,054	24,612,123	21,356,101	23,128,839	27,342,680
Fund Balance, June 30	$26,603,054	$24,612,123	$21,356,101	$23,128,839	$27,484,194	$27,495,466

(1) Beginning in fiscal year 2013-14, this category is coded Local Control Funding Formula.

(2) The District received legally restricted revenue sources for Adult Education during the 2016-17 fiscal year, the effect of which was to reclassify and the restate the General Fund and Adult Education fund in accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Source: Alameda City Unified School District.

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Education Code Section 41010, is to be followed by all State 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.

State Budget Measures

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

2017-18 Budget. On June 27, 2017, the Governor signed into law the State budget for fiscal year 2017-18 (the "2017-18 Budget"). The following information is drawn from the LAO's preliminary review of the 2017-18 Budget.

For fiscal year 2016-17, the 2017-18 Budget projected total general fund revenues and transfers of $118.5 billion and total expenditures of $121.4 billion. The State was projected to end the 2016-17 fiscal year with total available reserves of $7.4 billion, including $642 million in the traditional general fund reserve and $6.7 billion in the BSA. For fiscal year 2017-18, the 2017-18 Budget projected total general fund revenues of $125.9 billion, reflecting a 6% increase over the prior year and driven primarily by a projected 5% increase in personal income, sales and use tax collections. The 2017-18 Budget authorized expenditures of $125.1 billion. The State was projected to end the 2017-18 fiscal year with total available reserves of $9.9 billion, including $1.4 billion in the traditional general fund reserve and $8.5 billion in the BSA.

With respect to education funding, the 2017-18 Budget revised the Proposition 98 minimum funding guarantees for both fiscal years 2015-16 and 2016-17, as a result of lower-than-estimated general fund revenue collections. The 2017-18 Budget set the Proposition 98 minimum funding guarantee for fiscal year 2015-16 at $68.7 billion, a decrease of $379 million from the prior year. However, total Proposition 98 funding exceeded the minimum guarantee by $53 million as a result of various adjustments related to the LCFF and community college apportionments. The 2017-18 Budget revised the minimum funding guarantee for fiscal year 2016-17 at $71.3 billion, reflecting a decrease of $558 million from the prior year. Total spending, however, exceed the minimum funding guarantee by approximately $29 million, as a result of a $514 million "settle up" payment related to an obligation created by understating the minimum guarantee in a prior year.

For fiscal year 2017-18, the 2017-18 Budget set the minimum funding guarantee at $74.5 billion, reflecting an increase of $3.1 billion (or 4.4%) from the revised prior-year level. Fiscal year 2017-18 was projected to be a "Test 2" year, with the change in the minimum funding guarantee attributable to a 3.7% increase in per capita personal income and a projected 0.05% decline in K-12 attendance. With respect to K-12 education, the 2017-18 Budget set Proposition 98 funding at $64.7 billion, including $45.7 billion from the State general fund, reflecting an increase of $2.7 billion (or 4.3%) from the prior year. Per-pupil spending increased 4.3% to $10,863.

Other significant features with respect to K-12 education funding included the following:

- *Local Control Funding Formula* – Approximately $1.4 billion in Proposition 98 funding to continue the implementation of the LCFF. Total LCFF funding for school districts and charter schools was set at $57.4 billion, a 2.7% increase from the prior year. The 2017-18 Budget projected that this funding will bring LCFF implementation to approximately 97%. As a result, the adjusted 2017-18 Base Grants were as follows: (i) $7,941 for grades K-3, (ii) $7,301 for grades 4-6, (iii) $7,518 for grades 7-8, and (iv) $8,939 for grades 9-12. See also "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula" herein

- *Discretionary Funding* – An increase of $877 million in one-time Proposition 98 funding that local educational agencies may use for any purpose. Similar to features included in prior State budgets, these funds would offset any applicable unpaid reimbursement claims for State-mandated activities.

- *Maintenance Factor; Settle Up Payment* – The 2017-18 Budget provided for an additional maintenance factor payment of $536 million, after which the State's outstanding obligation would be approximately $900 million. The 2017-18 Budget also provided $603 million to fund a settle-up payment related to an obligation created in fiscal year 2009-10 when revenue estimates understated the minimum funding guarantee. This reduced the State's total settle up obligation to approximately $440 million.

- *Career Technical Education (CTE)* – The State Budget for fiscal year 2015-16 established the Career Technical Education Incentive Grant Program for local education agencies to establish new or expand high-quality CTE programs. The 2017-18 Budget provided $200 million as the final installment of funding for this program. The 2017-18 Budget also provided the California Department of Education with $15.4 million in on-going Proposition 98 funding to support efforts linking secondary and postsecondary CTE.

- *K-12 Educational Mandates* – $3.5 million to fund a 1.56% COLA to the block grant program for State mandated K-12 educational programs and activities. The 2017-18 Budget established a statutory COLA for these programs moving forward. The 2017-18 also provided $61 million to fund a 1.56% COLA to several other categorical programs.

- *Teacher Workforce Initiative* – The 2017-18 Budget funded a variety of teacher recruitment and training programs, including (i) $25 million in one-time Proposition 98 funding for grants to assist classified school employees secure bachelor's degrees and teaching credentials; (ii) $11 million in federal Title II funds to establish a program to help local educational agencies attract and support teachers, principals and other school leaders; and (iii) $5 million in one-time Proposition 98 funding for a new program that would encourage teachers to obtain bilingual credentials and teach in bilingual settings.

- *Proposition 39* – Passed by voters in November 2012, Proposition 39 increases State corporate tax revenues and requires that, for a five-year period starting in fiscal year 2013-14, a portion of these additional revenues be allocated to local education agencies to improve energy efficiency and expand the use of alternative energy in public buildings. The 2017-18 Budget allocated $423 million of such funds to support school district and charter school energy efficiency projects in fiscal year 2017-18.

- *After School Safety and Education Safety Program* – An increase of $50 million in Proposition 98 funding (for a total of $600 million) to increase per-child reimbursement rates for providers of local after school education and enrichment programs.

- *Proposition 56* – Passed by voters in November 2016, Proposition 56 increased the per-pack State sales tax on cigarettes by $2, and requires that a portion of the revenue generated be used for school programs designed to prevent and reduce the use of tobacco and nicotine products. The 2017-18 Budget allocated $32 million of Proposition 56 revenues to support these programs.

- *Charter School Facility Grant Program* – Under this program, the State provides certain charter schools with grants to defray the cost of renting and leasing school facilities. The 2017-18 Budget increased the per-student funding rate to $1,117 and provided an ongoing COLA for the program moving forward.

- *Equity and Improvement Program* – $2.5 million in one-time Proposition 98 funding for two or more county offices of education to assist local educational agencies in closing achievement gaps in public schools.

- *Proposition 51* – A total allocation of $593 million in Proposition 51 bond funds for K-12 school facility projects.

- *Refugee Students* – $10 million in one-time Proposition 98 funding for the State Department of Social Services to provide grants to school districts that serve notable numbers of refugee students.

For additional information regarding the 2017-18 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Governor's Proposed 2018-19 Budget. On January 10, 2018, the Governor released his proposed State budget for fiscal year 2018-19 (the "Proposed Budget"). The following information is drawn from the Department of Finance's summary of the Proposed Budget and the LAO's overview of the Proposed Budget.

The Governor indicates that despite the Proposed Budget projecting a one-time surplus, the State will continue to face uncertain times. While the Proposed Budget assumes continued expansion of the State economy, the Governor states that the State's primary short-term fiscal goal should continue to be fully funding the BSA to prepare for a future recession. Accordingly, the Proposed Budget includes a $3.5 billion supplemental deposit to the BSA, in addition to the $1.5 billion mandatory deposit.

The Proposed Budget projects, for fiscal year 2017-18, total general fund revenues and transfers of $127.3 billion and total expenditures of $126.5 billion. The State is projected to end the 2017-18 fiscal year with total available general fund reserves of $12.6 billion, including $4.2 billion in the traditional general fund reserve and $8.4 billion in the BSA. For fiscal year 2018-19, the Proposed Budget projects total general fund revenues of $129.8 billion and authorizes expenditures of $131.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $15.7 billion, including $2.3 billion in the traditional general fund reserve and $13.5 billion in the BSA. The Governor estimates that the projected ending balance of $13.5 billion in the BSA at the end of the 2018-19 fiscal year is equal to the BSA's current constitutional maximum of 10 percent of the estimated general fund revenues for fiscal year 2018-19. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

The Proposed Budget contains a total of $6.3 billion in new Proposition 98 spending proposals for K-12 education, community colleges, and preschool, of which $3.9 billion are ongoing and $2.4 billion are for one-time activities. For fiscal year 2017-18, the Proposed Budget revises the minimum funding guarantee at $75.2 billion, reflecting an increase of $687 million from the level set by the 2017-18 Budget. For fiscal year 2018-19, the Proposed Budget sets the minimum funding guarantee at $78.3 billion, reflecting a year-to-year increase of $3.1 billion. Fiscal year 2018-19 is projected to be a "Test 3" year, with the change in the minimum funding guarantee attributable to a 4.1% increase in per capita general fund revenue. With respect to K-12 education, ongoing Proposition 98 per-pupil expenditures in fiscal year 2018-19 are set at $11,628, an increase of $463 (or 4.1%) over the revised level for fiscal year 2017-18.

Significant proposals with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $2.9 billion in Proposition 98 funding to full implement the LCFF, as well as provide a 2.51% COLA to the adjusted Base Grants for the prior fiscal year.
- *One-Time Discretionary Funding* – An increase of $1.8 billion in one-time Proposition 98 funding for school districts, charter schools and county offices of education to use at local discretion. Similar to features included in prior State budgets, these funds would offset any applicable mandate reimbursement claims for these entities.
- *Career Technical Education (CTE)* – An increase of $212 million in Proposition 98 funding to create a new K-12 CTE program funded through the Strong Workforce Program, which is administrated by California Community College Chancellor's Office, in consultation with the State Department of Education.
- *Categorical Programs* – An increase of $133.5 million in Proposition 98 funding to support a 2.51% COLA for categorical programs that remain outside of the LCFF.
- *Special Education* – An increase of $125 million in Proposition 98 funding and $42.2 million federal Temporary Assistance for Needy Families funds on a one-time basis for competitive grants to expand inclusive care and education settings for 0-5 year olds and improve school readiness and long-term academic outcomes for low-income children and children with exceptional needs. The Proposed Budget also provides an increase of $10 million in Proposition 98 funding for special education local plan areas to support county offices of education in providing technical assistance to local educational agencies through the state system of support. Total funding is offset by a decrease of $10.2 million in Proposition 98 funding to reflect a projected decrease in special education average daily attendance.
- *State System of Support* – An increase of $59.2 million in Proposition 98 funding for county offices of education to provide technical assistance to local educational agencies.
- *California Collaborative for Educational Excellence* – An increase of $6.5 million in Proposition 98 funding for the California Collaborative for Educational Excellence to help build capacity within county offices of education to provide technical assistance.
- *County Offices of Education* – An increase of $6.2 million in Proposition 98 funding for county offices of education to reflect a 2.51% cost-of-living adjustment and average daily attendance changes applicable to the LCFF.

- *Local Property Tax Adjustments* – Total revised Proposition 98 funding for school districts and county offices of education reflects a decrease of $514 million in fiscal year 2017-18 and $1.1 billion in fiscal year 2018-19 as a result of increased offsetting property taxes.
- *ADA Adjustments* – Total revised funding for school districts reflects a decrease of $183.1 million in fiscal year 2017-18 and $135.5 million in fiscal year 2018-19 as a result of projected declines in average daily attendance.

For additional information regarding the Proposed Budget, see the State Department of Finance website at www.dof.ca.gov. The information presented on such website is not incorporated herein by reference.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

ALAMEDA CITY UNIFIED SCHOOL DISTRICT

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

Introduction

The District was formed in 1936 and provides education in grades K-12. The District encompasses an approximately 21 square mile area, including the City of Alameda in Alameda County, California. The District is located 10 miles east of San Francisco.

The District operates nine elementary schools, one K-8 school, two middle schools, one 6-8 magnet and early college high school, one 6-12 school, one 9-12 high school, one continuation high school and an adult education center. The District serves a population of approximately 79,928 and the District's ADA for fiscal year 2017-18 is projected to be approximately 9,100. The District has a 2017-18 assessed valuation of $12,544,972,055.

Administration

District Board. The District is governed by a five-member Board of Education, each of which is elected to a four-year term. Elections for positions to the District Board are held every two years, alternating between three and three available positions.

The members of the District Board, together with their office and the date their term expires, are listed in the table below.

BOARD OF EDUCATION
Alameda City Unified School District

Board Member	Office	Term Expires
Gray Harris	President	2020
Ardella Dailey, Ed.D.	Vice President	2020
Jennifer Williams	Clerk	2020
Gary K. Lym	Trustee	2018
Anne McKereghan	Trustee	2018

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Brief biographies of the Superintendent and Chief Business Officer follow:

Sean McPhetridge, Ed.D., ***Superintendent*** Dr. McPhebridge was appointed to this position in July 2014. Prior to his appointment, he worked for the Alameda County Office of Education Director of Jobs for the Future. Prior to that, he served as Assistant Superintendent for the District. Dr. McPhebridge has a bachelor's degree in English from the University of California, Los Angeles and a doctorate in education from Harvard University.

Shariq Khan, ***Chief Business Officer*** Mr. Khan was appointed to this position in July 2015. Prior to his appointment, he served as the Fiscal Director for the District for nearly two years and Purchasing Manager for nearly four years. Mr. Khan has a bachelor's degree in accounting from California State University, Fullerton and a master's degree in management infosystems from California State University, Fullerton.

Enrollment

On average throughout the District, the regular education pupil-teacher ratio is approximately 24:1 for grades TK-3 and 25:1 in grades 4-12. The following table shows the District's enrollment over the last seven fiscal years and a projected amount for the current fiscal year.

HISTORICAL ENROLLMENT
Fiscal Years 2010-11 through 2017-18
Alameda City Unified School District

Fiscal Year	Enrollment	% Change
2010-11	9,214	--
2011-12	9,249	0.37
2012-13	9,360	1.20
2013-14	9,489	1.38
2014-15	9,499	0.11
2015-16	9,455	(0.46)
2016-17	9,483	0.30
2017-18[1]	9,503	0.21

(1) Projected.
Source: Alameda City Unified School District.

Charter Schools

The State Legislature enacted the Charter Schools Act of 1992 (Education Code Sections 47600-47616.5) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, California's charter school law states that local boards are the primary charter-approving agency and that county panels can appeal a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. Charter schools are exempt from state and local education rules and regulations, except as specified in the legislation.

School districts have certain fiscal oversight and other responsibilities with respect to both independent and affiliated charter schools established within their boundaries. However, independent charter schools receive funding directly from the State, and such funding would not be reported in school district's audited financial statements. Affiliated charter schools receive their funding from their affiliated district.

There are four affiliated independent charter schools currently operating within the District, for which the District is the charter approving agency (collectively, the "Charter Schools"). The following table shows enrollment figures in for the District's Charter Schools for the past nine fiscal years, and projected figures for fiscal year 2017-18.

CHARTER SCHOOL ENROLLMENT
Fiscal Years 2008-09 through 2017-18
Alameda City Unified School District

Fiscal Year	Independent Charter Schools
2008-09	330
2009-10	653
2010-11	1,280
2011-12	1,419
2012-13	1,477
2013-14	1,463
2014-15	1,537
2015-16	1,690
2016-17	1,720
2017-18(1)	1,801

(1) Projected.
Source: Alameda City Unified School District.

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Labor Relations

The District currently employs 562 full-time certificated non-management employees, 314 full-time classified non-management employees, and 53 full-time management and unrepresented employees. District employees, except management and some part-time employees, are represented by the three bargaining units as noted below:

BARGAINING UNITS
Alameda City Unified School District

Labor Organization	Number of Employees In Bargaining Unit	Contract Expiration Date
Alameda Education Association	565	June 30, 2018
California School Employees Association (SEA #27)	321	June 30, 2018
California School Employees Association (SEA #860)	112	June 30, 2018

Source: Alameda City Unified School District.

District Retirement Programs

The information set forth below regarding the District's retirement programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriters.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. While the contribution rate for employees hired after the Implementation Date will remain unchanged at 9.205% of creditable compensation for fiscal year commencing July 1, 2017, the STRS actuary currently estimates that member contribution rates for such members will have to increase to 10.205% of creditable compensation effective July 1, 2018, based on the new actuarial assumptions discussed below.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

The District's contributions to STRS were $3,440,861 in fiscal year 2013-14, $3,993,012 in fiscal year 2014-15, $4,879,157 in fiscal year 2015-16, and $5,636,468 in fiscal year 2016-17. The District projects $6,591,578 for its contribution to STRS for fiscal year 2017-18.

The State also contributes to STRS, currently in an amount equal to 6.828% of teacher payroll for fiscal year 2017-18. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2014 included 1,580 public agencies and 1,513 K-14 school districts. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 15.531% of eligible salary expenditures for fiscal year 2017-18. Participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries in fiscal year 2017-18, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6.5% in fiscal year 2017-18. See "– California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $1,810,704 in fiscal year 2013-14, $2,057,335 in fiscal year 2014-15, $2,292,259 in fiscal year 2015-16, and $2,696,864 in fiscal year 2016-17. The District projects $3,283,742 for its contribution to PERS for fiscal year 2017-18.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703.

Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS

STRS (Defined Benefit Program) and PERS
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2015-16

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--(4)	--(4)
2014-15	73,325	56,814	16,511	--(4)	--(4)
2015-16	77,544	55,785	21,759	--(4)	--(4)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program

Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2016 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on the change in actuarial assumptions adopted by the STRS Board, recent investment experience and the insufficiency of the contributions received in fiscal year 2015-16 to cover interest on the unfunded actuarial obligation, the 2016 STRS Actuarial Valuation reports that the unfunded actuarial obligation increased by $20.5 billion since the June 30, 2015 actuarial valuation and the funded ratio decreased by 4.8% to 63.7% over such time period. Had the investment rate of return been lowered to 7.00% for the 2016 STRS Actuarial Valuation, the unfunded actuarial obligation and the funded ratio would have been $105.1 billion and 61.8%, respectively. As a result, it is currently projected that there will be a need for higher contributions from the State, employers and members in the future to reach full funding by 2046.

According to the 2016 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be sufficient to finance its obligations, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate went into effect July 1, 2017 for the State and will go into effect July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

Based on the Schools Pool Actuarial Valuation as of June 30, 2016 (the "2016 PERS Actuarial Valuation"), the three-year phased in reduction of the discount rate is currently projected to result in an employer contribution rate of 17.7% for fiscal year 2018-19, and annual increases thereafter, resulting in a projected 25.1% employer contribution rate by fiscal year 2024-25. Such projections contained in the

2016 PERS Actuarial Valuation assume that all other actuarial assumptions will be realized and no changes to assumptions, contributions, benefits or funding will occur during the projected period. The 2016 PERS Actuarial Valuation continues to use the Entry Age Normal Actuarial Cost Method, a 3.0% annual payroll growth (compounded annually) and a 2.75% inflation rate (compounded annually).

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and

STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

For fiscal year ending June 30, 2017, the District's proportionate share of the net STRS pension liability was reported as $72,263,400. As of such date, the District's proportionate share of the net PERS pension liability was reported as $30,813,595. See "APPENDIX B – 2016-17 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11 –Pension Plans" attached hereto for more information.

Other Postemployment Benefits

Plan Description. The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical insurance benefits (the "Benefits") to eligible retirees and their spouses. The District implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, in 2008-09.

As of July 1, 2014, membership of the Plan consisted of 300 retirees currently receiving Benefits, and 974 active plan members.

Funding Policy. Expenditures for the Benefits are recognized on a "pay as you go basis" covering the cost of premiums paid for current retirees. During fiscal year ending June 30, 2016, the District recognized $819,986 of expenditures for the Benefits, all of which was used for current premiums. For fiscal year ending June 30, 2017, the District recognized $1,044,712 of such expenditures, all of which was used for current premiums. For fiscal year ending June 30, 2018, the District projects expenditures of $759,203.

Net OPEB Obligation. As of June 30, 2017, the District had a net obligation in respect of such postemployment benefits of $4,875,523. The Net OPEB Obligation is based on the District's contributions towards the ARC during fiscal year 2016-17, plus interest on the prior year's Net OPEB Obligation and minus any adjustments to reflect the amortization thereof. See "APPENDIX B – 2016-17 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10 – Postemployment Benefits Other Than Pensions" attached hereto for more information.

Actuarial Study. The District has implemented *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 74") and *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. The new GASB statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The actuarial study, dated as of July 20, 2017 (the "Study"), concluded that, as of July 1, 2016, the Total OPEB Liability (the "TOL") with respect to such benefits, was $21,462,000, the Fiduciary Net Position (the "FNP") of the Trust was $0, the Net OPEB Liability (the "NOL") was $21,461,879, and the Total OPEB Expense (the "TOE") to be $2,743,156. The TOL is the amount of the actuarial present value of projected benefits payments attributable to employees' past service based on the actuarial cost method used. The FNP are the net assets (liability) of the qualifying irrevocable trust or equivalent arrangement. The NOL is TOL minus the FNP. The TOE is the annual change in the District's NOL, with deferred recognition provided for certain items. For more information regarding the District's other post-employment benefit liability, see "APPENDIX B – THE 2016-17 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10 – Postemployment Benefits Other Than Pensions" attached hereto for more information.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB No. 74 replaces GASB Statements No. 43 and 57 and Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the net OPEB Liability (NOL), to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the total OPEB liability (the TOL), if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (FNP) is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 will be effective for employer fiscal years beginning after June 15, 2017. The District will first recognize GASB No. 74 and GASB No. 75 in their financial statements for fiscal year 2017-18. The full extent of the effect of the new standards on the District is not known at this time.

Joint Ventures

The District is a member of two joint powers authorities (the "JPAs"): the Alameda County Schools Insurance Group (ACSIG) to provide workers' compensation insurance coverage and the East Bay School Insurance Group (EBSIG) to provide liability and property insurance. The relationship is such that the JPAs are not component units of the District for financial reporting purposes.

Coverage provided by the insurance policies carried by the District for property and liability and workers' compensation is as follows:

Insurance Program/Company Name	Type of Coverage	Limits
ACSIG	Workers' compensation	$1,000,000
EBSIG	Property and liability	$1,000,000 – $250,000,000

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District Debt Structure

Long-Term Obligations. A schedule of changes in long-term debt for the fiscal year ended June 30, 2017, is shown below:

	Balance July 1, 2016	**Additions**	**Deletions**	**Balance June 30, 2017**
Governmental Activities				
General obligation bonds	$144,723,575	--	$9,156,745	$135,566,830
Unamortized premium	9,511,524	--	429,495	9,082,029
Unamortized discount	(144,900)	--	(6,300)	(138,600)
Accredited interest	40,263,223	$4,566,730	2,203,256	42,626,697
Total general obligation bonds	194,353,422	4,566,730	11,783,196	187,136,956
Compensated absences	599,535	--	280,492	319,043
Net OPEB obligation	4,224,280	651,243	--	4,875,523
Net pension liability	86,358,856	16,718,139	--	103,076,995
Total	$285,536,093	$21,936,112	$12,063,688	$295,408,517

Source: Alameda City Unified School District.

General Obligation Bonds. On November 2, 2004, the voters of the District authorized the issuance of not-to-exceed $63,000,000 of general obligation bonds (the "2004 Authorization"). On October 27, 2004, the District issued $40,998,093.45 aggregate principal amount of its first series of bonds pursuant to the 2004 Authorization (the "2004 Series A Bonds"). On June 30, 2005, the District issued $21,997,233.40 aggregate principal amount of its second and final series of bonds pursuant to the 2004 Authorization (the "2004 Series B Bonds"). On June 18, 2015, the District issued $3,405,000 aggregate principal amount of its 2015 General Obligation Refunding Bonds to refund portions of the outstanding 2004 Series B Bonds (the "2015 Refunding Bonds").

Pursuant to the 2014 Authorization, the voters of the District authorized the issuance of not-to-exceed $179,500,000 of general obligation bonds. On June 18, 2015, the District issued $90,000,000 aggregate principal amount of its first series of bonds pursuant to the 2014 Authorization (the "2015 Series A Bonds"). The Bonds represent the second series of bonds issued under the 2014 Authorization. After the issuance of the Bonds, $62,500,000 of the 2014 Authorization will remain.

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The following table shows the total debt service with respect to the District's outstanding general obligation bonded debt.

COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE

	2004 Authorization			2014 Authorization		
Year Ending (August 1)	**2004 Series A Bonds**	**2004 Series B Bonds**	**2015 Refunding Bonds**	**2015 Series A Bonds**	**The Bonds**	**Total Annual Debt Service**
2018	$5,785,000.00	--	$315,337.50	$3,832,375.00	$276,322.50	$10,209,035.00
2019	5,975,000.00	--	326,237.50	3,832,375.00	4,788,100.00	14,921,712.50
2020	6,170,000.00	--	336,837.50	3,832,375.00	5,221,300.00	15,560,512.50
2021	6,370,000.00	--	344,787.50	3,832,375.00	1,407,300.00	11,954,462.50
2022	6,575,000.00	--	364,787.50	3,832,375.00	1,154,300.00	11,926,462.50
2023	6,790,000.00	--	375,787.50	3,832,375.00	1,235,700.00	12,233,862.50
2024	7,010,000.00	--	390,537.50	3,832,375.00	1,318,500.00	12,551,412.50
2025	7,240,000.00	--	398,000.00	4,437,375.00	1,263,500.00	13,338,875.00
2026	7,475,000.00	--	420,500.00	4,917,125.00	1,240,250.00	14,052,875.00
2027	7,715,000.00	--	435,750.00	4,866,375.00	1,347,250.00	14,364,375.00
2028	--	$8,450,000.00	--	5,315,375.00	1,333,000.00	15,098,375.00
2029	8,720,000.00	--	--	5,744,125.00	1,333,250.00	15,797,375.00
2030	--	9,010,000.00	--	6,347,375.00	1,297,250.00	16,654,625.00
2031	--	9,300,000.00	--	6,808,250.00	1,296,750.00	17,405,000.00
2032	--	9,605,000.00	--	7,646,500.00	1,205,000.00	18,456,500.00
2033	--	9,915,000.00	--	8,634,250.00	1,091,500.00	19,640,750.00
2034	--	10,000,000.00	--	9,156,500.00	1,087,500.00	20,244,000.00
2035	--	10,000,000.00	--	10,038,500.00	1,002,750.00	21,041,250.00
2036	--	5,250,000.00	--	10,660,250.00	991,250.00	16,901,500.00
2037	--	--	--	11,231,750.00	989,500.00	12,221,250.00
2038	--	--	--	11,243,750.00	1,132,000.00	12,375,750.00
2039	--	--	--	13,246,750.00	801,500.00	14,048,250.00
2040	--	--	--	--	4,146,250.00	4,146,250.00
2041	--	--	--	--	4,308,250.00	4,308,250.00
2042	--	--	--	--	4,478,250.00	4,478,250.00
Total	$75,825,000.00	$71,530,000.00	$3,708,562.50	$147,120,875.00	$45,746,522.50	$343,930,960.00

Source: Alameda City Unified School District.

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Capital Lease. On December 13, 2017, the District entered into a capital lease with Pacific Western Bank (the "Capital Lease") to provide financing for the acquisition of the District office building. Future lease payments due with respect to the Capital Lease are shown below:

CAPITAL LEASE
Alameda City Unified School District

Payment Date	Principal Portion	Interest Portion	Total Payment Amount
06/01/2018	--	$87,889	$87,889
12/01/2018	$225,000	94,057	319,057
06/01/2019	--	90,028	90,028
12/01/2019	227,000	90,522	317,522
06/01/2020	--	86,957	86,957
12/01/2020	233,000	86,957	319,957
06/01/2021	--	82,842	82,842
12/01/2021	241,000	83,297	324,297
06/01/2022	--	79,077	79,077
12/01/2022	249,000	79,511	328,511
06/01/2023	--	75,187	75,187
12/01/2023	256,000	75,600	331,600
06/01/2024	--	71,579	71,579
12/01/2024	264,000	71,579	335,579
06/01/2025	--	67,064	67,064
12/01/2025	273,000	67,432	340,432
06/01/2026	--	62,799	62,799
12/01/2026	281,000	63,144	344,144
06/01/2027	--	58,409	58,409
12/01/2027	290,000	58,730	348,730
06/01/2028	--	54,175	54,175
12/01/2028	299,000	54,175	353,175
06/01/2029	--	49,208	49,208
12/01/2029	308,000	49,479	357,479
06/01/2030	--	44,397	44,397
12/01/2030	318,000	44,641	362,641
06/01/2031	--	39,429	39,429
12/01/2031	328,000	39,646	367,646
06/01/2032	--	34,494	34,494
12/01/2032	338,000	34,494	372,494
06/01/2033	--	29,025	29,025
12/01/2033	349,000	29,185	378,185
06/01/2034	--	23,573	23,573
12/01/2034	360,000	23,703	383,703
06/01/2035	--	17,949	17,949
12/01/2035	371,000	18,048	389,048
06/01/2036	--	12,220	12,220
12/01/2036	383,000	12,220	395,220
06/01/2037	--	6,171	6,171
12/01/2037	395,000	6,204	401,204
Total	$5,988,000	$2,155,096	$8,143,096

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TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax.

Taxpayers considering an investment in the Bonds that are classified as corporations for federal income tax purposes should consult their tax advisors regarding the application of the corporate alternative minimum tax to any investment in the Bonds.

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

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

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

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

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS OR THE MARKET VALUE OF THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES WILL BE INTRODUCED WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

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

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

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

LIMITATION ON REMEDIES; BANKRUPTCY

General. State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien. Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance or refinance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's pooled investment fund, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – ALAMEDA COUNTY INVESTMENT POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights

LEGAL MATTERS

Legality for Investment in California

Under provisions of the State Financial Code, the Bonds are legal investments for commercial banks in the State 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 State Government Code, are eligible for security for deposits of public moneys in the State.

Information Reporting Requirements

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

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of bondholders (including the Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2017-18 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or of the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto. These covenants have been made in order to assist the Underwriters in complying with the Rule.

Prior Undertakings. Within the past five years, the District failed to timely file portions of its annual report for fiscal years 2014-15, 2015-16, and 2016-17 in connection with certain of its outstanding obligations, as required by its existing continuing disclosure obligations. Within the past five years, the District also failed to file in a timely manner notices of certain enumerated events, as required by its existing continuing disclosure obligations. The District has retained Backstrom McCarley Berry & Co., LLC, San Francisco, California, to assist it in preparing and filing the annual reports and notices of enumerated events required under its existing continuing disclosure obligations with respect to the District's outstanding general obligation bonds, including the Bonds.

Absence of Material Litigation

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

Financial Statements

The District's audited financial statements with required supplemental information for the year ended June 30, 2017, the independent auditor's report of the District, the related statements of activities and cash flows for the year then ended, and the report dated November 3, 2017 of Christy White Associate, Certified Public Accountants (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinion

The legal opinion 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 proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

Moody's and S&P have assigned the ratings of "Aa2" and "AA," respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agencies, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007 and Standard & Poor's, 55 Water Street, New York, New York 10041. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on The Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See "LEGAL MATTERS - Continuing Disclosure" herein and "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

Underwriting

RBC Capital Markets, LLC (the "Representative") on behalf of itself and Fidelity Capital Markets and Ross, Sinclaire & Associates, LLC (collectively, the "Underwriters"), has agreed, pursuant to a purchase contract by and between the District and the Underwriters, to purchase all of the Bonds for a purchase price of $29,956,697.95 (consisting of the principal amount of $27,000,000, plus original issue premium of $3,030,947.95, less an underwriting discount of $74,250.00).

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

The Representative has provided the following information for inclusion in this Official Statement. The District can make no representation regarding the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District.

The Representative and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Representative and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Representative and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Representative and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Representative and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

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Additional Information

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

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds.

ALAMEDA CITY UNIFIED SCHOOL DISTRICT

By: /s/ Sean McPhebridge, Ed.D.
Superintendent

APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

Upon the issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds substantially in the following form:

May 10, 2018

Board of Education
Alameda City Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $27,000,000 Alameda City Unified School District (Alameda County, California) Election of 2014 General Obligation Bonds, Series B (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California (the "Act"), commencing with Section 53506 *et seq*., a vote of 55% of the qualified electors of the Alameda City Unified School District (the "District") voting at an election held on November 4, 2014, and a resolution of the Board of Education of the District (the "Resolution").

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

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. We give no opinion on the application of the corporate alternative minimum tax to an investment in the Bonds.

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

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

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

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

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

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

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

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

Respectfully submitted,

APPENDIX B

2016-17 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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ALAMEDA UNIFIED SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2017

San Diego

Los Angeles

San Francisco
Bay Area

christy white associates

A PROFESSIONAL
ACCOUNTANCY CORPORATION

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Governing Board
Alameda Unified School District
Alameda, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda Unified School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Alameda Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alameda Unified School District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alameda Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017 on our consideration of Alameda Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alameda Unified School District's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
November 3, 2017

ALAMEDA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

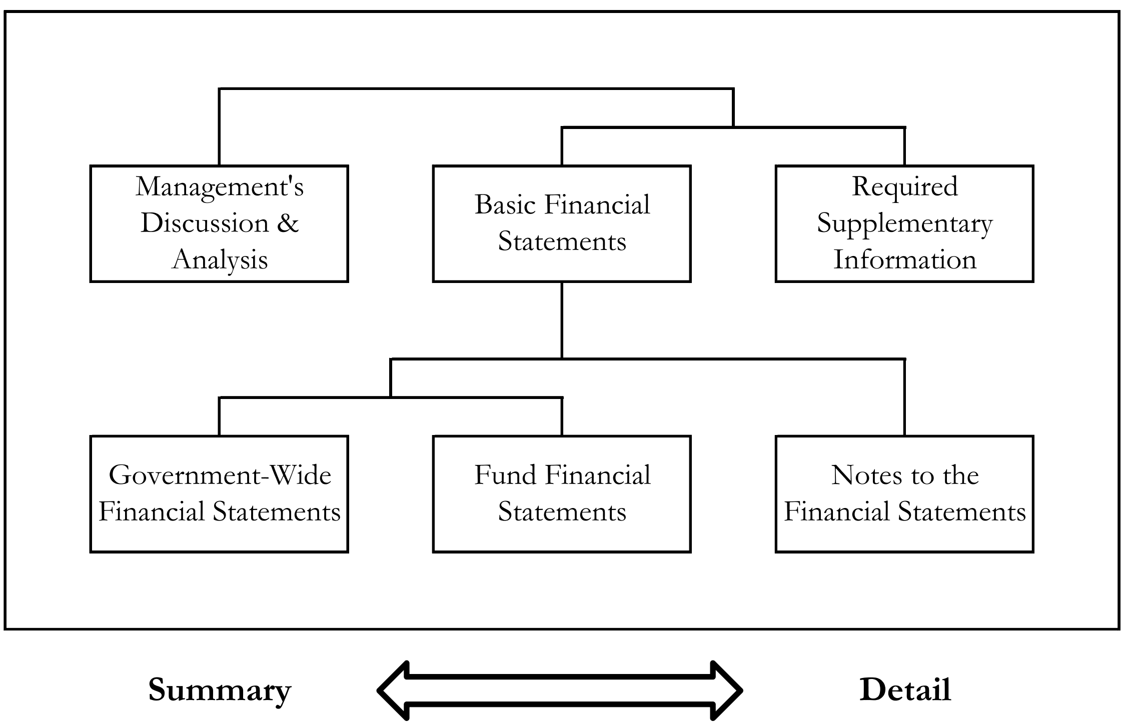
Our discussion and analysis of Alameda Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net position was ($63,279,647) at June 30, 2017. This was a decrease of $1,555,930 from the prior year.
- Overall revenues were $133,816,388 which were less than expenses of $135,372,318.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

  - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

  - **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net Position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was ($63,279,647) at June 30, 2017, as reflected in the table below. Of this amount, a deficit of $109,728,817 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2017	**2016**	**Net Change**
ASSETS			
Current and other assets	$125,245,942	$146,331,114	$ (21,085,172)
Capital assets	100,223,595	85,837,674	14,385,921
Total Assets	225,469,537	232,168,788	(6,699,251)
DEFERRED OUTFLOWS OF RESOURCES	23,494,442	12,221,260	11,273,182
LIABILITIES			
Current liabilities	23,406,872	21,733,188	1,673,684
Long-term liabilities	283,160,322	275,956,153	7,204,169
Total Liabilities	306,567,194	297,689,341	8,877,853
DEFERRED INFLOWS OF RESOURCES	5,676,432	8,424,424	(2,747,992)
NET POSITION			
Net investment in capital assets	20,603,117	15,169,669	5,433,448
Restricted	25,846,053	26,716,753	(870,700)
Unrestricted	(109,728,817)	(103,610,139)	(6,118,678)
Total Net Position	$ (63,279,647)	$ (61,723,717)	$ (1,555,930)

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges slightly, so you can see our total revenues, expenses, and special items for the year.

	Governmental Activities		
	2017	**2016**	**Net Change**
REVENUES			
Program revenues			
Charges for services	$ 915,515	$ 767,078	$ 148,437
Operating grants and contributions	25,158,721	22,577,375	2,581,346
General revenues			
Property taxes	54,940,855	52,542,814	2,398,041
Unrestricted federal and state aid	49,700,861	51,585,641	(1,884,780)
Other	3,100,436	2,557,543	542,893
Total Revenues	133,816,388	130,030,451	3,785,937
EXPENSES			
Instruction	80,037,398	71,502,861	8,534,537
Instruction-related services	13,020,075	12,256,833	763,242
Pupil services	12,101,098	10,563,872	1,537,226
General administration	7,544,326	7,208,402	335,924
Plant services	11,890,907	11,843,116	47,791
Ancillary and community services	2,101,970	1,734,980	366,990
Debt service	8,081,094	9,124,236	(1,043,142)
Other Outgo	595,450	169,761	425,689
Total Expenses	135,372,318	124,404,061	10,968,257
Change in net position	(1,555,930)	5,626,390	(7,182,320)
Net Position - Beginning	(61,723,717)	(67,350,107)	5,626,390
Net Position - Ending	$ (63,279,647)	$ (61,723,717)	$ (1,555,930)

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

The total cost of all our governmental activities this year was $135,372,318, while net cost of activities was $109,298,082 (refer to the table below). The amount that our taxpayers ultimately financed for these activities through taxes was $54,940,855, the remaining cost was paid by other governments and organizations who subsidized certain programs with grants and contributions $78,875,533.

	Net Cost of Services	
	2017	2016
Instruction	$ 62,548,591	$ 57,112,446
Instruction-related services	11,460,781	9,909,608
Pupil services	8,227,641	6,922,526
General administration	6,762,496	6,332,970
Plant services	10,954,422	11,738,289
Ancillary and community services	1,412,680	1,006,014
Debt service	8,081,094	9,124,236
Transfers to other agencies	(149,623)	(1,086,481)
Total Expenses	$ 109,298,082	$ 101,059,608

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $115,807,020, which is less than last year's ending fund balance of $136,152,548. The District's General Fund had $153,284 more in operating revenues than expenditures for the year ended June 30, 2017. The District's Building Fund had $18,526,689 less in operating revenues than expenditures for the year ended June 30, 2017. The District's Bond Interest and Redemption Fund had $3,658,289 less in operating revenues than expenditures for the year ended June 30, 2017.

CURRENT YEAR BUDGET 2016-17

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a monthly basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2016-17 the District had invested $100,223,595 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2017	2016	Net Change
CAPITAL ASSETS			
Land	$ 4,794,916	$ 4,794,916	$ -
Construction in progress	18,889,695	8,322,720	10,566,975
Land improvements	9,148,451	5,919,467	3,228,984
Buildings & improvements	142,641,328	136,060,047	6,581,281
Furniture & equipment	4,727,749	4,591,568	136,181
Accumulated depreciation	(79,978,544)	(73,851,044)	(6,127,500)
Total Capital Assets	$100,223,595	$ 85,837,674	$ 14,385,921

Long-Term Liabilities

At year-end, the District had $283,160,322 in long-term liabilities, an increase of 3% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2017	2016	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$187,136,956	$194,353,422	$ (7,216,466)
Compensated absences	319,043	599,535	(280,492)
Net OPEB obligation	4,875,523	4,224,280	651,243
Net pension liability	103,076,995	86,358,856	16,718,139
Less: current portion of long-term debt	(12,248,195)	(9,579,940)	(2,668,255)
Total Long-term Liabilities	$283,160,322	$275,956,153	$ 7,204,169

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The District continues to analyze the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21 but the annual amount funded to meet the target is uncertain.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

State revenues are estimated to increase modestly in 2017-18 but there is uncertainty about the State's long-term economic growth. According to the Legislative Analyst's Office, there are concerns about a possible mild recession. In addition, purchasing power has not been restored to pre-2007/08 levels for most school districts as added funding is going to pay for increases in CalPERS and Casts rates increases and rising health care costs.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2017. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are significant.

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

All of these factors were considered in preparing the District's budget for the 2017-18 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Business Office at 2060 Challenger Drive, Alameda, California 94501.

	Governmental Activities
ASSETS	
Cash and investments	$ 120,111,839
Accounts receivable	5,079,231
Inventory	54,872
Capital assets, not depreciated	23,684,611
Capital assets, net of accumulated depreciation	76,538,984
Total Assets	225,469,537
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	23,431,481
Deferred amount on refunding	62,961
Total Deferred Outflows of Resources	23,494,442
LIABILITIES	
Accrued liabilities	10,287,740
Unearned revenue	870,937
Long-term liabilities, current portion	12,248,195
Long-term liabilities, non-current portion	283,160,322
Total Liabilities	306,567,194
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	5,676,432
Total Deferred Inflows of Resources	5,676,432
NET POSITION	
Net investment in capital assets	20,603,117
Restricted:	
Capital projects	6,671,621
Debt service	13,663,689
Educational programs	4,768,757
All others	741,986
Unrestricted	(109,728,817)
Total Net Position	$ (63,279,647)

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

ALAMEDA UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Function/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
GOVERNMENTAL ACTIVITIES				
Instruction	$ 80,037,398	$ 62,766	$ 17,426,041	$ (62,548,591)
Instruction-related services				
Instructional supervision and administration	3,419,976	9,893	762,191	(2,647,892)
Instructional library, media, and technology	943,587	10	13,606	(929,971)
School site administration	8,656,512	5,950	767,644	(7,882,918)
Pupil services				
Home-to-school transportation	2,750,801	-	-	(2,750,801)
Food services	3,079,134	773,573	2,088,609	(216,952)
All other pupil services	6,271,163	1,163	1,010,112	(5,259,888)
General administration				
Centralized data processing	1,723,357	39	12,763	(1,710,555)
All other general administration	5,820,969	43,296	725,732	(5,051,941)
Plant services	11,890,907	16,958	919,527	(10,954,422)
Ancillary services	1,957,291	61	615,340	(1,341,890)
Community services	144,679	-	73,889	(70,790)
Interest on long-term debt	8,081,094	-	-	(8,081,094)
Other Outgo	595,450	1,806	743,267	149,623
Total Governmental Activities	$ 135,372,318	$ 915,515	$ 25,158,721	(109,298,082)

General revenues	
Taxes and subventions	
Property taxes, levied for general purposes	30,322,988
Property taxes, levied for debt service	11,796,902
Property taxes, levied for other specific purposes	12,820,965
Federal and state aid not restricted for specific purposes	49,700,861
Interest and investment earnings	270,251
Interagency revenues	534,699
Miscellaneous	2,295,486
Subtotal, General Revenue	107,742,152
CHANGE IN NET POSITION	(1,555,930)
Net Position - Beginning	(61,723,717)
Net Position - Ending	$ (63,279,647)

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

ALAMEDA UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 30,774,098	$ 66,796,451	$ 15,357,022	$ 7,184,268	$ 120,111,839
Accounts receivable	3,995,374	110,240	26,422	947,195	5,079,231
Stores inventory	-	-	-	54,872	54,872
Total Assets	$ 34,769,472	$ 66,906,691	$ 15,383,444	$ 8,186,335	$ 125,245,942
LIABILITIES					
Accrued liabilities	$ 6,403,069	$ 2,079,871	$ -	$ 85,045	$ 8,567,985
Unearned revenue	870,937	-	-	-	870,937
Total Liabilities	7,274,006	2,079,871	-	85,045	9,438,922
FUND BALANCES					
Nonspendable	50,000	-	-	55,880	105,880
Restricted	4,178,863	64,826,820	15,383,444	8,003,501	92,392,628
Committed	4,956,628	-	-	-	4,956,628
Assigned	4,497,953	-	-	41,909	4,539,862
Unassigned	13,812,022	-	-	-	13,812,022
Total Fund Balances	27,495,466	64,826,820	15,383,444	8,101,290	115,807,020
Total Liabilities and Fund Balances	$ 34,769,472	$ 66,906,691	$ 15,383,444	$ 8,186,335	$ 125,245,942

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

Total Fund Balance - Governmental Funds		$ 115,807,020
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets	$ 180,202,139	
Accumulated depreciation	(79,978,544)	100,223,595
Deferred amount on refunding:		
In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:		62,961
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(1,719,755)
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Total general obligation bonds	$ 187,136,956	
Compensated absences	319,043	
Net OPEB obligation	4,875,523	
Net pension liability	103,076,995	(295,408,517)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 23,431,481	
Deferred inflows of resources related to pensions	(5,676,432)	17,755,049
Total Net Position - Governmental Activities		$ (63,279,647)

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

ALAMEDA UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 76,319,601	$ -	$ -	$ -	$ 76,319,601
Federal sources	3,535,314	-	-	2,591,341	6,126,655
Other state sources	9,136,321	-	89,563	2,138,020	11,363,904
Other local sources	19,576,415	525,584	11,798,911	3,508,558	35,409,468
Total Revenues	108,567,651	525,584	11,888,474	8,237,919	129,219,628
EXPENDITURES					
Current					
Instruction	69,173,613	-	-	1,814,303	70,987,916
Instruction-related services					
Instructional supervision and administration	2,849,210	-	-	159,411	3,008,621
Instructional library, media, and technology	833,405	-	-	-	833,405
School site administration	7,118,987	-	-	456,487	7,575,474
Pupil services					
Home-to-school transportation	2,248,182	-	-	-	2,248,182
Food services	-	-	-	2,850,431	2,850,431
All other pupil services	5,677,178	-	-	95,075	5,772,253
General administration					
Centralized data processing	1,682,229	-	-	-	1,682,229
All other general administration	4,904,632	-	-	266,660	5,171,292
Plant services	9,599,336	33,777	-	833,416	10,466,529
Facilities acquisition and maintenance	1,793,204	19,018,496	-	75,472	20,887,172
Ancillary services	1,808,558	-	-	-	1,808,558
Community services	130,881	-	-	-	130,881
Transfers to other agencies	594,952	-	-	-	594,952
Debt service					
Principal	-	-	9,156,745	-	9,156,745
Interest and other	-	-	6,390,018	-	6,390,018
Total Expenditures	108,414,367	19,052,273	15,546,763	6,551,255	149,564,658
Excess (Deficiency) of Revenues					
Over Expenditures	153,284	(18,526,689)	(3,658,289)	1,686,664	(20,345,030)
Other Financing Sources (Uses)					
Transfers out	(498)	-	-	-	(498)
Net Financing Sources (Uses)	(498)	-	-	-	(498)
NET CHANGE IN FUND BALANCE	152,786	(18,526,689)	(3,658,289)	1,686,664	(20,345,528)
Fund Balance - Beginning, as restated (see note 16)	27,342,680	83,353,509	19,041,733	6,414,626	136,152,548
Fund Balance - Ending	$ 27,495,466	$ 64,826,820	$ 15,383,444	$ 8,101,290	$ 115,807,020

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

ALAMEDA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net Change in Fund Balances - Governmental Funds		$ (20,345,528)
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$ 20,513,421	
Depreciation expense:	(6,127,500)	14,385,921
Debt service:		
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		9,156,745
Deferred amounts on refunding:		
In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:		(5,724)
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		254,927
Accreted interest on long-term debt:		
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.		(2,363,474)

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

Compensated absences:		
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:		280,492
Postemployment benefits other than pensions (OPEB):		
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		(651,243)
Pensions:		
In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:		(2,691,241)
Amortization of debt issuance premium or discount:		
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:		423,195
Change in Net Position of Governmental Activities	$	(1,555,930)

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

ALAMEDA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017

	Trust Funds	Agency Funds
	Private-Purpose Trust Fund	Student Body Fund
ASSETS		
Cash and investments	$ 409,750	$ 360,869
Accounts receivable	664	-
Total Assets	410,414	$ 360,869
LIABILITIES		
Due to student groups	-	$ 360,869
Total Liabilities	-	$ 360,869
NET POSITION		
Restricted	410,414	
Total Net Position	$ 410,414	

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

ALAMEDA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Trust Funds
	Private-Purpose Trust Fund
ADDITIONS	
Investment earnings	$ 2,933
Other	1,905
Interfund transfers in and other sources	498
Total Additions	5,336
DEDUCTIONS	
Other trust activities	21,700
Total Deductions	21,700
CHANGE IN NET POSITION	(16,364)
Net Position - Beginning	426,778
Net Position - Ending	$ 410,414

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

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

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section* 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section* 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section* 41003).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections* 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections* 52616[b] and 52501.5[a]).

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section* 8200 *et seq*.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section* 8328).

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections* 38090–38093). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections* 38091 and 38100).

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections* 17620–17626). The authority for these levies may be county/city ordinances (*Government Code Sections* 65970–65981) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section* 66006).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section* 42840).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fiduciary Funds

Trust and Agency Funds: Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Scholarship Fund and Private-Purpose Trust Fund: These funds are used to account separately for gifts or bequests per *Education Code Section* 41031 that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs.

Student Body Fund: The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections* 48930–48938).

D. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Financial Statements
The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Governmental Funds
Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue
Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

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

Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings and Improvements	25 – 50 years
Furniture and Equipment	5 – 15 years
Vehicles	8 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

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

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because 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.

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

Premiums and Discounts
In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method.

Deferred Outflows/Deferred Inflows of Resources
In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance
Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board. The District currently does not have any committed funds.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

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

I. Property Tax

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements and Changes in Accounting Principals

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has not yet determined the impact on the financial statements.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14.* This standard's primary objective is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for periods beginning after June 15, 2016. The District has no component units.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73.* This standard's primary objective is to address issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The majority of this Statement is effective for periods beginning after June 15, 2016. The District has implemented GASB Statement No. 82 for the year ended June 30, 2017.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Fiduciary Funds
Investment in county treasury	$ 119,990,923	$ 409,750
Cash on hand and in banks	69,908	360,869
Cash in revolving fund	51,008	-
Total cash and investments	$ 120,111,839	$ 770,619

B. Policies and Practices

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

NOTE 2 – CASH AND INVESTMENTS

B. Policies and Practices (continued)

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The Alameda County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

NOTE 2 – CASH AND INVESTMENTS (continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $120,408,566 and an amortized book value of $120,400,673. The average weighted maturity for this pool is 393 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2017, the pooled investments in the County Treasury were not rated.

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

NOTE 2 – CASH AND INVESTMENTS (continued)

G. Fair Value (continued)

Uncategorized - Investments in the Alameda County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements at June 30, 2017 were as follows:

	Uncategorized
Investment in county treasury	$ 120,408,566
Total fair market value of investments	$ 120,408,566

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of the following:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Activities	Total Fiduciary
Federal Government						
Categorical aid	$ 921,325	$ -	$ -	$ 648,116	$ 1,569,441	$ -
State Government						
Apportionment	740,748	-	-	-	740,748	-
Categorical aid	157,298	-	-	111,295	268,593	-
Lottery	864,178	-	-	-	864,178	-
Local Government						
Other local sources	1,311,825	110,240	26,422	187,784	1,636,271	664
Total	$ 3,995,374	$ 110,240	$ 26,422	$ 947,195	$ 5,079,231	$ 664

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
Governmental Activities				
Capital assets not being depreciated				
Land	$ 4,794,916	$ -	$ -	$ 4,794,916
Construction in progress	8,322,720	15,283,100	4,716,125	18,889,695
Total Capital Assets not Being Depreciated	13,117,636	15,283,100	4,716,125	23,684,611
Capital assets being depreciated				
Land improvements	5,919,467	3,228,984	-	9,148,451
Buildings & improvements	136,060,047	6,581,281	-	142,641,328
Furniture & equipment	4,591,568	136,181	-	4,727,749
Total Capital Assets Being Depreciated	146,571,082	9,946,446	-	156,517,528
Less Accumulated Depreciation				
Land improvements	2,788,174	185,190	-	2,973,364
Buildings & improvements	69,087,566	5,647,754	-	74,735,320
Furniture & equipment	1,975,304	294,556	-	2,269,860
Total Accumulated Depreciation	73,851,044	6,127,500	-	79,978,544
Governmental Activities				
Capital Assets, net	$ 85,837,674	$ 19,102,046	$ 4,716,125	$ 100,223,595

Depreciation expense has been allocated to governmental activities as follows:

Instruction	$ 3,437,305
Instructional supervision and administration	174,670
Instructional library, media, and technology	54,846
School site administration	498,540
Home-to-school transportation	471,120
Food services	178,165
All other pupil services	48,242
All other general administration	446,750
Plant services	688,799
Ancillary services	119,021
Community services	10,042
Total Governmental Activities	$ 6,127,500

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

The individual interfund transfer for the year ended June 30, 2017 consisted of a transfer from General Fund to the Foundation Private Purpose Trust Fund for the contribution to cover a scholarship totaling $498.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2017 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Total Governmental Activities
Payroll	$ 3,855,365	$ 184,542	$ 56,029	$ -	$ 4,095,936
Construction	-	1,895,329	15,340	-	1,910,669
Vendors payable	2,543,064	-	7,820	-	2,550,884
Unmatured interest	-	-	-	1,719,755	1,719,755
Other liabilities	4,640	-	5,856	-	10,496
Total	$ 6,403,069	$ 2,079,871	$ 85,045	$ 1,719,755	$ 10,287,740

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2017, consisted of the following:

	Governmental Activities
Federal sources	$ 10,991
State categorical sources	576,646
Local sources	283,300
Total	$ 870,937

NOTE 8 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2017 consisted of the following:

	Balance July 01, 2016	Additions	Deductions	Balance June 30, 2017	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 144,723,575	$ -	$ 9,156,745	$ 135,566,830	$ 9,368,833
Unamortized premium	9,511,524	-	429,495	9,082,029	429,495
Unamortized discount	(144,900)	-	(6,300)	(138,600)	(6,300)
Accreted interest	40,263,223	4,566,730	2,203,256	42,626,697	2,456,167
Total general obligation bonds	194,353,422	4,566,730	11,783,196	187,136,956	12,248,195
Compensated absences	599,535	-	280,492	319,043	-
Net OPEB obligation	4,224,280	651,243	-	4,875,523	-
Net pension liability	86,358,856	16,718,139	-	103,076,995	-
Total	$ 285,536,093	$ 21,936,112	$ 12,063,688	$ 295,408,517	$ 12,248,195

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

NOTE 8 – LONG-TERM DEBT (continued)

A. General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2016	Additions	Deductions	Bonds Outstanding June 30, 2017
Election 2004, Series A	October 13, 2004	August 1, 2029	2.50% - 5.48%	$ 40,998,093	$ 61,165,936	$ 2,969,679	$ 5,425,000	$ 58,710,615
Election 2004, Series B	June 21, 2005	August 1, 2036	3.25% - 5.09%	$ 21,997,233	30,470,862	1,597,051	-	32,067,913
Election 2014, Series A	June 5, 2015	August 1, 2039	2.00% - 5.00%	$ 90,000,000	90,000,000	-	5,760,000	84,240,000
2015 Refunding	June 5, 2015	August 1, 2027	2.00% - 5.00%	$ 3,405,000	3,350,000	-	175,000	3,175,000
					$ 184,986,798	$ 4,566,730	$ 11,360,000	$ 178,193,528

Election 2004, Series A

In an election held March 2, 2004, the voters authorized the District to issue and sale $63,000,000 of principal amount of general obligation bonds. These bonds were issued for the purpose of financing the construction, renovation, and repair of District facilities, as specified in a list submitted to the voters of the District. There were two issuances under this election:

Series A, which was issued on October 13, 2004 for $40,998,093 with interest rates ranging from 2.50% to 5.48%. The original issuance consisted of $3,000,000 in current interest serial bonds and $37,998,093 in capital appreciation serial bonds. The principal balance outstanding on June 30, 2017 amounted to $58,710,615.

The bonds mature through 2030 as follows:

Year Ended June 30,	Principal	Interest	Total
2018	$ 3,148,833	$ 2,456,167	$ 5,605,000
2019	3,060,728	2,724,272	5,785,000
2020	2,979,434	2,995,566	5,975,000
2021	2,881,328	3,288,672	6,170,000
2022	2,792,990	3,577,010	6,370,000
2023 - 2027	12,696,498	27,824,554	40,521,052
2028 - 2030	3,159,786	13,275,215	16,435,001
Accretion	27,991,018	(27,991,018)	-
Total	$ 58,710,615	$ 28,150,438	$ 86,861,053

NOTE 8 – LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

Election 2004, Series B

Series B, which was issued on June 21, 2005 for $21,997,233 with interest rates ranging from 3.25% to 5.09%. The original issuance consisted of $4,565,000 in current interest serial bonds and $17,432,233 in capital appreciation serial bonds. The principal balance outstanding on June 30, 2017 amounted to $32,067,913. The bonds mature through 2037 as follows:

Year Ended June 30,	Principal	Interest	Total
2018	$ -	$ -	$ -
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023 - 2027	-	-	-
2028 - 2032	7,824,606	18,935,394	26,760,000
2033 - 2037	9,607,628	35,162,372	44,770,000
Accretion	14,635,679	(14,635,679)	-
Total	$ 32,067,913	$ 39,462,087	$ 71,530,000

Election 2014

In the election held November 4, 2014, the voter authorized the District to issue and sale $179,500,000 of principal amount of general obligation bonds. The Series A Bonds are being issued to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities. There has been one issuance under this election:

Series A, which was issued on June 5, 2015 for $90,000,000 with interest rates ranging from 2.00% to 5.00%. The issuance consisted of current interest serial bonds. The principal balance outstanding on June 30, 2017 amounted to $84,240,000. The bonds mature through 2042 as follows:

Year Ended June 30,	Principal	Interest	Total
2018	$ 6,030,000	$ 4,317,437	$ 10,347,437
2019	-	3,922,825	3,922,825
2020	-	3,832,375	3,832,375
2021	-	3,832,375	3,832,375
2022	-	3,832,375	3,832,375
2023 - 2027	1,720,000	19,146,750	20,866,750
2028 - 2032	11,160,000	18,135,938	29,295,938
2033 - 2037	32,895,000	13,932,500	46,827,500
2038 - 2042	32,435,000	4,282,375	36,717,375
Total	$ 84,240,000	$ 75,234,950	$ 159,474,950

NOTE 8 – LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

2015 Refunding

The 2015 Refunding Bonds, which was issued on June 5, 2015 for $3,405,000 with interest rates ranging from 2.00% to 5.00%. The issuance consisted of current interest serial bonds. The principal balance outstanding on June 30, 2017 amounted to $3,175,000. These bonds were issued to refund the Election 2004, Series B current interest bond maturities August 1, 2016 – August 1, 2027.

Year Ended June 30,	Principal	Interest	Total
2018	$ 190,000	$ 112,238	$ 302,238
2019	205,000	108,288	313,288
2020	220,000	104,038	324,038
2021	235,000	98,313	333,313
2022	250,000	89,788	339,788
2023 - 2027	1,660,000	257,594	1,917,594
2028 - 2032	415,000	10,375	425,375
Total	$ 3,175,000	$ 780,634	$ 3,955,634

B. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2017 amounted to $319,043. This amount is included as part of long-term liabilities in the government-wide financial statements.

C. Other Postemployment Benefits (OPEB)

The District follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The District's annual required contribution for the year ended June 30, 2017, was $1,371,000 with net interest and other adjustments of $12,987 for a net annual OPEB cost of $1,695,955. The District made contributions during the year of $1,044,712, which resulted in an increase to net OPEB obligation of $651,243. The ending OPEB balance at June 30, 2017 was $4,875,523. See Note 10 for additional information regarding the OPEB obligation and postemployment benefit plan.

D. Net Pension Liability

The District's beginning net pension liability was $86,358,856 and increased by $16,718,139 during the year ended June 30, 2017. The ending net pension liability at June 30, 2017 was $103,076,955. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2017:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	$ 50,000	$ -	$ -	$ 1,008	$ 51,008
Stores inventory	-	-	-	54,872	54,872
Total non-spendable	50,000	-	-	55,880	105,880
Restricted					
Educational programs	4,178,863	-	-	589,894	4,768,757
Capital projects	-	64,826,820	-	6,671,621	71,498,441
Debt service	-	-	15,383,444	-	15,383,444
Food Service	-	-	-	741,986	741,986
Total restricted	4,178,863	64,826,820	15,383,444	8,003,501	92,392,628
Committed					
Other commitments	4,956,628	-	-	-	4,956,628
Total committed	4,956,628	-	-	-	4,956,628
Assigned					
MAA	213,506	-	-	-	213,506
AP Exam	25,648	-	-	-	25,648
Textbook Adoptions	1,619,892	-	-	-	1,619,892
Purchase Orders Carried over to 2018	293,297	-	-	-	293,297
JROTC	35,784	-	-	-	35,784
LCFF Set Aside	834,849	-	-	-	834,849
Lottery	104,800	-	-	-	104,800
Deferred Maintenance	1,370,177	-	-	-	1,370,177
Adult Education	-	-	-	41,853	41,853
Child Development	-	-	-	56	56
Total assigned	4,497,953	-	-	41,909	4,539,862
Unassigned					
Reserve for economic uncertainties	3,155,753	-	-	-	3,155,753
Remaining unassigned	10,656,269	-	-	-	10,656,269
Total unassigned	13,812,022	-	-	-	13,812,022
Total	$ 27,495,466	$ 64,826,820	$ 15,383,444	$ 8,101,290	$ 115,807,020

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, sufficient to cover any deficit plus the required 3% reserve.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description and Contribution Information

The Postemployment Benefit Plan (the "Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. The District implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans,* in 2008-09.

Membership of the plan consisted of the following:

Retirees and beneficiaries receiving benefits	300
Active plan members	974
Total*	1,274
Number of participating employers	1

*As of July 1, 2014 actuarial study

B. Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District and District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2017, the District contributed $1,044,712 to the Plan, all of which was used for current premiums.

As of June 30, 2017, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 1,371,000
Interest on net OPEB obligation	168,971
Adjustment to annual required contribution	155,984
Annual OPEB cost (expense)	1,695,955
Contributions made	(1,044,712)
Increase (decrease) in net OPEB obligation	651,243
Net OPEB obligation, beginning of the year	4,224,280
Net OPEB obligation, end of the year	$ 4,875,523

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2017 and the preceding two years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2017	$ 1,695,955	62%	$ 4,875,523
2016	$ 1,382,258	59%	$ 4,224,280
2015	$ 1,380,455	57%	$ 3,662,008

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial evaluation consists of the following:

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2014	$ -	$ 15,626,000	$ 15,626,000	0%	$ 60,856,329	26%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

Valuation Date	7/1/2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level-percentage of payroll
Remaining Amortization Period	29
Asset Valuation	$ -
Actuarial Assumptions:	
Investment rate of return	4.0%
Discount rate	4.0%
Health care trend rate	0.0%
Inflation rate	4.0%

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	$ 72,263,400	$ 13,854,925	$ 4,750,667	$ 6,981,790
PERS Pension	30,813,595	9,576,556	925,765	4,042,783
Total	$ 103,076,995	$ 23,431,481	$ 5,676,432	$ 11,024,573

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits provided

The CalSTRS defined benefit plan has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

NOTE 11 – PENSION PLANS (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Benefits provided, continued
CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions
Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 9.205% of their salary for fiscal year 2017, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2017 was 12.58% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $5,636,468 for the year ended June 30, 2017.

On-Behalf Payments
The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $2,744,341 to CalSTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$	72,263,400
State's proportionate share of the net pension liability associated with the District		41,144,321
Total	$	113,407,721

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.089 percent, which was a decrease of 0.00487 percent from its proportion measured as of June 30, 2015.

NOTE 11 – PENSION PLANS (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

For the year ended June 30, 2017, the District recognized pension expense of $6,981,790. In addition, the District recognized pension expense and revenue of $7,341,101 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 5,744,905	$ -
Differences between expected and actual experience	-	1,762,784
Changes in proportion and differences between District contributions and proportionate share of contributions	2,473,552	2,987,883
District contributions subsequent to the measurement date	5,636,468	-
	$ 13,854,925	$ 4,750,667

The $5,636,468 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	$ 620,045	$ 819,698
2019	620,045	819,698
2020	3,834,243	819,698
2021	2,649,412	819,698
2022	494,712	819,698
2023	-	652,177
	$ 8,218,457	$ 4,750,667

NOTE 11 – PENSION PLANS (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	3.00%
Investment Yield*	7.60%
Wage Inflation	3.75%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2006–June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2016 are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	6.30%
Private Equity	13%	9.30%
Real Estate	13%	5.20%
Inflation Sensitive	4%	3.80%
Fixed Income	12%	0.30%
Absolute Return	9%	2.90%
Cash/Liquidity	2%	-1.00%
	100%	

* 20-year geometric average

NOTE 11 – PENSION PLANS (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	$ 104,003,330	$ 72,263,400	$ 45,902,059

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 11 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS)

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

Benefits provided
The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions
Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2017 was 13.888% of annual payroll. Contributions to the plan from the District were $2,696,864 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2017, the District reported a liability of $30,813,595 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.156 percent, which was an increase of 0.00047 percent from its proportion measured as of June 30, 2015.

NOTE 11 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

For the year ended June 30, 2017, the District recognized pension expense of $4,082,783. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 4,781,279	$ -
Differences between expected and actual experience	1,325,280	-
Changes in assumptions	-	925,765
Changes in proportion and differences between District contributions and proportionate share of contributions	773,133	-
District contributions subsequent to the measurement date	2,696,864	-
	$ 9,576,556	$ 925,765

The $2,696,864 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	$ 1,665,694	$ 487,245
2019	1,596,148	438,520
2020	2,369,979	-
2021	1,247,871	-
	$ 6,879,692	$ 925,765

NOTE 11 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS) (continued)

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield*	7.65%
Wage Inflation	Varies by Entry Age and Service

* Net of investment expenses, but gross of administrative expenses.

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 11 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS) (continued)

Actuarial assumptions, continued

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10*	Real Return Years 11+**
Global Equity	51%	5.25%	5.71%
Global Debt Securities	20%	0.99%	2.43%
Inflation Assets	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%
	100%		

* An expected inflation of 2.5% used for this period
** An expected inflation of 3.0% used for this period

Discount rate

The discount rate used to measure the total pension liability was 7.65 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	$ 45,974,056	$ 30,813,595	$ 18,189,528

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 12 – PARCEL TAXES

In an election held March 9, 2011, the voters approved, by 68.43%, the Measure A parcel tax. The parcel tax replaces the two existing school parcel taxes (the previous Measure A and Measure H). Residential and commercial property owners will pay $0.32 per square foot on buildings, with a maximum tax of $7,999 per parcel. Properties with no buildings on them will pay $299. Revenues raised by Measure A are authorized to be used only for those educational programs and activities set forth in the eleven specific categories set forth in the Measure A ballot language.

Revenue of $12,205,083 and expenditures of $12,211,512 for the Measure A parcel tax for the year ended June 30, 2017 are included in these audited financial statements.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2017.

C. Construction Commitments

As of June 30, 2017, the District had commitments with respect to unfinished capital projects as follows:

	Remaining Construction Commitment	Expected Date of Completion
Capital Projects		
Historic Alameda High Seismic and Modernization	$ 41,230,433	April 9, 2019
Maya Lin Modernization	1,360,105	September 29, 2017
Otis New Modular Classroom Bldg. Inc 1	477,696	Completed - need to release retention
Otis New Modular Classroom Bldg. Inc 2	152,398	Completed - need to release retention
Edison Exterior Fencing (Safety & Security)	26,723	Summer 2018
Total	$ 43,247,355	

NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of two joint powers authorities (JPAs). The first is the Alameda County Schools Insurance Group (ACSIG) to provide workers' compensation insurance coverage and the second is the East Bay School Insurance Group (EBSIG) to provide liability and property insurance. The relationship is such that the JPAs are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from the respective entities.

NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the District recognized deferred outflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2017, the deferred amount on refunding was $62,961.

NOTE 16 – ADJUSTMENT FOR RESTATEMENT

The District received legally restricted revenue sources for Adult Education during the 2016-17 fiscal year, the effect of which was to reclassify and the restate the General Fund and Adult Education fund in accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions as follows:

	General Fund	Adult Education Fund
Fund Balance - June 30, 2016, as originally stated	$ 27,484,194	$ -
GASB Statement No.54 - Changes in fund type classification due to restricted revenue source	(141,514)	141,514
Fund Balance - June 30, 2016, as restated	$ 27,342,680	$ 141,514

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 75,695,758	$ 75,823,428	$ 75,819,601	$ (3,827)
Federal sources	3,614,756	4,143,028	3,535,314	(607,714)
Other state sources	9,966,374	10,732,046	9,136,321	(1,595,725)
Other local sources	17,993,670	19,294,087	19,515,234	221,147
Total Revenues	107,270,558	109,992,589	108,006,470	(1,986,119)
EXPENDITURES				
Certificated salaries	50,418,842	50,438,388	49,828,463	609,925
Classified salaries	16,184,435	17,282,189	17,004,805	277,384
Employee benefits	21,071,618	20,090,091	18,867,598	1,222,493
Books and supplies	5,365,121	7,165,048	4,891,192	2,273,856
Services and other operating expenditures	14,483,798	16,673,640	15,760,733	912,907
Capital outlay	383,800	1,389,619	1,189,993	199,626
Other outgo	359,077	367,969	351,688	16,281
Total Expenditures	108,266,691	113,406,944	107,894,472	5,512,472
Excess (Deficiency) of Revenues Over Expenditures	(996,133)	(3,414,355)	111,998	3,526,353
Other Financing Sources (Uses)				
Transfers out	-	(498)	(498)	-
Net Financing Sources (Uses)	-	(498)	(498)	-
NET CHANGE IN FUND BALANCE	(996,133)	(3,414,853)	111,500	3,526,353
Fund Balance - Beginning	17,901,407	17,901,407	17,901,407	-
Fund Balance - Ending	$ 16,905,274	$ 14,486,554	$ 18,012,907	$ 3,526,353

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to required supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Valuation of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2014	$ -	$ 15,626,000	$ 15,626,000	0%	$ 60,856,329	26%
July 1, 2012	$ -	$ 15,276,000	$ 15,276,000	0%	$ 58,630,900	26%
July 1, 2010	$ -	$ 17,200,000	$ 17,200,000	0%	$ 53,210,015	32%

See accompanying note to required supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.089%	0.094%	0.093%
District's proportionate share of the net pension liability	$ 72,263,400	$ 63,430,668	$ 54,194,713
State's proportionate share of the net pension liability associated with the District	41,144,321	33,547,741	32,968,406
Total	$ 113,407,721	$ 96,978,409	$ 87,163,119
District's covered payroll	$ 45,539,759	$ 45,142,412	$ 43,121,140
District's proportionate share of the net pension liability as a percentage of its covered payroll	158.7%	140.5%	125.7%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	74.0%	76.5%

See accompanying note to required supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.156%	0.156%	0.152%
District's proportionate share of the net pension liability	$ 30,813,595	$ 22,928,188	$ 17,200,972
District's covered payroll	$ 19,856,336	$ 18,949,502	$ 17,735,189
District's proportionate share of the net pension liability as a percentage of its covered payroll	155.2%	121.0%	97.0%
Plan fiduciary net position as a percentage of the total pension liability	73.9%	79.4%	83.4%

See accompanying note to required supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 5,636,468	$ 4,879,157	$ 3,829,293
Contributions in relation to the contractually required contribution*	(5,636,468)	(4,879,157)	(3,829,293)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 45,539,759	$ 45,142,412	$ 43,121,140
Contributions as a percentage of covered payroll	12.38%	10.81%	8.88%

*Amounts do not include on behalf contributions

See accompanying note to required supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 2,696,864	$ 2,292,259	$ 2,057,335
Contributions in relation to the contractually required contribution	(2,696,864)	(2,292,259)	(2,057,335)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 19,856,336	$ 18,949,502	$ 17,735,189
Contributions as a percentage of covered payroll	13.58%	12.10%	11.60%

See accompanying note to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule
This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Funding Progress
This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

Schedule of the District's Proportionate Share of the Net Pension Liability
This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Schedule of District Contributions
This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2017, the District incurred no excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

SUPPLEMENTARY INFORMATION

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 938,303
Adult Education			
Adult Education: Adult Basic Education & ESL	84.002A	14508	216,682
Adult Education: Adult Secondary Education	84.002	13978	29,350
Adult Education: English Literacy and Civics Education	84.002A	14109	67,580
Subtotal Adult Education			313,612
Title II, Part A, Teacher Quality	84.367	14341	242,823
Title III			
Title III, English Learner Student Program	84.365	14346	143,591
Title III, Immigrant Education Program	84.365	15146	59,051
Subtotal Title III			202,642
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,574,098
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	106,482
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	108,291
IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	84.027A	13682	150,446
Subtotal Special Education Cluster			1,939,317
IDEA Early Intervention Grants, Part C	84.181	23761	138,990
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	46,922
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	23,525
Advanced Placement and International Baccalaureate Test Fee Reimbursements	84.330B	14831	13,414
State Vocational Rehabilitation Services Program - We Can Work	84.126A	*	45,607
Total U. S. Department of Education			3,905,155
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	8,200
School Breakfast Program - Needy	10.553	13526	157,962
National School Lunch Program	10.555	13391	1,014,912
USDA Commodities	10.555	*	143,144
Summer Food Service Program for Children	10.559	13004	31,953
Subtotal Child Nutrition Cluster			1,356,171
Child Care Food Program - Family Day Care Sponsor Admin	10.558	13665	633,592
Total U. S. Department of Agriculture			1,989,763
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through California Department of Education:			
Federal General Child Care & Development (CCTR) & CA State Preschool Program (CSPP)	93.596	12609	287,967
Passed through California Department of Health Services:			
Medicaid			
Medi-Cal Billing Option	93.778	10013	167,499
Total U. S. Department of Health & Human Services			455,466
Total Federal Expenditures			$ 6,350,384

* - Pass-Through Entity Identifying Number not available or not applicable

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2017

	*Second Period Report	*Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	2,884.51	2,883.48
Extended Year Special Education	4.59	4.59
Special Education - Nonpublic Schools	2.53	2.68
Extended Year Special Education - Nonpublic Schools	0.36	0.36
Total TK/K through Third	2,891.99	2,891.11
Fourth through Sixth		
Regular ADA	2,052.18	2,043.52
Extended Year Special Education	3.25	3.25
Special Education - Nonpublic Schools	2.84	2.91
Extended Year Special Education - Nonpublic Schools	0.44	0.44
Total Fourth through Sixth	2,058.71	2,050.12
Seventh through Eighth		
Regular ADA	1,155.05	1,155.26
Extended Year Special Education	1.24	1.24
Special Education - Nonpublic Schools	5.58	4.72
Extended Year Special Education - Nonpublic Schools	1.26	1.26
Total Seventh through Eighth	1,163.13	1,162.48
Ninth through Twelfth		
Regular ADA	2,948.19	2,937.42
Extended Year Special Education	1.28	1.28
Special Education - Nonpublic Schools	17.24	17.73
Extended Year Special Education - Nonpublic Schools	1.63	1.63
Total Ninth through Twelfth	2,968.34	2,958.06
TOTAL SCHOOL DISTRICT	9,082.17	9,061.77

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2017

Grade Level	Minutes Requirement	2016-17 Actual Minutes	Number of Days	Status
Kindergarten	36,000	49,700	180	Complied
Grade 1	50,400	50,800	180	Complied
Grade 2	50,400	51,600	180	Complied
Grade 3	50,400	52,715	180	Complied
Grade 4	54,000	54,325	180	Complied
Grade 5	54,000	54,325	180	Complied
Grade 6	54,000	54,565	180	Complied
Grade 7	54,000	54,565	180	Complied
Grade 8	54,000	55,135	180	Complied
Grade 9	64,800	64,830	180	Complied
Grade 10	64,800	64,830	180	Complied
Grade 11	64,800	64,830	180	Complied
Grade 12	64,800	64,830	180	Complied

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

	2018 (Budget)	2017	2016	2015
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 107,090,604	$ 108,006,470	$ 110,889,384	$ 98,876,608
Expenditures And Other Financing Uses	110,691,010	107,894,970	106,833,846	97,524,372
Net change in Fund Balance	$ (3,600,406)	$ 111,500	$ 4,055,538	$ 1,352,236
Ending Fund Balance	$ 14,412,501	$ 18,012,907	$ 17,901,407	$ 13,845,869
Available Reserves*	$ 9,784,204	$ 10,656,268	$ 9,560,125	$ 8,159,634
Available Reserves As A Percentage Of Outgo	8.84%	9.88%	8.95%	8.37%
Long-term Debt	$ 283,160,322	$ 295,408,517	$ 285,536,093	$ 272,366,972
Average Daily Attendance At P-2	9,082	9,082	9,078	9,091

The General Fund balance has increased by $4,167,038 over the past two years. The fiscal year 2017-18 budget projects a decrease of $3,600,406. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating deficit during the 2017-18 fiscal year. Total long-term obligations have increased by $23,041,545 over the past two years.

Average daily attendance has decreased by 9 ADA over the past two years. No change in ADA is anticipated during the 2017-18 fiscal year.

*The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2017, annual financial and budget report fund balance	$ 18,012,907	$ 1,370,177	$ 8,112,382
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	9,482,559	(1,370,177)	(8,112,382)
Net adjustments and reclassifications	9,482,559	(1,370,177)	(8,112,382)
June 30, 2017, audited financial statement fund balance	$ 27,495,466	$ -	$ -

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2017

Charter School	Status	Included in Audit Report
Academy of Alameda-Middle School	Active	No
Academy of Alameda-Elementary School	Active	No
Community Learning Center Inc., (NEA)	Active	No
Alameda Community Learning Center (ACLC)	Active	No
Alternatives in Action (BASE)	Active	No

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2017

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS						
Cash and investments	$ 144,097	$ 223,981	$ 214,711	$ 5,735,216	$ 866,263	$ 7,184,268
Accounts receivable	259,699	47,242	554,772	20,664	64,818	947,195
Stores inventory	-	-	54,872	-	-	54,872
Total Assets	$ 403,796	$ 271,223	$ 824,355	$ 5,755,880	$ 931,081	$ 8,186,335
LIABILITIES						
Accrued liabilities	$ 11,651	$ 31,565	$ 26,489	$ 1,807	$ 13,533	$ 85,045
Total Liabilities	11,651	31,565	26,489	1,807	13,533	85,045
FUND BALANCES						
Non-spendable	-	-	55,880	-	-	55,880
Restricted	350,292	239,602	741,986	5,754,073	917,548	8,003,501
Assigned	41,853	56	-	-	-	41,909
Total Fund Balances	392,145	239,658	797,866	5,754,073	917,548	8,101,290
Total Liabilities and Fund Balance	$ 403,796	$ 271,223	$ 824,355	$ 5,755,880	$ 931,081	$ 8,186,335

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES						
Federal sources	$ 313,612	$ 287,967	$ 1,989,762	$ -	$ -	$ 2,591,341
Other state sources	863,425	1,182,703	91,892	-	-	2,138,020
Other local sources	72,378	465,227	1,085,488	1,547,386	338,079	3,508,558
Total Revenues	1,249,415	1,935,897	3,167,142	1,547,386	338,079	8,237,919
EXPENDITURES						
Current						
Instruction	530,657	1,283,646	-	-	-	1,814,303
Instruction-related services						
Instructional supervision and administration	1,310	158,101	-	-	-	159,411
School site administration	362,719	93,768	-	-	-	456,487
Pupil services						
Food services	-	-	2,850,431	-	-	2,850,431
All other pupil services	78,049	17,026	-	-	-	95,075
General administration						
All other general administration	10,722	99,893	132,649	23,396	-	266,660
Plant services	15,327	73,132	14,761	47,280	682,916	833,416
Facilities acquisition and maintenance	-	75,472	-	-	-	75,472
Total Expenditures	998,784	1,801,038	2,997,841	70,676	682,916	6,551,255
NET CHANGE IN FUND BALANCE	250,631	134,859	169,301	1,476,710	(344,837)	1,686,664
Fund Balance - Beginning, as restated (see note 16)	141,514	104,799	628,565	4,277,363	1,262,385	6,414,626
Fund Balance - Ending	$ 392,145	$ 239,658	$ 797,866	$ 5,754,073	$ 917,548	$ 8,101,290

See accompanying note to supplementary information.

The District boundaries encompass the City of Alameda. There were no boundary changes during the year. The District provides education for grades K-12 and is currently operating ten elementary schools, three middle schools, two high schools, one continuation school, one early college high school, one adult school and one child development center. Five charter schools also operate within the District boundaries.

GOVERNING BOARD

Member	Office	Term Expires
Gary K. Lym	President	December 2018
Gray Harris	Vice President	December 2020
Ardella Dailey, Ed. D.	Board Clerk	December 2020
Anne McKereghan	Trustee	December 2018
Jennifer Williams	Trustee	December 2020

DISTRICT ADMINISTRATORS

Sean McPhetridge, Ed.D.
Superintendent

Shariq Khan
Chief Business Officer

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2017 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2017.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 6,126,655
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027	56,230
Medi-Cal Billing Option	93.778	167,499
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$ 6,350,384

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections* 46200 through 46208. During the year ended June 30, 2017, the District participated in the Longer Day incentive funding program. As of June 30, 2017, the District had not yet met its target funding.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools
This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds
These statements provide information on the District's non-major funds.

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

OTHER INDEPENDENT AUDITORS' REPORTS

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

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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*

Independent Auditors' Report

Governing Board
Alameda Unified School District
Alameda, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alameda Unified School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Alameda Unified School District's basic financial statements, and have issued our report thereon dated November 3, 2017.
.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alameda Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alameda Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alameda Unified School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2017-001).

Compliance and Other Matters

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

Alameda Unified School District's Response to Findings

Alameda Unified School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Alameda Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White Associates

San Diego, California
November 3, 2017

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
Alameda Unified School District
Alameda, California

Report on Compliance for Each Major Federal Program

We have audited Alameda Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Alameda Unified School District's major federal programs for the year ended June 30, 2017. Alameda Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alameda Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Alameda Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Alameda Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Alameda Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alameda Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alameda Unified School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Christy White Associates

San Diego, California
November 3, 2017

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REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Governing Board
Alameda Unified School District
Alameda, California

Report on State Compliance

We have audited Alameda Unified School District's compliance with the types of compliance requirements described in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of Alameda Unified School District's state programs for the fiscal year ended June 30, 2017, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alameda Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Alameda Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Alameda Unified School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Alameda Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2017.

Procedures Performed

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

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Mental Health Expenditures	Yes
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes

PROGRAM NAME	PROCEDURES PERFORMED
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Independent Study because ADA was below materiality levels.

Christy White Associates

San Diego, California
November 3, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ALAMEDA UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENTS	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	*Yes
Non-compliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A, Basic Grants Low-Income and Neglected
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes
STATE AWARDS	
Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	No
Type of auditors' report issued on compliance for state programs:	Unmodified

*The significant deficiency identified in regards to the Financial Statements is related to Associated Study Body (ASB), which is described in the accompanying schedule of findings and questioned costs as item #2017-001.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

FINDING #2017-001: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

Criteria: Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations and minutes of student council meetings reduces the opportunity for irregularities and fraud to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow as a best practice.

Condition: Through our testing of the school site ASB accounts, we noted the following internal control deficiencies:

Lincoln Middle School

- Pre-numbered cash receipts are not given when cash is collected for the majority of events and activities, thus making difficult to ensure the amount deposited is correct. However, for dances the site does have pre-numbered stickers that are used to reconcile tickets sold.

Alameda High School

- Three signatures are required to approve each expenditure, we found 1 of 10 expenditures selected was missing a signature from an administrator.
- 1 of 10 expenditures selected was missing a proper invoice that noted the correct dollar amount. A contract was provided but did not include the amount to be paid.

Alameda Science and Technology Institute

- Three signatures are required to approve each expenditure, we found 4 of 10 expenditures selected was missing a signature from an administrator.
- 6 of 10 cash receipts tested were not deposited in a timely manner.

Cause: Insufficient controls over student body activities.

Effect: The potential for irregularities in accounting to go undetected.

Perspective: Testing was performed at a sample of the District's student body accounts.

Recommendation: We recommend that all ASB checks require a double signature. In addition, all sites should be reminded of what are allowable and unallowable uses of ASB fund and ASB activities. We recommend that all organized ASB's have approved budgets and all purchase requisitions have all required signature prior to the purchase of goods or services. We recommend that the District implement procedures to ensure that adequate supporting documentation is maintained for ASB cash collections. The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

FINDING #2017-001: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000) (continued)

District Response: District management has established policies and key internal controls as recommended in the latest FCMAT Associated Student Body Manual and has provided a copy to each site personnel. Management will continue to provide oversight to ensure that internal controls over ASB are followed and consistently applied. In addition, the District will provide staff an ASB training from a FCMAT representative on January 11, 2018.

FIVE DIGIT CODE	**AB 3627 FINDING TYPE**
50000	Federal Compliance

No federal awards findings were noted for fiscal year 2016-17.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
41000	CalSTRS
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

No state awards findings were noted for fiscal year 2016-17

FINDING #2016-1: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

Criteria: Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations and minutes of council meetings reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

Condition: Through our testing of the school site ASB accounts, we noted the following internal control deficiencies:

RUBY BRIDGES ELEMENTARY

- The checking account did not require double signature. For the 2015-16 year, the principal was both the approver of expenditures and sole signor on the account. In the 2016-17 year, they have added a 2nd signor to the checks.

BAY FARM ELEMENTARY

- 4 of the 9 disbursements appear to be questionable ASB purchases.

WOOD MIDDLE SCHOOL

- Wood Middle School ASB does not prepare an annual budget.
- 1 of 9 disbursements selected for testing did not have proper approval of a faculty advisor. 1 of 9 disbursements selected for testing did not have proper approval of a faculty advisor and student representative.

ENCINAL HIGH SCHOOL

- 3 of 10 cash receipts did not have adequate supporting documentation to reconcile the amount of sales or collection to the deposit.

Cause: Insufficient controls over student body activities.

Effect: The potential for irregularities in accounting to go undetected.

Perspective: Testing was performed at a sample of the District's student body accounts.

FINDING #2016-1: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000) (continued)

Recommendation: We recommend that all ASB checks require a double signature. In addition, all sites should be reminded of what are allowable and unallowable uses of ASB fund and ASB activities. We recommend that all organized ASB's have approved budgets and all purchase requisitions have all required signature prior to the purchase of goods or services. We recommend that the District implement procedures to ensure that adequate supporting documentation is maintained for ASB cash collections. The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

District Response: District management has established policies and key internal controls as recommended in the latest FCMAT Associated Student Body Manual and has provided a copy to each site personnel. Management will continue to provide oversight to ensure that internal controls over ASB are followed and consistently applied. In addition, the District provided staff an ASB training from a FCMAT representative on December 2, 2016.

Status: Partially Implemented, See Finding #2017-001

FINDING #2016-2 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Students classified as free or reduced price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.*

Condition: 1 of 60 free or reduced status, non-EL students selected had a meal application on file that disagreed with the 1.18 CALPADS Fall I Certified Data. The student was listed as free in the 1.18 CALPADS report however, the 2015-16 meal application had an income verification that showed the student's status was changed to denied. Upon extrapolation of the error to the rest of the District's FRPM eligible population, we calculated an additional 12 students without proper supporting documentation for a total of 13 ineligible students.

Cause: Lack of adequate oversight with regards to adjusting CALPADS data following the income verification process.

Effect: The District is not in compliance with applicable state requirements.

Context: Following the extrapolation of the error rate across the testing population, 13 out of 807 students reported as FRPM eligible did not have proper supporting documentation to support their designation.

FINDING #2016-2 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)

Questioned Costs: $3,037, as calculated below:

UPP Audit Adjustment		Section 1: Regular UPP	Section 2: Alternate UPP*
1	Total Adjusted Enrollment from the UPP exhibit as of P-2	28,437	28,452
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	10,881	10,765
3	Number of Unduplicated Pupil Count audit adjustment		(13)
4	Revised Adjusted Unduplicated Pupil Count	10,868	10,752
5	UPP calculated as of P-2	0.3826	0.3784
6	Revised UPP for audit finding	0.3822	0.3779
7	Greater of Revised UPP for audit finding from Section 1 or 2		**0.3822**
8	**Charter Schools Only:** Determinative School District Concentration Cap		
9	Revised UPP adjusted for Concentration Cap		**0.3822**
LCFF Target Base Grant Funding		**Estimated Values**	
10	Total Base Grant Funding as of P-2	$72,218,423	
LCFF Target Supplemental Grant Funding Audit Adjustment			
11	Target Supplemental Grant Funding calculated as of P-2	$5,526,154	
12	Revised Target Supplemental Grant Funding for audit finding	$5,520,376	
13	Target Supplemental Grant Funding audit adjustment	**($5,778)**	
LCFF Target Concentration Grant Funding Audit Adjustment			
14	Target Concentration Grant Funding calculated as of P-2	$0	
15	Revised Target Concentration Grant Funding for audit finding	$0	
16	Target Concentration Grant Funding audit adjustment	**$0**	
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Target			
17	Total Target Supplemental and Concentration audit adjustment	**($5,778)**	
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded on LCFF Floor and Gap			
18	Statewide Gap Funding Rate as of P-2	0.5255761597	
21	Estimated Cost of Unduplicated Pupil Count audit adjustment	**($3,037)**	

FINDING #2016-2 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)

Recommendation: We recommend that the District ensure that all students listed as FRPM in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report are properly classified following the income verification process.

District Response: District Management will ensure that students whose status changed to non-eligible during the Verification process are not reported to CALPADS.

Status: Implemented.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Alameda City Unified School District (the "District") in connection with the issuance of $27,000,000 of the District's Election of 2014 General Obligation Bonds, Series B (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District dated September 19, 2017. The District covenants and agrees as follows:

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

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

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

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

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

"Holders" shall mean the registered owners of the Bonds.

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

"Official Statement" means that certain official statement, dated April 26, 2018, relating to the offering and sale of the Bonds.

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

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

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2017-18 Fiscal Year (which is due not later than April 1, 2019), provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

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

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

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

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

(a) State funding received by the District for the last completed fiscal year;

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

(c) outstanding District indebtedness;

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

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

(f) secured tax charges and delinquencies for property within the District for the prior fiscal year, except to the extent the Alameda County adopts the Teeter Plan in connection with *ad valorem* tax levies for bonded debt of the District; and

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

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

SECTION 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

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

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

7. unscheduled draws on credit enhancement reflecting financial difficulties.

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

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled Bond calls.

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

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

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

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

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

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

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the

District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. 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, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

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

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

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

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

Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

Dated: May 10, 2018

ALAMEDA CITY UNIFIED SCHOOL DISTRICT

By: ____

Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: ALAMEDA CITY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2014 General Obligation Bonds, Series B

Date of Issuance: May 10, 2018

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

Dated:_______________________

ALAMEDA CITY UNIFIED SCHOOL DISTRICT

By ____[form only; no signature required]_____

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APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF ALAMEDA AND ALAMEDA COUNTY

The following information regarding the City of Alameda (the "City") and Alameda County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, the Underwriters or the financial advisor.

General

The City of Alameda. Founded in 1853, the City lies adjacent to Oakland and the San Francisco Bay and is located in the County on Alameda Island. Long a transportation hub for rail, ferries and airfields, including being the original home to the famous China Clipper flying boat, transportation into the City of San Francisco is accessed via three bridges from Oakland. The City has a total area of 23.0 square miles, 12.3 of which are water. The City has council–manager form of government with four Council members elected to four year terms. The City's Vice-Mayor is elected from the Council members. The Mayor is elected separately from the Council.

Alameda County. Alameda County was established in 1853. The County was created from two counties created in 1850: Contra Costa and Santa Clara. Often referred to locally as "The East Bay" in reference to its across the bay neighbor, San Francisco, the County enjoys a rich diversity and culture and a varied geography ranging from urban marinas to rolling open spaces to hillside lakes and streams. Alameda is the seventh most populous county in California and home to the University of California, Berkeley. The County is bordered by Santa Clara County to the south, San Joaquin County to the east, Contra Costa County to the north and the San Francisco Bay to the west. The County is governed by five elected Board of Supervisors and the County seat is Oakland.

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Population

The following table shows historical population figures for the City, County and State of California (the "State") for the past 10 years.

POPULATION ESTIMATES
2008 through 2017
City of Alameda, Alameda County and the State of California

Year(1)	City of Alameda	County of Alameda	State of California
2008	72,598	1,484,085	36,704,375
2009	73,166	1,497,799	36,966,713
2010(2)	73,812	1,510,271	37,253,956
2011	74,446	1,525,695	37,563,835
2012	75,204	1,543,027	37,881,357
2013	76,086	1,567,091	38,238,492
2014	76,792	1,588,348	38,572,211
2015	77,653	1,611,318	38,915,880
2016	79,338	1,629,233	39,189,035
2017	79,928	1,645,359	39,523,613

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2008-09, 2011-17 (2000 and 2010 DRU Benchmark): California Department of Finance for January 1.

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Income

The following table shows per capita personal income for the County, State and the United States for the past 10 years.

PER CAPITA PERSONAL INCOME
2007 through 2016
Alameda County, State of California and United States

Year	Alameda County	State of California	United States
2007	$48,545	$43,692	$39,821
2008	48,952	44,162	41,082
2009	46,386	42,224	39,376
2010	47,695	43,317	40,277
2011	50,817	45,849	42,461
2012	52,811	48,369	44,282
2013	54,774	48,570	44,493
2014	58,175	51,344	46,494
2015	62,926	54,718	48,451
2016	65,884	56,374	49,246

Note: Per capital personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Estimates for 2010 through 2016 reflect county population estimates available as of March 2017.
All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Principal Employers

The following tables list the principal employers located in the City and the County.

PRINCIPAL EMPLOYERS
City of Alameda
As of June 30, 2017

Company	Description	Employees
Penumbra, Inc.	Wholesale Medical and Dental	1,071
Alameda Unified School District	Services: Educational Services	1,044
VF Outdoor	Manufacturing	783
Alameda Hospital	Services: Health Services	727
Oakland Raiders	Sports Clubs, Managers, Promoters	595
Abbott Diabetes Care Inc.	Services: Health Services	531
City of Alameda	Public Administration	522
Kaiser Foundation Health Plan	Services: Health Services	425
Safeway Stores	Grocery Stores	418
Cost Plus Corporate Headquarters	Services: Retail	412

Source: City of Alameda 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2017.

PRINCIPAL EMPLOYERS
Alameda County
As of June 30, 2017

Company	Description	Employees
Kaiser Permanente Medical Group Inc.	Services: Health Services	33,700
Safeway Inc.	Supermarkets & Other Grocery	10,184
County of Alameda	Public Administration	9,268
John Muir Health	Services: Health Services	6,181
Tesla	Manufacturing: Electric Vehicles	6,000
Chevron Corporation	Petroleum and Petroleum Products	5,445
Wells Fargo Bank	Financial Services	5,264
PG&E Corporation	Electric Power Systems	5,210
Alta Bates Summit Medical Center	Services: Health Services	4,561
Lam Research Corporation	Electric Parts and Equipment	4,000

Source: Alameda County 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2017.

Employment

The following table summarizes the labor force, employment and unemployment figures for the past five years for the City, County, and State.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2013 through 2017[1]
City of Alameda, Alameda County and the State of California

Year and Area	Labor Force	Employment[2]	Unemployment[3]	Unemployment Rate (%)
2013				
City of Alameda	39,900	37,400	2,500	6.2
Alameda County	802,800	744,800	58,000	7.2
California	18,596,800	16,958,700	1,665,600	8.9
2014				
City of Alameda	40,300	38,300	2,000	5.0
Alameda County	809,600	762,500	47,100	5.8
California	18,755,000	17,348,600	1,406,400	7.5
2015				
City of Alameda	41,000	39,300	1,700	4.1
Alameda County	823,100	784,300	38,800	4.7
California	18,893,200	17,723,300	1,169,900	6.2
2016				
City of Alameda	41,800	40,300	1,500	3.6
Alameda County	837,900	802,400	35,500	4.2
California	19,102,700	18,065,000	1,037,700	5.4
2017				
City of Alameda	42,500	41,400	1,100	2.6
Alameda County	848,500	817,600	30,900	3.6
California	19,312,000	18,393,100	918,900	4.8

Note: Data are not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2017 Benchmark.

Industry

The City and County are included in the Oakland – Hayward – Berkeley Metropolitan District (the "MD"). The distribution of employment in the MD is presented in the following table for the past five calendar years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2013 through 2017
Oakland – Hayward – Berkeley MD

Category	2013	2014	2015	2016	2017
Total Farm	1,300	1,200	1,300	1,300	--
Total Nonfarm	1,040,100	1,065,200	1,100,700	1,137,500	1,163,300
Total Private	876,900	898,700	931,400	964,100	988,700
Goods Producing	137,300	142,200	151,100	159,300	167,200
Mining, Logging, Construction	56,800	59,000	63,100	68,300	71,600
Manufacturing	80,500	83,200	88,000	91,000	95,600
Durable Goods	50,200	52,700	56,600	58,500	62,100
Nondurable Goods	30,300	30,500	31,400	32,500	33,500
Service Providing	902,900	923,000	949,600	978,300	996,100
Private Service Providing	739,600	756,500	780,200	804,900	821,500
Trade, Transportation and Utilities	186,400	191,700	198,200	202,600	205,500
Wholesale Trade	45,200	46,200	47,600	48,700	49,300
Retail Trade	108,300	110,500	113,100	114,800	115,700
Transportation, Warehousing and Utilities	32,900	35,000	37,400	39,100	40,400
Information	22,700	23,000	24,900	26,300	26,500
Financial Activities	53,300	54,100	55,500	57,200	57,600
Professional and Business Services	172,500	175,100	178,200	182,200	184,900
Educational and Health Services	170,500	173,100	178,600	185,900	192,000
Leisure and Hospitality	97,200	102,100	106,600	111,700	115,000
Other Services	37,000	37,500	38,100	39,100	40,100
Government	163,300	166,500	169,400	173,400	174,600
Total, All Industries	1,041,500	1,066,500	1,101,900	1,138,900	1,164,600

Note: The "Total, All Industries" data are not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Alameda County (Oakland – Hayward – Berkeley MD) Annual Average Labor Force and Industry Employment, March 2017 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the City and County from 2012 through 2016 are shown in the following tables.

ANNUAL TAXABLE SALES
2012 through 2016
City of Alameda
(Dollars in Thousands)

Year	Retail Permits	Retail and Food Services Taxable Transactions	Total Permits	Total All Outlets Taxable Transactions
2012	1,578	$436,087	2,156	$641,885
2013	2,040	467,115	2,641	682,635
2014	2,052	517,770	2,656	762,493
2015	--	607,253	--	853,540
2016	--	611,654	--	817,618

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2012 through 2016
Alameda County
(Dollars in Thousands)

Year	Retail Permits	Retail and Food Services Taxable Transactions	Total Permits	Total All Outlets Taxable Transactions
2012	26,027	$15,781,349	39,706	$25,181,571
2013	27,017	16,893,102	40,662	26,624,571
2014	27,152	17,820,857	40,746	28,377,714
2015	--	18,702,806	--	29,770,157
2016	--	19,386,688	--	30,958,480

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and County are shown in the following tables.

BUILDING PERMIT VALUATIONS
2012 through 2016
City of Alameda
(Dollars in Thousands)

	2012	2013	2014	2015	2016
Valuation					
Residential	$12,020	$21,351	$40,441	$101,415	$82,254
Non-Residential	11,237	19,500	42,178	39,354	99,001
Total	$23,257	$40,851	$82,619	$140,769	$181,255
Units					
Single Family	4	1	18	141	141
Multiple Family	0	0	79	136	87
Total	4	1	97	277	228

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
2012 through 2016
Alameda County
(Dollars in Thousands)

	2012	2013	2014	2015	2016
Valuation					
Residential	$951,874	$979,470	$1,118,323	$1,378,286	$1,755,472
Non-Residential	463,432	671,307	1,026,771	1,146,437	1,332,035
Total	$1,415,306	$1,650,777	$2,145,094	$2,524,723	$3,087,507
Units					
Single Family	1,119	1,339	1,076	1,671	2,348
Multiple Family	1,508	2,023	2,048	3,370	3,171
Total	2,627	3,362	3,124	5,041	5,519

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

APPENDIX E

ALAMEDA COUNTY INVESTMENT POOL

The following information concerning the Alameda County (the "County") Investment Pool (the "Investment Pool") has been provided by the Controller-Treasurer of the County (the "Treasurer"), and has not been confirmed or verified by the District, the Financial Advisor or the Underwriters. The District, the Financial Advisor and the Underwriters have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, neither the District, the Financial Advisor nor the Underwriters make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer at http://www.acgov.org/treasurer/; however, the information presented on such website is not incorporated herein by any reference.

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Agenda _____ February 6, 2018

TREASURER - TAX COLLECTOR

HENRY C. LEVY
TREASURER - TAX COLLECTOR

January 29, 2017

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

Dear Board Members:

RE: Investment Report – December 2017

In accordance with the Treasurer's investment policy, submitted herewith is a report of the cash pool investments for the month of December 2017. Enclosed with this report is a detailed composition of all outstanding investments by securities category as of December 31, 2017 (1). This report reflects the market value and cost of purchase. All investments in the Treasurer's investment portfolio conform to the statutory requirements of Government Code Section 53601 et. seq., authorities delegated by the County Board of Supervisors and the Treasurer's investment policy.

As Of December 31, 2017

Treasurer's Cash and Pool Investments – Book Value (2)	$ 6,163,115,027
Treasurer's Cash and Pool Investments – Market Value	6,152,678,228
Average Daily Balance during the month	6,024,507,088
Total interest received during the month	3,533,255
Average Maturity of the portfolio	328 days
Annualized cash basis rate of return for the month	0.691%

Total Securities Purchased During the Month

• In 12-month maturity	$ 599,215,855	
• In over 12-month maturity	141,227,333	
Total purchased		740,443,188

Total Activity during the Month

Securities matured	259,605,603
Net money market mutual funds redeemed	16,000,000
Net collateralized money market bank accounts puchased	70,000,000

Liquidity Summary of the Portfolio as Of December 31, 2017 [3]

Maturity	Amount	Percentage Held
1 to 90 days*	$ 2,316,620,397	37.59%
91 to 180 days	1,080,107,983	17.53%
181 to 365 days	517,570,487	8.40%
2 years	1,366,534,271	22.17%
3 years	685,639,837	11.12%
4 years,	125,715,722	2.04%
5 years	70,926,330	1.15%
Total	**$ 6,163,115,027**	**100.00%**

*Of the total cash and investment holdings listed above $2,316,620,397 or 37.59% consisted of cash and investments maturing within 90 days of this report.

Significant Market Activity in December 2017

The Federal Reserve raised their target on the short-term interest rate by 0.25% to 1.25% in December, their 3rd rate hike in 2017. The Labor department reported the unemployment rate at 4.7% and the GDP grew at a pace of 1.9% QoQ. Dow Jones Industrial Index closed at a record of 24,720 points and the 10-year US Treasury bond traded at 2.40% at the end of December.

Conclusion

Based on investment activity during the month of December 2017, the Treasurer expects to meet all operating cash needs for the pool participants within the next six months from the portfolio's most liquid assets and current revenues. For your review, a copy of the Investment Status Report for the month of December 2017 is on file with the Office of the Clerk of the Board of Supervisors.

Very truly yours,

Henry C. Levy
Treasurer – Tax Collector

Attachment 1
Attachment 2
Attachment 3

cc: Susan Muranishi, County Administrator
Steve Manning, Auditor-Controller
School District and Special District Participants
Members of the Treasury Oversight Committee

ALAMEDA COUNTY

Attachment I

COMPOSITION OF TREASURER'S CASH POOL
December 31, 2017

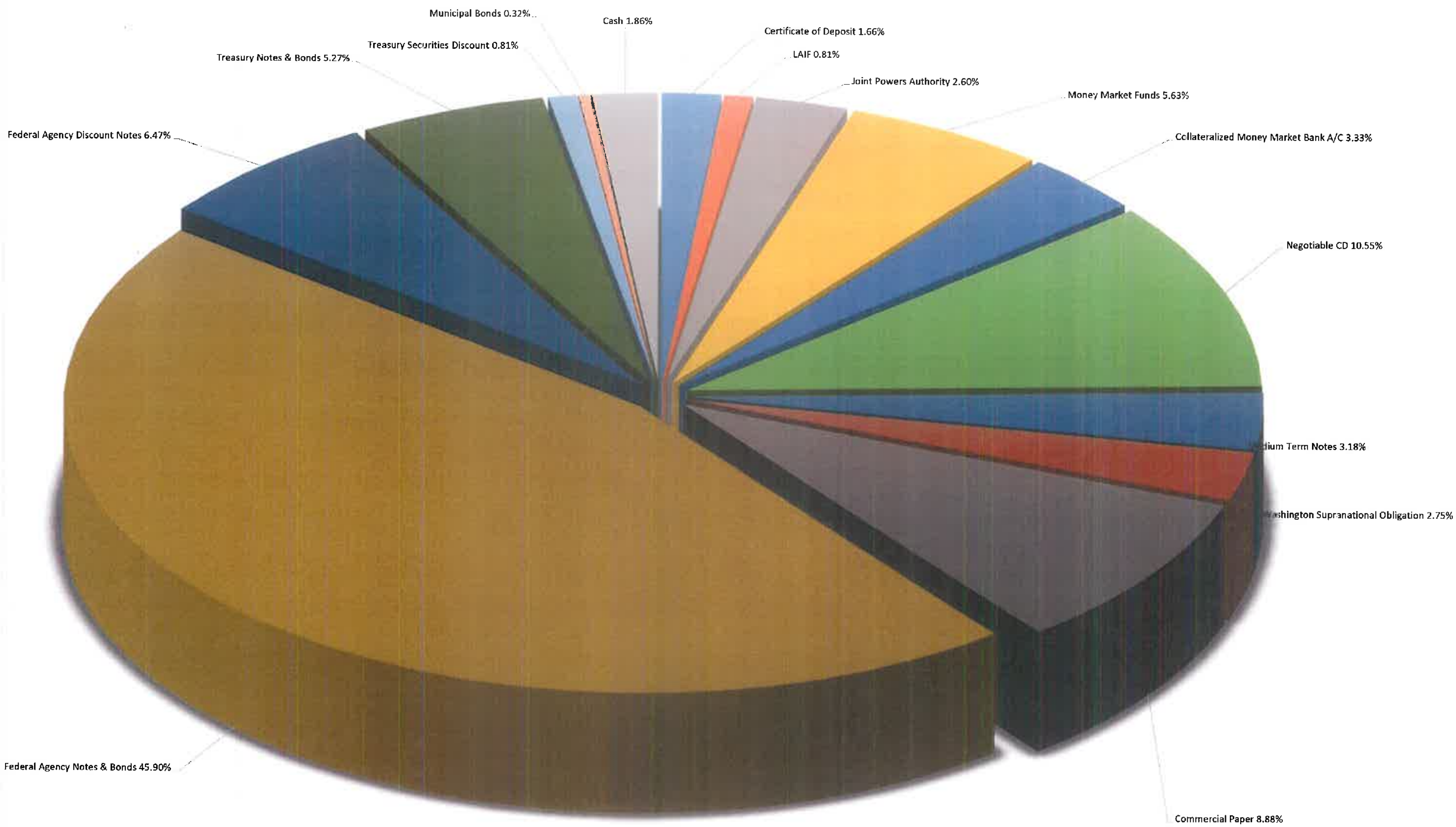
The following summarizes the profile of the investment portfolio by category as of December 31, 2017

Securities	Book Value*	Market Value **	Percentage Held	Percentage Allowed by Section 53601 - Investment Policy
Certificate of Deposit	$ 102,250,000.00	$ 102,461,483.32	1.66%	no limit
LAIF	50,000,000.00	50,135,639.75	0.81%	N.A.
Joint Powers Authority	160,000,000.00	160,142,058.55	2.60%	N.A.
Money Market Funds	347,000,000.00	347,395,086.20	5.63%	20%
Collateralized Money Market Bank A/C	205,000,000.00	205,048,336.92	3.33%	no limit
Negotiable CD	650,000,000.00	650,998,666.67	10.55%	30%
Medium Term Notes	195,859,050.00	195,264,617.50	3.18%	30%
Washington Supranational Obligation	169,246,150.00	168,935,716.94	2.75%	30%
Commercial Paper	547,119,652.79	548,206,000.00	8.88%	25%
Federal Agency Notes & Bonds	2,829,117,316.87	2,816,049,853.94	45.90%	no limit
Federal Agency Discount Notes	398,738,673.60	399,186,100.00	6.47%	no limit
Treasury Notes & Bonds	324,885,929.74	324,879,328.03	5.27%	no limit
Treasury Securities Discount	49,839,638.89	49,897,500.00	0.81%	no limit
Municipal Bonds	19,600,000.00	19,619,225.04	0.32%	no limit
Total Investments	**6,048,656,411.89**	**$ 6,038,219,612.87**	**98.14%**	
Cash in Bank and on Hand	114,458,615.33	114,458,615.33	1.86%	
Total Treasurer's Pool	**6,163,115,027.22**	**$ 6,152,678,228.20**	**100.00%**	

**Source: Custodial report from Union Bank of California reflecting the market value
of each security plus any accrued interest. The Bank subscribes to market valuation services in accordance with industry practice.

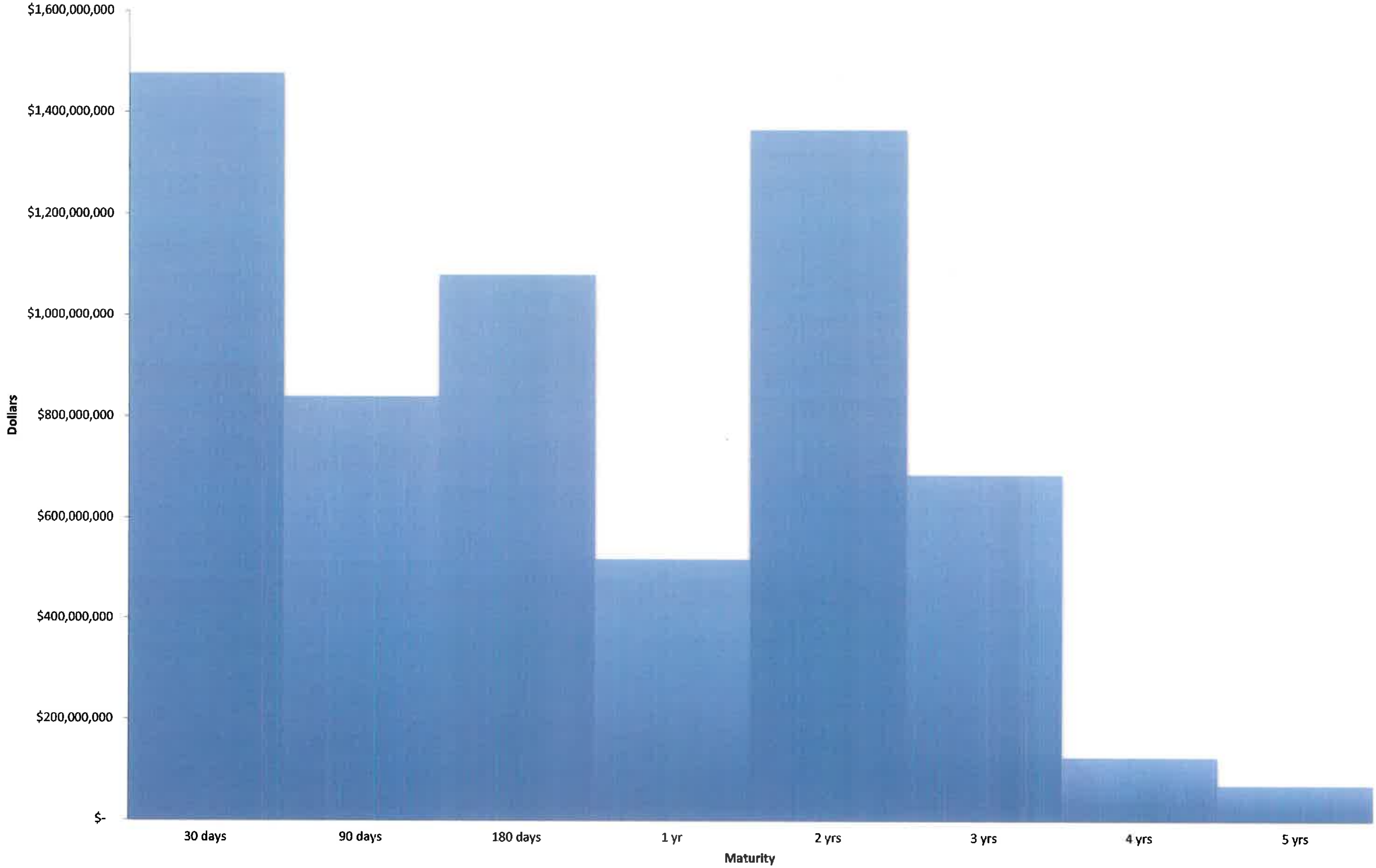
Attachment 2

Summary of Treasurer's Investment Pool By Major Categories
December 31, 2017



Summary of Treasurer's Invesments by Maturity
December 31, 2017

Attachment 3



Alameda County Inv Pool
Portfolio Management
Investment Status Report - Investments
December 31, 2017

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Principal	Book Value
Non-Negotiable CDs												
SYS11328	11328	TORREY	40,000,000.00	0.750	01/02/2018	10/02/2017	0.750	0.760	10/31 - Monthly		40,000,000.00	40,000,000.00
SYS11307	11307	TRIVLY	12,250,000.00	0.400	01/16/2018	07/19/2017	0.400	0.406	08/19 - Monthly		12,250,000.00	12,250,000.00
SYS11304	11304	BCB	5,000,000.00	0.550	01/18/2018	07/18/2017	0.550	0.558	08/18 - Monthly		5,000,000.00	5,000,000.00
SYS11311	11311	FREMNT	35,000,000.00	0.750	03/05/2018	09/04/2017	0.750	0.760	10/04 - Monthly		35,000,000.00	35,000,000.00
SYS11251	11251	UB-LOC	5,000,000.00	0.200	04/19/2018	04/19/2017	0.200	0.203	05/19 - Monthly		5,000,000.00	5,000,000.00
SYS11315	11315	CBB	5,000,000.00	0.400	09/04/2018	09/08/2017	0.400	0.406	10/08 - Monthly		5,000,000.00	5,000,000.00
	Non-Negotiable CDs Totals		**102,250,000.00**				**0.654**	**0.663**		**0.00**	**102,250,000.00**	**102,250,000.00**
Local Agency Investment Funds												
SYS10285	10285	LAIF	50,000,000.00				0.000	0.000	07/01 - Quarterly		50,000,000.00	50,000,000.00
	Local Agency Investment Funds Totals		**50,000,000.00**				**0.000**	**0.000**		**0.00**	**50,000,000.00**	**50,000,000.00**
Joint Powers Authority												
SYS10470	10470	CAMP	120,000,000.00			06/28/2012	0.000	0.000	06/30 - Quarterly		120,000,000.00	120,000,000.00
SYS10472	10472	CTRSTF	40,000,000.00			07/01/2013	0.000	0.000	04/30 - Quarterly		40,000,000.00	40,000,000.00
	Joint Powers Authority Totals		**160,000,000.00**				**0.000**	**0.000**		**0.00**	**160,000,000.00**	**160,000,000.00**
Money Market Mutual Funds												
60934N203	10557	FED10	0.00			12/10/2014	0.000	0.000	12/31 - Monthly		0.00	0.00
608919718	11093	FED117	75,000,000.00			09/30/2016	0.000	0.000	10/31 - Monthly		75,000,000.00	75,000,000.00
60934N104	11091	FED5	44,000,000.00			09/30/2016	0.000	0.000	10/31 - Monthly		44,000,000.00	44,000,000.00
608919775	10515	FEDPRI	0.00			09/23/2014	0.000	0.000	09/30 - Monthly		0.00	0.00
316175405	10273	FID1	0.00			06/28/2013	0.000	0.000	06/30 - Monthly		0.00	0.00
316175504	10274	FID2	65,000,000.00			06/28/2012	0.000	0.000	06/30 - Monthly		65,000,000.00	65,000,000.00
31607A208	10492	FID3	0.00			07/14/2014	0.000	0.000	07/31 - Monthly		0.00	0.00
316175108	11090	FID4	1,000,000.00			09/30/2016	0.000	0.000	10/31 - Monthly		1,000,000.00	1,000,000.00
61747C715	10279	MS1	0.00			06/28/2013	0.000	0.000	06/30 - Monthly		0.00	0.00
61747C707	10280	MS2	75,000,000.00			06/28/2013	0.000	0.000	06/30 - Monthly		75,000,000.00	75,000,000.00
61747C582	11089	MS4	75,000,000.00			09/30/2016	0.000	0.000	10/31 - Monthly		75,000,000.00	75,000,000.00
665278701	10621	NTC	10,000,000.00			04/07/2015	0.000	0.000	04/30 - Monthly		10,000,000.00	10,000,000.00
52470G791	10318	WA2	1,000,000.00			08/15/2013	0.000	0.000	08/31 - Monthly		1,000,000.00	1,000,000.00
52470G882	10809	WA3	0.00			10/28/2015	0.000	0.000	10/31 - Monthly		0.00	0.00
52470G841	11092	WA4	1,000,000.00			09/30/2016	0.000	0.000	10/31 - Monthly		1,000,000.00	1,000,000.00

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	Money Market Mutual Funds Totals		347,000,000.00				0.000	0.000		0.00	347,000,000.00	347,000,000.00
Money Market Bank Accounts												
SYS10286	10286	CALBT	50,000,000.00			06/28/2013	0.000	0.000	06/30 - Monthly		50,000,000.00	50,000,000.00
SYS10288	10288	EWEST	15,000,000.00			12/30/2015	0.000	0.000	12/31 - Monthly		15,000,000.00	15,000,000.00
SYS10289	10289	TORREY	0.00			06/28/2013	0.000	0.000	06/30 - Monthly		0.00	0.00
SYS10290	10290	UBOC1	70,000,000.00			06/28/2013	0.000	0.000	06/30 - Monthly		70,000,000.00	70,000,000.00
SYS10291	10291	UBOC2	70,000,000.00			06/28/2013	0.000	0.000	06/30 - Monthly		70,000,000.00	70,000,000.00
	Money Market Bank Accounts Totals		205,000,000.00				0.000	0.000		0.00	205,000,000.00	205,000,000.00
Negotiable CDs												
06371ESH1	11347	BMO	50,000,000.00	1.340	01/24/2018	10/20/2017	1.322	1.340	01/24 - Final Pmt.		50,000,000.00	50,000,000.00
62478TYG8	11345	MUFG	50,000,000.00	1.290	02/07/2018	10/20/2017	1.272	1.290	02/07 - Final Pmt.		50,000,000.00	50,000,000.00
87019U4M8	11339	SWEDBK	50,000,000.00	1.390	02/21/2018	10/18/2017	1.371	1.390	02/21 - Final Pmt.		50,000,000.00	50,000,000.00
65590AMN3	11348	NDAFNY	50,000,000.00	1.420	03/21/2018	10/20/2017	1.401	1.420	03/21 - Final Pmt.		50,000,000.00	50,000,000.00
87019U4U0	11352	SWEDBK	50,000,000.00	1.430	03/21/2018	10/24/2017	1.410	1.430	03/21 - Final Pmt.		50,000,000.00	50,000,000.00
06371EPP6	11326	BMO	50,000,000.00	1.450	03/22/2018	09/25/2017	1.430	1.450	03/22 - Final Pmt.		50,000,000.00	50,000,000.00
89113XQM9	11387	TD	50,000,000.00	1.570	04/12/2018	12/05/2017	1.548	1.570	04/12 - Final Pmt.		50,000,000.00	50,000,000.00
62478TYR4	11377	MUFG	50,000,000.00	1.550	05/02/2018	11/27/2017	1.529	1.550	05/02 - Final Pmt.		50,000,000.00	50,000,000.00
89113XQY3	11395	TD	50,000,000.00	1.680	05/11/2018	12/08/2017	1.657	1.680	05/11 - Final Pmt.		50,000,000.00	50,000,000.00
06417GD54	11397	BNS	50,000,000.00	1.700	05/30/2018	12/13/2017	1.677	1.700	05/30 - Final Pmt.		50,000,000.00	50,000,000.00
06371EZS9	11404	BMO	50,000,000.00	1.790	06/01/2018	12/19/2017	1.765	1.790	06/01 - Final Pmt.		50,000,000.00	50,000,000.00
06371EZR1	11403	BMO	50,000,000.00	1.790	06/13/2018	12/19/2017	1.765	1.790	06/13 - Final Pmt.		50,000,000.00	50,000,000.00
06417GA65	11383	BNS	50,000,000.00	1.700	06/27/2018	11/30/2017	1.677	1.701	05/30 - 06/27		50,000,000.00	50,000,000.00
	Negotiable CDs Totals		650,000,000.00				1.525	1.546		0.00	650,000,000.00	650,000,000.00
Corporate Notes												
94988J5A1	10904	WELLS	5,000,000.00	1.665	01/22/2018	01/29/2016	1.657	1.680	07/29 - 01/29		4,998,550.00	4,998,550.00
89236TCX1	10955	TOYOTA	10,000,000.00	1.200	04/06/2018	04/08/2016	1.196	1.212	10/06 - 04/06		9,997,600.00	9,997,600.00
747525AG8	10664	QCOM	5,000,000.00	1.400	05/18/2018	05/20/2015	1.426	1.446	11/20 - 05/20		4,993,300.00	4,993,300.00
88579YAP6	11258	MMM	15,000,000.00	1.375	08/07/2018	04/27/2017	1.271	1.289	08/07 - 02/07	Received	15,016,200.00	15,016,200.00
594918BF0	10820	MSFT	2,000,000.00	1.300	11/03/2018	11/03/2015	1.316	1.334	05/03 - 11/03		1,998,000.00	1,998,000.00
89236TDM4	11183	TOYOTA	2,000,000.00	1.700	01/09/2019	01/09/2017	1.694	1.718	07/09 - 01/09		1,999,300.00	1,999,300.00
89236TCU7	10917	TOYOTA	8,000,000.00	1.700	02/19/2019	02/19/2016	1.681	1.704	08/19 - 02/19		7,999,040.00	7,999,040.00
478160BR4	10928	JNJ	1,500,000.00	1.125	03/01/2019	03/01/2016	1.114	1.129	09/01 - 03/01		1,499,820.00	1,499,820.00

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Corporate Notes												
0258M0EK1	11274	AMEX	2,000,000.00	1.875	05/03/2019	05/03/2017	1.870	1.896	11/03 - 05/03		1,999,180.00	1,999,180.00
459200JE2	10916	IBM	8,000,000.00	1.800	05/17/2019	02/19/2016	1.774	1.799	11/17 - 05/17		8,000,000.00	8,000,000.00
191216BV1	11005	KO	19,000,000.00	1.375	05/30/2019	05/31/2016	1.380	1.399	11/30 - 05/30		18,986,700.00	18,986,700.00
25468PDL7	11044	DISNEY	1,000,000.00	0.875	07/12/2019	07/12/2016	0.975	0.989	01/12 - 07/12		996,640.00	996,640.00
037833CB4	11061	AAPL	5,000,000.00	1.100	08/02/2019	08/04/2016	1.119	1.134	02/04 - 08/04		4,995,000.00	4,995,000.00
594918BN3	11062	MSFT	4,000,000.00	1.100	08/08/2019	08/08/2016	1.119	1.135	02/08 - 08/08		3,995,880.00	3,995,880.00
594918BN3	11064	MSFT	5,000,000.00	1.100	08/08/2019	08/08/2016	1.119	1.135	02/08 - 08/08		4,994,850.00	4,994,850.00
93114SDY6	11343	WMT	4,000,000.00	1.750	10/09/2019	10/20/2017	1.727	1.751	04/20 - 10/20		3,999,920.00	3,999,920.00
742718EZ8	11354	PG	2,000,000.00	1.750	10/25/2019	10/25/2017	1.744	1.768	04/25 - 10/25		1,999,300.00	1,999,300.00
717081EB5	11142	PFIZER	9,000,000.00	1.700	12/15/2019	11/21/2016	1.700	1.724	06/15 - 12/15		8,993,520.00	8,993,520.00
037833CK4	11207	AAPL	10,000,000.00	1.900	02/07/2020	02/09/2017	1.891	1.917	08/07 - 02/07		9,995,100.00	9,995,100.00
0258M0EE5	11225	AMEX	2,500,000.00	2.200	03/03/2020	03/03/2017	2.205	2.236	09/03 - 03/03		2,497,400.00	2,497,400.00
037833BD1	10648	AAPL	5,000,000.00	2.000	05/06/2020	05/13/2015	2.005	2.033	11/13 - 05/13		4,992,250.00	4,992,250.00
25468PDU7	11292	DISNEY	5,000,000.00	1.800	06/05/2020	06/06/2017	1.815	1.840	12/05 - 06/05		4,994,200.00	4,994,200.00
25468PDU7	11293	DISNEY	13,000,000.00	1.800	06/05/2020	06/06/2017	1.815	1.840	12/05 - 06/05		12,984,920.00	12,984,920.00
594918BG8	10819	MSFT	2,000,000.00	2.000	11/03/2020	11/03/2015	1.989	2.017	05/03 - 11/03		1,998,400.00	1,998,400.00
931142EA7	11344	WMT	5,000,000.00	1.900	12/15/2020	10/20/2017	1.920	1.947	06/15 - 12/15		4,992,750.00	4,992,750.00
478160BS2	10927	JNJ	2,000,000.00	1.650	03/01/2021	03/01/2016	1.627	1.650	09/01 - 03/01		2,000,000.00	2,000,000.00
713448DX3	11333	PEP	9,000,000.00	2.000	04/15/2021	10/10/2017	1.978	2.006	04/15 - 10/15		8,998,200.00	8,998,200.00
037833CC2	11060	AAPL	5,000,000.00	1.550	08/04/2021	08/04/2016	1.557	1.579	02/04 - 08/04		4,993,050.00	4,993,050.00
594918BP8	11063	MSFT	2,000,000.00	1.550	08/08/2021	08/08/2016	1.550	1.572	02/08 - 08/08		1,997,900.00	1,997,900.00
594918BP8	11065	MSFT	7,000,000.00	1.550	08/08/2021	08/08/2016	1.550	1.572	02/08 - 08/08		6,992,650.00	6,992,650.00
742718EQ8	11126	PG	5,000,000.00	1.700	11/03/2021	11/03/2016	1.719	1.743	05/03 - 11/03		4,989,750.00	4,989,750.00
478160CD4	11226	JNJ	11,000,000.00	2.250	03/03/2022	03/03/2017	2.276	2.308	09/03 - 03/03		10,970,080.00	10,970,080.00
931142DU4	11342	WMT	5,000,000.00	2.350	12/15/2022	10/20/2017	2.319	2.351	06/15 - 12/15		4,999,600.00	4,999,600.00
	Corporate Notes Totals		**196,000,000.00**				**1.647**	**1.670**		**0.00**	**195,859,050.00**	**195,859,050.00**
Washington Supranational Obligation												
4581X0BZ0	11163	IADB	15,000,000.00	0.875	03/15/2018	12/13/2016	1.174	1.190	03/15 - 09/15	Received	14,941,200.00	14,941,200.00
459058ER0	11329	IBRD	20,000,000.00	1.000	10/05/2018	10/05/2017	1.445	1.465	04/05 - 10/05		19,908,000.00	19,908,000.00
45905UVC5	10920	IBRD	10,000,000.00	1.350	02/26/2019	02/26/2016	1.332	1.350	08/26 - 02/26		10,000,000.00	10,000,000.00
45905UVC5	10943	IBRD	10,000,000.00	1.350	02/26/2019	03/29/2016	1.371	1.390	08/26 - 02/26	Received	9,988,500.00	9,988,500.00
45905UQ56	11353	IBRD	25,000,000.00	1.650	08/01/2019	10/25/2017	1.628	1.650	04/25 - 10/25		25,000,000.00	25,000,000.00
459058FQ1	11381	IBRD	15,000,000.00	1.200	09/30/2019	11/30/2017	1.855	1.881	03/31 - 09/30	30,000.00	14,816,700.00	14,846,700.00

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Washington Supranational Obligation												
459058FQ1	11386	IBRD	15,000,000.00	1.200	09/30/2019	12/01/2017	1.859	1.885	03/31 - 09/30	30,500.00	14,815,200.00	14,845,700.00
45905UZJ6	11135	IBRD	10,000,000.00	1.300	10/25/2019	11/16/2016	1.371	1.390	04/25 - 10/25	Received	9,974,100.00	9,974,100.00
45905UZJ6	11227	IBRD	10,000,000.00	1.300	10/25/2019	03/03/2017	1.588	1.610	04/25 - 10/25	Received	9,920,000.00	9,920,000.00
459058FS77	11159	IBRD	15,000,000.00	1.125	11/27/2019	12/12/2016	1.516	1.537	05/27 - 11/27	Received	14,821,950.00	14,821,950.00
45905UQ49	11356	IBRD	25,000,000.00	1.800	07/31/2020	10/26/2017	1.776	1.800	01/31 - 03/31		25,000,000.00	25,000,000.00
Washington Supranational Obligation Totals			**170,000,000.00**				**1.568**	**1.590**		**60,500.00**	**169,185,650.00**	**169,246,150.00**
Commercial Paper Disc. -Amortizing												
89233HA20	11340	TOYOTA	50,000,000.00	1.220	01/02/2018	10/18/2017	1.223	1.240	01/02 - At Maturity		49,871,222.22	49,871,222.22
7426M3AA7	11303	PEFCO	50,000,000.00	1.300	01/10/2018	06/01/2017	1.330	1.349	01/10 - At Maturity		49,597,361.11	49,597,361.11
06538CAX9	11350	BTOKYO	50,000,000.00	1.340	01/31/2018	10/24/2017	1.345	1.364	01/31 - At Maturity		49,815,750.00	49,815,750.00
89233HC77	11401	TOYOTA	50,000,000.00	1.540	03/07/2018	12/19/2017	1.545	1.567	03/07 - At Maturity		49,833,166.67	49,833,166.67
59515NCL5	11360	MSFT	50,000,000.00	1.270	03/20/2018	10/31/2017	1.276	1.294	03/20 - At Maturity		49,753,055.56	49,753,055.56
06538CCM1	11361	BTOKYO	50,000,000.00	1.410	03/21/2018	10/31/2017	1.418	1.438	03/21 - At Maturity		49,723,875.00	49,723,875.00
7426M5CN2	11364	PEFCO	50,000,000.00	1.300	03/22/2018	11/01/2017	1.307	1.325	03/22 - At Maturity		49,745,416.67	49,745,416.67
59515ND42	11365	MSFT	50,000,000.00	1.400	04/04/2018	11/09/2017	1.408	1.428	04/04 - At Maturity		49,716,111.11	49,716,111.11
89233HDC5	11384	TOYOTA	50,000,000.00	1.450	04/12/2018	11/30/2017	1.458	1.478	04/12 - At Maturity		49,732,152.78	49,732,152.78
19121BDJ5	11373	KO	50,000,000.00	1.430	04/18/2018	11/16/2017	1.439	1.459	04/18 - At Maturity		49,696,125.00	49,696,125.00
06417KEJ4	11402	BNS	50,000,000.00	1.750	05/18/2018	12/19/2017	1.763	1.787	05/18 - At Maturity		49,635,416.67	49,635,416.67
Commercial Paper Disc. -Amortizing Totals			**550,000,000.00**				**1.410**	**1.430**		**0.00**	**547,119,652.79**	**547,119,652.79**
Agency Bullets (Aaa/AA+)												
3137EADN6	10826	FHLMC	20,000,000.00	0.750	01/12/2018	11/12/2015	0.986	1.000	01/12 - 07/12	Received	19,893,000.00	19,893,000.00
3137EADP1	10408	FHLMC	10,000,000.00	0.875	03/07/2018	02/28/2014	1.165	1.181	03/07 - 09/07	Received	9,880,000.00	9,880,000.00
3137EADP1	11232	FHLMC	50,000,000.00	0.875	03/07/2018	03/31/2017	1.079	1.093	09/07 - 03/07	Received	49,898,758.50	49,898,758.50
3130A7CX1	10913	FHLB	16,000,000.00	0.875	03/19/2018	02/18/2016	0.878	0.890	03/19 - 09/19		15,995,040.00	15,995,040.00
3130A7CX1	10914	FHLB	10,000,000.00	0.875	03/19/2018	02/18/2016	0.878	0.890	03/19 - 09/19		9,996,900.00	9,996,900.00
3130A7CX1	10915	FHLB	10,000,000.00	0.875	03/19/2018	02/18/2016	0.878	0.890	03/19 - 09/19		9,996,900.00	9,996,900.00
3137EAEA3	10951	FHLMC	15,000,000.00	0.750	04/09/2018	04/07/2016	0.818	0.829	10/09 - 04/09		14,976,450.00	14,976,450.00
3137EAEA3	10952	FHLMC	10,000,000.00	0.750	04/09/2018	04/07/2016	0.818	0.829	10/09 - 04/09		9,984,300.00	9,984,300.00
3137EAEA3	10953	FHLMC	10,000,000.00	0.750	04/09/2018	04/07/2016	0.818	0.829	10/09 - 04/09		9,984,300.00	9,984,300.00
3137EAEA3	10989	FHLMC	20,000,000.00	0.750	04/09/2018	05/18/2016	0.889	0.901	10/09 - 04/09	Received	19,943,400.00	19,943,400.00
3135G0WJ8	10026	FNMA	5,000,000.00	0.875	05/21/2018	06/05/2013	1.213	1.230	11/21 - 05/21	Received	4,919,100.00	4,919,100.00
3135G0WJ8	10061	FNMA	10,000,000.00	0.875	05/21/2018	05/22/2013	0.998	1.012	11/21 - 05/21	Received	9,942,100.00	9,942,100.00

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Agency Bullets (Aaa/AA+)												
3135G0WJ8	10062	FNMA	10,000,000.00	0.875	05/21/2018	05/22/2013	1.034	1.048	11/21 - 05/21	Received	9,924,690.89	9,924,690.89
3130A8BD4	11002	FHLB	10,000,000.00	0.875	06/29/2018	05/27/2016	0.978	0.992	06/29 - 12/29		9,975,900.00	9,975,900.00
3130A8BD4	11003	FHLB	10,000,000.00	0.875	06/29/2018	05/27/2016	0.978	0.992	06/29 - 12/29		9,975,900.00	9,975,900.00
3130A8BD4	11004	FHLB	10,000,000.00	0.875	06/29/2018	05/27/2016	0.978	0.992	06/29 - 12/29		9,975,900.00	9,975,900.00
3130AAMQ8	11194	FHLB	10,000,000.00	1.250	01/18/2019	01/20/2017	1.315	1.333	07/18 - 01/18	Received	9,983,700.00	9,983,700.00
3133EHAP8	11220	FFCB	10,000,000.00	1.250	02/27/2019	02/28/2017	1.242	1.259	08/27 - 02/27	Received	9,998,200.00	9,998,200.00
3133EHAP8	11221	FFCB	10,000,000.00	1.250	02/27/2019	02/28/2017	1.263	1.281	08/27 - 02/27	Received	9,993,900.00	9,993,900.00
3130AAXX1	11228	FHLB	10,000,000.00	1.375	03/18/2019	03/10/2017	1.471	1.492	09/18 - 03/18		9,976,800.00	9,976,800.00
3130AAXX1	11229	FHLB	10,000,000.00	1.375	03/18/2019	03/10/2017	1.471	1.492	09/18 - 03/18		9,976,800.00	9,976,800.00
3130AAXX1	11230	FHLB	10,000,000.00	1.375	03/18/2019	03/10/2017	1.471	1.492	09/18 - 03/18		9,976,800.00	9,976,800.00
3133EHFK4	11248	FFCB	15,000,000.00	1.320	04/17/2019	04/17/2017	1.314	1.332	10/17 - 04/17		14,996,400.00	14,996,400.00
3130ACM92	11334	FHLB	10,000,000.00	1.589	10/21/2019	10/13/2017	1.656	1.679	04/13 - 10/13		9,982,300.00	9,982,300.00
3130ACM92	11335	FHLB	10,000,000.00	1.589	10/21/2019	10/13/2017	1.656	1.679	04/13 - 10/13		9,982,300.00	9,982,300.00
3130ACM92	11336	FHLB	10,000,000.00	1.589	10/21/2019	10/13/2017	1.656	1.679	04/13 - 10/13		9,982,300.00	9,982,300.00
3135G0T29	11218	FNMA	10,000,000.00	1.125	02/28/2020	02/28/2017	1.131	1.147	08/28 - 02/28		9,993,600.00	9,993,600.00
3135G0T29	11219	FNMA	10,000,000.00	1.125	02/28/2020	02/28/2017	1.131	1.147	08/28 - 02/28		9,993,600.00	9,993,600.00
3133EHHB2	11265	FFCB	5,000,000.00	1.450	04/27/2020	04/27/2017	1.521	1.542	10/27 - 04/27		4,986,500.00	4,986,500.00
3130A7CV5	10911	FHLB	5,000,000.00	1.375	02/18/2021	02/18/2016	1.439	1.459	08/18 - 02/18		4,979,800.00	4,979,800.00
3130A7CV5	10912	FHLB	15,000,000.00	1.375	02/18/2021	02/18/2016	1.439	1.459	08/18 - 02/18		14,939,400.00	14,939,400.00
	Agency Bullets (Aaa/AA+) Totals		**376,000,000.00**				**1.143**	**1.159**		**0.00**	**375,005,039.39**	**375,005,039.39**
Federal Agency Disc. -Amortizing												
459515RG9	11372	IFCDN	50,000,000.00	1.200	01/02/2018	11/16/2017	1.219	1.236	01/02 - At Maturity		49,921,666.67	49,921,666.67
459053SE5	11389	IBRD	50,000,000.00	1.280	01/24/2018	12/05/2017	1.300	1.318	01/24 - At Maturity		49,911,111.11	49,911,111.11
313385SM9	11359	FHLBDN	50,000,000.00	1.115	01/31/2018	10/30/2017	1.134	1.149	01/31 - At Maturity		49,855,979.17	49,855,979.17
459053SM7	11362	IBRD	50,000,000.00	1.140	01/31/2018	10/31/2017	1.159	1.175	01/31 - At Maturity		49,854,333.33	49,854,333.33
459515TC6	11378	IFCDN	50,000,000.00	1.300	02/15/2018	11/28/2017	1.322	1.340	02/15 - At Maturity		49,857,361.11	49,857,361.11
459515UP5	11399	IFCDN	50,000,000.00	1.400	03/22/2018	12/14/2017	1.425	1.445	03/22 - At Maturity		49,809,444.44	49,809,444.44
313385VL7	11380	FHLB	50,000,000.00	1.320	04/12/2018	11/29/2017	1.345	1.364	04/12 - At Maturity		49,754,333.33	49,754,333.33
459515VL3	11405	IFCDN	50,000,000.00	1.450	04/12/2018	12/21/2017	1.477	1.497	04/12 - At Maturity		49,774,444.44	49,774,444.44
	Federal Agency Disc. -Amortizing Totals		**400,000,000.00**				**1.297**	**1.315**		**0.00**	**398,738,673.60**	**398,738,673.60**

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Treasury Notes and Bonds												
912828H37	11179	UST	50,000,000.00	0.875	01/15/2018	12/30/2016	0.885	0.898	01/15 - 07/15	Received	49,988,281.25	49,988,281.25
912828UJ7	11177	UST	50,000,000.00	0.875	01/31/2018	12/30/2016	0.920	0.933	01/31 - 07/31	Received	49,968,750.00	49,968,750.00
912828VE7	11382	UST	50,000,000.00	1.000	05/31/2018	11/30/2017	1.390	1.409	05/31 - Final Pmt.		49,898,437.50	49,898,437.50
912828VE7	11411	UST	50,000,000.00	1.000	05/31/2018	12/27/2017	1.422	1.442	05/31 - Final Pmt.	37,087.91	49,906,250.00	49,943,337.91
912828VK3	11412	UST	50,000,000.00	1.375	06/30/2018	12/27/2017	1.462	1.483	12/31 - 06/30	336,277.17	49,972,656.25	50,308,933.42
912828S68	11341	UST	25,000,000.00	0.750	07/31/2018	10/19/2017	1.325	1.344	01/31 - 07/31	40,760.87	24,884,765.63	24,925,526.50
9128282T6	11324	UST	50,000,000.00	1.250	08/31/2019	09/21/2017	1.423	1.442	02/28 - 08/31	36,256.91	49,816,406.25	49,852,663.16
	Treasury Notes and Bonds Totals		**325,000,000.00**				**1.256**	**1.274**		**450,382.86**	**324,435,546.88**	**324,885,929.74**
Treasury Discounts -Amortizing												
912796LN7	11379	TBILL	50,000,000.00	1.255	03/01/2018	11/29/2017	1.277	1.294	03/01 - At Maturity		49,839,638.89	49,839,638.89
	Treasury Discounts -Amortizing Totals		**50,000,000.00**				**1.277**	**1.294**		**0.00**	**49,839,638.89**	**49,839,638.89**
Agency Callables (Aaa/AA+)												
3133EFVC8	10894	FFCB	15,000,000.00	1.000	01/19/2018	01/19/2016	0.990	1.004	07/19 - 01/19		14,998,800.00	14,998,800.00
3133EFKL0	10790	FFCB	5,000,000.00	0.840	01/22/2018	10/22/2015	0.829	0.840	01/22 - 07/22		5,000,000.00	5,000,000.00
3133EGAS4	10980	FFCB	15,000,000.00	0.750	02/16/2018	05/16/2016	0.760	0.770	08/16 - 02/16		14,994,750.00	14,994,750.00
3133EGAS4	10981	FFCB	15,000,000.00	0.750	02/16/2018	05/16/2016	0.765	0.776	08/16 - 02/16		14,993,250.00	14,993,250.00
3133EGAS4	10983	FFCB	20,000,000.00	0.750	02/16/2018	05/16/2016	0.799	0.810	08/16 - 02/16		19,979,220.00	19,979,220.00
3130A83R2	10992	FHLB	15,000,000.00	0.875	02/23/2018	05/23/2016	0.863	0.875	11/23 - 05/23		15,000,000.00	15,000,000.00
3134G8M71	10922	FHLMC	10,000,000.00	1.050	02/26/2018	02/26/2016	1.041	1.055	08/26 - 02/26		9,999,000.00	9,999,000.00
3133EGUW3	11086	FFCB	10,000,000.00	0.880	03/20/2018	09/26/2016	0.868	0.880	03/20 - 09/20	Received	10,000,000.00	10,000,000.00
3134G7C33	10760	FHLMC	10,000,000.00	1.000	03/30/2018	09/30/2015	0.986	1.000	03/30 - 09/30		10,000,000.00	10,000,000.00
3133EFJM0	10776	FFCB	10,000,000.00	0.930	04/13/2018	10/13/2015	0.917	0.930	04/13 - 10/13		10,000,000.00	10,000,000.00
3133EFJM0	10780	FFCB	10,000,000.00	0.930	04/13/2018	10/14/2015	0.927	0.940	04/13 - 10/13	Received	9,997,500.00	9,997,500.00
3133EFJM0	10782	FFCB	15,000,000.00	0.930	04/13/2018	10/19/2015	0.937	0.950	04/13 - 10/13	Received	14,992,500.00	14,992,500.00
3130AAQ84	11204	FHLB	10,000,000.00	1.000	04/27/2018	01/27/2017	0.987	1.000	07/27 - 01/27		10,000,000.00	10,000,000.00
3130AAQ84	11205	FHLB	10,000,000.00	1.000	04/27/2018	01/27/2017	0.987	1.000	07/27 - 01/27		10,000,000.00	10,000,000.00
3133EFMU8	10818	FFCB	10,000,000.00	0.950	05/02/2018	11/02/2015	1.001	1.015	05/02 - 11/02		9,984,000.00	9,984,000.00
3134G76G1	10829	FHLMC	10,000,000.00	1.050	05/17/2018	11/17/2015	1.036	1.050	05/17 - 11/17		10,000,000.00	10,000,000.00
3134G9LS4	10994	FHLMC	15,000,000.00	1.050	05/25/2018	05/25/2016	1.036	1.050	11/25 - 05/25		15,000,000.00	15,000,000.00
3134G9HC4	10995	FHLMC	15,000,000.00	1.000	05/25/2018	05/25/2016	1.044	1.058	11/25 - 05/25		14,982,750.00	14,982,750.00
313383HQ7	10034	FHLB	5,000,000.00	1.200	06/27/2018	06/27/2013	1.188	1.204	12/27 - 06/27		4,999,000.00	4,999,000.00
3134G7L33	10764	FHLMC	10,000,000.00	1.050	06/29/2018	09/29/2015	1.036	1.050	12/29 - 06/29		10,000,000.00	10,000,000.00

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Agency Callables (Aaa/AA+)												
3134G9UY1	11024	FHLMC	15,000,000.00	1.000	06/29/2018	06/29/2016	0.986	1.000	12/29 - 06/29		15,000,000.00	15,000,000.00
3133EFJN8	10774	FFCB	10,000,000.00	1.030	07/13/2018	10/13/2015	1.016	1.030	01/13 - 07/13		10,000,000.00	10,000,000.00
3133EFJN8	10775	FFCB	10,000,000.00	1.030	07/13/2018	10/13/2015	1.016	1.030	01/13 - 07/13		10,000,000.00	10,000,000.00
3133EF3N5	10960	FFCB	13,000,000.00	1.000	07/18/2018	04/19/2016	1.013	1.027	07/18 - 01/18	Received	12,992,200.00	12,992,200.00
3135G0E33	10696	FNMA	10,000,000.00	1.125	07/20/2018	06/08/2015	1.169	1.185	07/20 - 01/20		9,981,700.00	9,981,700.00
3134G73Q2	10800	FHLMC	10,000,000.00	1.000	07/27/2018	10/27/2015	0.986	1.000	01/27 - 07/27		10,000,000.00	10,000,000.00
3134G73Q2	10801	FHLMC	10,000,000.00	1.000	07/27/2018	10/27/2015	0.986	1.000	01/27 - 07/27		10,000,000.00	10,000,000.00
3134G73Q2	10803	FHLMC	10,000,000.00	1.000	07/27/2018	10/27/2015	0.986	1.000	01/27 - 07/27		10,000,000.00	10,000,000.00
3134G73Q2	10804	FHLMC	10,000,000.00	1.000	07/27/2018	10/27/2015	0.986	1.000	01/27 - 07/27		10,000,000.00	10,000,000.00
3134G73Q2	10816	FHLMC	15,000,000.00	1.000	07/27/2018	10/30/2015	0.986	1.000	01/27 - 07/27	Received	15,000,000.00	15,000,000.00
3135G0L68	11097	FNMA	10,000,000.00	0.750	07/27/2018	10/06/2016	0.929	0.942	01/27 - 07/27	Received	9,965,700.00	9,965,700.00
3133EFMV6	10817	FFCB	10,000,000.00	1.020	08/02/2018	11/02/2015	1.006	1.020	02/02 - 08/02		10,000,000.00	10,000,000.00
3130A8PK3	11039	FHLB	6,000,000.00	0.625	08/07/2018	07/08/2016	0.716	0.726	01/08 - 07/08		5,987,520.00	5,987,520.00
3130A8PK3	11040	FHLB	10,000,000.00	0.625	08/07/2018	07/08/2016	0.716	0.726	01/08 - 07/08		9,979,200.00	9,979,200.00
3130A8PK3	11041	FHLB	10,000,000.00	0.625	08/07/2018	07/08/2016	0.716	0.726	01/08 - 07/08		9,979,200.00	9,979,200.00
3130A8PK3	11042	FHLB	10,000,000.00	0.625	08/07/2018	07/08/2016	0.716	0.726	01/08 - 07/08		9,979,200.00	9,979,200.00
3134G9HJ9	10982	FHLMC	10,000,000.00	1.000	08/10/2018	05/16/2016	0.993	1.007	08/10 - 02/10	Received	9,998,500.00	9,998,500.00
3134G9HJ9	10985	FHLMC	15,000,000.00	1.000	08/10/2018	05/17/2016	0.986	1.000	08/10 - 02/10	Received	15,000,000.00	15,000,000.00
3133EGBG9	10993	FFCB	10,000,000.00	1.000	08/23/2018	05/23/2016	0.986	1.000	08/23 - 02/23		10,000,000.00	10,000,000.00
3134G74S7	10843	FHLMC	20,000,000.00	1.000	08/27/2018	11/27/2015	0.986	1.000	02/27 - 08/27		20,000,000.00	20,000,000.00
3130A9A92	11074	FHLB	10,000,000.00	1.000	08/28/2018	08/31/2016	0.988	1.001	02/28 - 08/28		10,000,000.00	10,000,000.00
3134GAGF5	11082	FHLMC	10,000,000.00	1.100	09/13/2018	09/13/2016	1.085	1.100	03/13 - 09/13		10,000,000.00	10,000,000.00
3133EGFX8	11015	FFCB	15,000,000.00	1.010	09/20/2018	06/20/2016	0.996	1.010	09/20 - 03/20		15,000,000.00	15,000,000.00
3130A9AE1	11070	FHLB	7,000,000.00	0.875	10/01/2018	08/26/2016	0.895	0.908	10/01 - 04/01		6,995,240.00	6,995,240.00
3130A9AE1	11071	FHLB	10,000,000.00	0.875	10/01/2018	08/26/2016	0.895	0.908	10/01 - 04/01		9,993,200.00	9,993,200.00
3130A9AE1	11072	FHLB	10,000,000.00	0.875	10/01/2018	08/26/2016	0.895	0.908	10/01 - 04/01		9,993,200.00	9,993,200.00
3133EGYD1	11099	FFCB	10,000,000.00	1.000	10/12/2018	10/12/2016	0.986	1.000	04/12 - 10/12		10,000,000.00	10,000,000.00
3133EGYD1	11100	FFCB	10,000,000.00	1.000	10/12/2018	10/12/2016	0.986	1.000	04/12 - 10/12		10,000,000.00	10,000,000.00
3137EAED7	11083	FHLMC	10,000,000.00	0.875	10/12/2018	09/16/2016	0.884	0.896	04/12 - 10/12		9,995,700.00	9,995,700.00
3137EAED7	11084	FHLMC	10,000,000.00	0.875	10/12/2018	09/16/2016	0.884	0.896	04/12 - 10/12		9,995,700.00	9,995,700.00
3133EFJE8	10783	FFCB	10,000,000.00	1.070	10/19/2018	10/19/2015	1.055	1.070	04/19 - 10/19		10,000,000.00	10,000,000.00
3133EFKW6	10798	FFCB	10,000,000.00	1.010	10/26/2018	10/26/2015	0.996	1.010	04/26 - 10/26		10,000,000.00	10,000,000.00
3130A8RP0	11054	FHLB	10,000,000.00	1.050	10/26/2018	07/27/2016	1.069	1.084	10/26 - 04/26	Received	9,992,500.00	9,992,500.00
3134GASE5	11216	FHLMC	10,000,000.00	1.050	10/26/2018	02/28/2017	1.162	1.178	04/26 - 10/26	Received	9,979,000.00	9,979,000.00

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Agency Callables (Aaa/AA+)												
3136G2PF8	10813	FNMA	10,000,000.00	1.125	10/29/2018	10/29/2015	1.110	1.125	04/29 - 10/29		10,000,000.00	10,000,000.00
3136G2PF8	10823	FNMA	10,000,000.00	1.125	10/29/2018	11/05/2015	1.231	1.248	04/29 - 10/29	Received	9,964,000.00	9,964,000.00
3134GAUZ5	11118	FHLMC	15,000,000.00	1.000	10/30/2018	10/31/2016	0.986	1.000	04/30 - 10/30		15,000,000.00	15,000,000.00
3133EGBE4	10986	FFCB	10,000,000.00	1.060	11/19/2018	05/19/2016	1.086	1.101	11/19 - 05/19		9,990,000.00	9,990,000.00
3133EGBE4	10987	FFCB	10,000,000.00	1.060	11/19/2018	05/19/2016	1.045	1.060	11/19 - 05/19		10,000,000.00	10,000,000.00
3134GAHA5	11073	FHLMC	10,000,000.00	1.000	11/28/2018	08/30/2016	0.998	1.011	11/28 - 05/28		9,997,500.00	9,997,500.00
3134GAYE8	11143	FHLMC	15,000,000.00	1.125	11/28/2018	11/28/2016	1.110	1.125	05/28 - 11/28		15,000,000.00	15,000,000.00
3134GAYE82	11180	FHLMC	10,000,000.00	1.125	11/28/2018	12/30/2016	1.263	1.281	05/31 - 11/30	Received	9,970,000.00	9,970,000.00
3133EFUE5	10884	FFCB	10,000,000.00	1.420	12/28/2018	01/06/2016	1.423	1.442	06/28 - 12/28	Received	9,993,500.00	9,993,500.00
3133EG2S3	11212	FFCB	15,000,000.00	1.280	01/03/2019	02/16/2017	1.276	1.294	07/03 - 01/03	Received	14,996,054.70	14,996,054.70
3133EGJZ9	11038	FFCB	10,000,000.00	1.000	01/07/2019	07/07/2016	1.006	1.020	01/07 - 07/07		9,995,000.00	9,995,000.00
3133EFHQ3	10773	FFCB	10,000,000.00	1.200	01/08/2019	10/08/2015	1.184	1.200	01/08 - 07/08		10,000,000.00	10,000,000.00
3130A6KH9	10791	FHLB	8,000,000.00	1.190	01/14/2019	10/22/2015	1.174	1.190	01/14 - 07/14	Received	8,000,000.00	8,000,000.00
3130AAE46	11154	FHLB	10,000,000.00	1.250	01/16/2019	12/08/2016	1.235	1.252	01/16 - 07/16		9,999,600.00	9,999,600.00
3130AAE46	11155	FHLB	10,000,000.00	1.250	01/16/2019	12/08/2016	1.235	1.252	01/16 - 07/16		9,999,600.00	9,999,600.00
3130AAE46	11156	FHLB	10,000,000.00	1.250	01/16/2019	12/08/2016	1.235	1.252	01/16 - 07/16		9,999,600.00	9,999,600.00
3130AAE46	11157	FHLB	10,000,000.00	1.250	01/16/2019	12/08/2016	1.235	1.252	01/16 - 07/16		9,999,600.00	9,999,600.00
3134GAK78	11195	FHLMC	10,000,000.00	1.350	01/25/2019	01/25/2017	1.360	1.379	07/25 - 01/25		9,994,300.00	9,994,300.00
3134GAK78	11197	FHLMC	10,000,000.00	1.350	01/25/2019	01/25/2017	1.332	1.350	07/25 - 01/25		10,000,000.00	10,000,000.00
3135GOH63	10891	FNMA	10,000,000.00	1.375	01/28/2019	01/08/2016	1.377	1.396	07/08 - 01/08		9,993,800.00	9,993,800.00
3133EFC70	11210	FFCB	5,000,000.00	1.120	02/22/2019	02/15/2017	1.229	1.246	02/22 - 08/22	Received	4,987,500.00	4,987,500.00
3134G8MM8	10921	FHLMC	25,000,000.00	1.200	02/26/2019	02/26/2016	1.184	1.200	08/26 - 02/26		25,000,000.00	25,000,000.00
3133EFV38	10941	FFCB	10,000,000.00	1.250	03/29/2019	03/29/2016	1.233	1.250	09/29 - 03/29		10,000,000.00	10,000,000.00
3133EFV38	10944	FFCB	25,000,000.00	1.250	03/29/2019	03/29/2016	1.233	1.250	09/29 - 03/29		25,000,000.00	25,000,000.00
3133EFV38	10963	FFCB	10,000,000.00	1.250	03/29/2019	04/20/2016	1.233	1.250	09/29 - 03/29	Received	10,000,000.00	10,000,000.00
3134G9B97	11023	FHLMC	20,000,000.00	1.000	03/29/2019	06/29/2016	0.986	1.000	09/29 - 03/29		20,000,000.00	20,000,000.00
3134G9B97	11025	FHLMC	15,000,000.00	1.000	03/29/2019	06/29/2016	0.986	1.000	09/29 - 03/29		15,000,000.00	15,000,000.00
3134G9B97	11026	FHLMC	10,000,000.00	1.000	03/29/2019	06/29/2016	0.986	1.000	09/29 - 03/29		10,000,000.00	10,000,000.00
3133EGJW6	11037	FFCB	15,000,000.00	1.030	04/05/2019	07/05/2016	1.016	1.030	10/05 - 04/05		15,000,000.00	15,000,000.00
3133EHFP3	11247	FFCB	10,000,000.00	1.390	04/17/2019	04/17/2017	1.371	1.390	10/17 - 04/17		10,000,000.00	10,000,000.00
3133EHFP3	11249	FFCB	15,000,000.00	1.390	04/17/2019	04/17/2017	1.371	1.390	10/17 - 04/17		15,000,000.00	15,000,000.00
3135G0K28	10968	FNMA	15,000,000.00	1.250	04/26/2019	04/26/2016	1.253	1.270	10/26 - 04/26		14,991,000.00	14,991,000.00
3133EGD77	11124	FFCB	10,000,000.00	1.120	05/03/2019	11/03/2016	1.105	1.120	05/03 - 11/03		10,000,000.00	10,000,000.00
3133EGD77	11125	FFCB	10,000,000.00	1.120	05/03/2019	11/03/2016	1.105	1.120	05/03 - 11/03		10,000,000.00	10,000,000.00

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Agency Callables (Aaa/AA+)												
3134G9HY6	11376	FHLMC	14,000,000.00	1.200	05/09/2019	11/27/2017	1.746	1.770	05/09 - 11/09	8,400.00	13,886,250.00	13,894,650.00
3133EFD20	10918	FFCB	10,000,000.00	1.250	05/23/2019	02/23/2016	1.233	1.250	05/23 - 11/23		10,000,000.00	10,000,000.00
3134G9NB9	11400	FHLMC	15,000,000.00	1.230	05/24/2019	12/19/2017	1.780	1.804	05/24 - 11/24	12,812.50	14,878,800.00	14,891,612.50
3133EHZF3	11323	FFCB	10,000,000.00	1.375	06/19/2019	09/19/2017	1.357	1.375	12/19 - 06/19		10,000,000.00	10,000,000.00
3130A8DB6	11006	FHLB	10,000,000.00	1.125	06/21/2019	06/03/2016	1.123	1.139	06/21 - 12/21		9,995,800.00	9,995,800.00
3130A8DB6	11007	FHLB	10,000,000.00	1.125	06/21/2019	06/03/2016	1.123	1.139	06/21 - 12/21		9,995,800.00	9,995,800.00
3130A8DB6	11215	FHLB	15,000,000.00	1.125	06/21/2019	02/27/2017	1.298	1.316	06/21 - 12/21	Received	14,934,750.00	14,934,750.00
3133EGGS8	11017	FFCB	15,000,000.00	1.200	06/27/2019	06/27/2016	1.184	1.200	12/27 - 06/27		15,000,000.00	15,000,000.00
3133EGHD0	11375	FFCB	13,000,000.00	1.120	06/27/2019	11/27/2017	1.759	1.783	12/27 - 06/27	Received	12,865,937.50	12,865,937.50
3134G9F93	11029	FHLMC	10,000,000.00	1.000	06/28/2019	06/30/2016	0.986	1.000	12/28 - 06/28		10,000,000.00	10,000,000.00
3136G3UN3	11338	FNMA	5,000,000.00	1.200	06/28/2019	10/18/2017	1.598	1.620	12/28 - 06/28	Received	4,965,000.00	4,965,000.00
3130A8MM2	11297	FHLB	9,000,000.00	1.125	07/11/2019	06/28/2017	1.381	1.400	07/11 - 01/11	Received	8,950,500.00	8,950,500.00
3130AB3Q7	11239	FHLB	10,000,000.00	1.400	07/15/2019	04/06/2017	1.400	1.419	07/15 - 01/15		9,995,800.00	9,995,800.00
3137EAEB1	11051	FHLMC	10,000,000.00	0.875	07/19/2019	07/20/2016	0.944	0.957	01/19 - 07/19		9,975,800.00	9,975,800.00
3130A8RQ8	11181	FHLB	10,000,000.00	1.200	07/26/2019	01/05/2017	1.380	1.400	01/26 - 07/26	Received	9,950,000.00	9,950,000.00
3130ABB21	11298	FHLB	10,000,000.00	1.375	07/26/2019	06/29/2017	1.434	1.454	07/26 - 01/26	Received	9,984,000.00	9,984,000.00
3134G9Q75	11052	FHLMC	18,000,000.00	1.250	07/26/2019	07/26/2016	1.233	1.250	01/26 - 07/26		18,000,000.00	18,000,000.00
3134G9Q75	11053	FHLMC	10,000,000.00	1.250	07/26/2019	07/26/2016	1.241	1.259	01/26 - 07/26		9,997,500.00	9,997,500.00
3134G9Q75	11136	FHLMC	10,000,000.00	1.250	07/26/2019	11/16/2016	1.336	1.354	01/26 - 07/26	Received	9,972,450.00	9,972,450.00
3134G9Q75	11137	FHLMC	10,000,000.00	1.250	07/26/2019	11/16/2016	1.336	1.354	01/26 - 07/26	Received	9,972,500.00	9,972,500.00
3134G9Q75	11173	FHLMC	10,000,000.00	1.250	07/26/2019	12/21/2016	1.550	1.571	01/26 - 07/26	Received	9,918,500.00	9,918,500.00
3135G0M91	11075	FNMA	10,000,000.00	1.125	07/26/2019	08/31/2016	1.110	1.125	01/26 - 07/26	Received	10,000,000.00	10,000,000.00
3136G3D51	11133	FNMA	15,000,000.00	1.250	07/26/2019	11/15/2016	1.251	1.269	01/26 - 07/26	Received	14,992,500.00	14,992,500.00
3133EFMD6	10811	FFCB	9,000,000.00	1.340	07/29/2019	10/29/2015	1.322	1.340	01/29 - 07/29		9,000,000.00	9,000,000.00
3135G0N33	11056	FNMA	15,000,000.00	0.875	08/02/2019	08/02/2016	0.919	0.932	02/02 - 08/02		14,974,800.00	14,974,800.00
3135G0N33	11057	FNMA	10,000,000.00	0.875	08/02/2019	08/02/2016	0.919	0.932	02/02 - 08/02		9,983,200.00	9,983,200.00
3136G3K38	11166	FNMA	15,000,000.00	1.260	08/02/2019	12/14/2016	1.396	1.415	02/02 - 08/02	Received	14,940,000.00	14,940,000.00
3136G3K46	11255	FNMA	15,000,000.00	1.260	08/02/2019	04/21/2017	1.331	1.349	08/02 - 02/02	Received	14,970,000.00	14,970,000.00
3137EAEH8	11305	FHLMC	10,000,000.00	1.375	08/15/2019	07/19/2017	1.428	1.447	01/19 - 07/19		9,985,300.00	9,985,300.00
3137EAEH8	11306	FHLMC	10,000,000.00	1.375	08/15/2019	07/19/2017	1.428	1.447	01/19 - 07/19		9,985,300.00	9,985,300.00
3136G3W76	11101	FNMA	13,000,000.00	1.150	08/23/2019	10/18/2016	1.154	1.170	02/23 - 08/23	Received	12,992,850.00	12,992,850.00
3135G0P23	11263	FNMA	15,000,000.00	1.250	08/23/2019	04/27/2017	1.397	1.417	08/23 - 02/23	Received	14,943,000.00	14,943,000.00
3135G0P49	11078	FNMA	10,000,000.00	1.000	08/28/2019	09/02/2016	1.039	1.053	02/28 - 08/28		9,984,400.00	9,984,400.00
3135G0P49	11079	FNMA	10,000,000.00	1.000	08/28/2019	09/02/2016	1.039	1.053	02/28 - 08/28		9,984,400.00	9,984,400.00

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Agency Callables (Aaa/AA+)												
3134GA7A6	11243	FHLMC	15,000,000.00	1.500	09/09/2019	04/07/2017	1.492	1.513	09/09 - 03/09	Received	14,995,500.00	14,995,500.00
3134GA7A6	11285	FHLMC	10,000,000.00	1.500	09/09/2019	05/31/2017	1.479	1.500	09/09 - 03/09	Received	10,000,000.00	10,000,000.00
3136G34K8	11087	FNMA	10,000,000.00	1.125	09/09/2019	09/28/2016	1.110	1.125	03/09 - 09/09	Received	10,000,000.00	10,000,000.00
3133EGU52	11160	FFCB	15,000,000.00	1.490	09/13/2019	12/13/2016	1.470	1.490	03/13 - 09/13		15,000,000.00	15,000,000.00
3133EGU52	11161	FFCB	7,000,000.00	1.490	09/13/2019	12/13/2016	1.470	1.490	03/13 - 09/13		7,000,000.00	7,000,000.00
3133EGVJ1	11085	FFCB	10,000,000.00	1.160	09/26/2019	09/26/2016	1.144	1.160	03/26 - 09/26		10,000,000.00	10,000,000.00
3135G0Q30	11110	FNMA	10,000,000.00	1.180	09/27/2019	10/24/2016	1.164	1.180	03/27 - 09/27	Received	10,000,000.00	10,000,000.00
3133EGXK6	11098	FFCB	10,000,000.00	1.120	10/11/2019	10/11/2016	1.105	1.120	04/11 - 10/11		10,000,000.00	10,000,000.00
3133EGXK6	11211	FFCB	5,000,000.00	1.120	10/11/2019	02/15/2017	1.412	1.432	04/11 - 10/11	Received	4,959,500.00	4,959,500.00
3130A9NJ6	11117	FHLB	10,000,000.00	1.200	10/11/2019	10/31/2016	1.223	1.240	04/11 - 10/11	Received	9,988,500.00	9,988,500.00
3136G4DR1	11114	FNMA	10,000,000.00	1.100	10/17/2019	10/26/2016	1.127	1.143	04/17 - 10/17	Received	9,987,500.00	9,987,500.00
3133EGZE8	11108	FFCB	15,000,000.00	1.210	10/24/2019	10/24/2016	1.193	1.210	04/24 - 10/24		15,000,000.00	15,000,000.00
3133EGZE8	11109	FFCB	10,000,000.00	1.210	10/24/2019	10/24/2016	1.193	1.210	04/24 - 10/24		10,000,000.00	10,000,000.00
3130A9PB1	11111	FHLB	10,000,000.00	1.200	10/25/2019	10/25/2016	1.187	1.203	04/25 - 10/25		9,999,000.00	9,999,000.00
3134GAUL6	11106	FHLMC	15,000,000.00	1.200	10/25/2019	10/25/2016	1.184	1.200	04/25 - 10/25		15,000,000.00	15,000,000.00
3134GBHY13	11256	FHLMC	15,000,000.00	1.500	10/25/2019	04/25/2017	1.479	1.500	10/25 - 04/25		15,000,000.00	15,000,000.00
3133EFKY2	11385	FFCB	17,000,000.00	1.360	10/28/2019	12/01/2017	1.828	1.854	04/28 - 10/28	21,193.33	16,843,260.00	16,864,453.33
3135G0Q71	11116	FNMA	10,000,000.00	1.250	10/28/2019	10/28/2016	1.233	1.250	04/28 - 10/28		10,000,000.00	10,000,000.00
3136G2R74	10822	FNMA	15,000,000.00	1.400	11/05/2019	11/05/2015	1.381	1.400	05/05 - 11/05		15,000,000.00	15,000,000.00
3133EGG66	11169	FFCB	9,000,000.00	1.130	11/15/2019	12/15/2016	1.479	1.499	05/15 - 11/15	Received	8,905,500.00	8,905,500.00
3133EG7D1	11209	FFCB	10,000,000.00	1.550	11/15/2019	02/15/2017	1.529	1.550	05/15 - 11/15		10,000,000.00	10,000,000.00
3130AA3R7	11141	FHLB	10,000,000.00	1.375	11/15/2019	11/17/2016	1.364	1.383	05/15 - 11/15		9,997,700.00	9,997,700.00
3136G4GU1	11146	FNMA	10,000,000.00	1.400	11/25/2019	11/29/2016	1.432	1.451	05/25 - 11/25	Received	9,985,000.00	9,985,000.00
3136G4GU1	11172	FNMA	15,000,000.00	1.400	11/25/2019	12/19/2016	1.637	1.660	05/25 - 11/25	Received	14,888,700.00	14,888,700.00
3136G4GU1	11242	FNMA	9,000,000.00	1.400	11/25/2019	04/07/2017	1.515	1.536	05/25 - 11/25	Received	8,968,500.00	8,968,500.00
3133EGW92	11171	FFCB	20,000,000.00	1.500	12/19/2019	12/19/2016	1.479	1.500	06/19 - 12/19		20,000,000.00	20,000,000.00
3136G34J1	11076	FNMA	5,000,000.00	1.000	12/24/2019	09/01/2016	1.085	1.100	02/24 - 08/24	Received	4,983,750.00	4,983,750.00
3134GBXG2	11299	FHLMC	10,000,000.00	1.550	12/27/2019	06/30/2017	1.529	1.550	12/27 - 06/27		10,000,000.00	10,000,000.00
3136G4DA8	11102	FNMA	15,000,000.00	1.200	12/30/2019	10/19/2016	1.184	1.200	12/30 - 06/30	Received	15,000,000.00	15,000,000.00
3136G4BQ5	11104	FNMA	10,000,000.00	1.250	01/07/2020	10/19/2016	1.241	1.258	01/07 - 07/07	Received	9,997,500.00	9,997,500.00
3133EG3J2	11186	FFCB	10,000,000.00	1.550	01/10/2020	01/10/2017	1.529	1.550	07/10 - 01/10		10,000,000.00	10,000,000.00
3137EAEE5	11190	FHLMC	10,000,000.00	1.500	01/17/2020	01/17/2017	1.516	1.537	07/17 - 01/17		9,989,200.00	9,989,200.00
3137EAEE5	11191	FHLMC	10,000,000.00	1.500	01/17/2020	01/17/2017	1.516	1.537	07/17 - 01/17		9,989,200.00	9,989,200.00
3134G9DF1	10975	FHLMC	15,000,000.00	1.410	02/04/2020	05/04/2016	1.391	1.410	08/04 - 02/04		15,000,000.00	15,000,000.00

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Agency Callables (Aaa/AA+)												
3133EGQR9	11067	FFCB	12,000,000.00	1.250	02/10/2020	08/18/2016	1.233	1.250	02/10 - 08/10	Received	12,000,000.00	12,000,000.00
3136G4HH9	11151	FNMA	10,000,000.00	1.500	02/26/2020	11/30/2016	1.480	1.500	02/26 - 08/26		10,000,000.00	10,000,000.00
3133EHCA9	11231	FFCB	5,000,000.00	1.760	03/13/2020	03/31/2017	1.736	1.760	09/13 - 03/13	Received	5,000,000.00	5,000,000.00
3133EGFY6	11014	FFCB	15,000,000.00	1.400	03/16/2020	06/16/2016	1.381	1.400	09/16 - 03/16		15,000,000.00	15,000,000.00
3130AD4J8	11410	FHLB	10,000,000.00	2.000	03/27/2020	12/27/2017	1.973	2.001	03/27 - 09/27		10,000,000.00	10,000,000.00
3135G0P72	11129	FNMA	10,000,000.00	1.375	03/30/2020	11/10/2016	1.356	1.375	03/30 - 09/30	Received	10,000,000.00	10,000,000.00
3133EFZ26	10954	FFCB	15,000,000.00	1.400	04/07/2020	04/07/2016	1.381	1.400	10/07 - 04/07		15,000,000.00	15,000,000.00
3133EF2L0	10956	FFCB	10,000,000.00	1.400	04/13/2020	04/13/2016	1.381	1.400	10/13 - 04/13		10,000,000.00	10,000,000.00
3133EF2L0	10957	FFCB	15,000,000.00	1.400	04/13/2020	04/15/2016	1.381	1.400	10/13 - 04/13	Received	15,000,000.00	15,000,000.00
3133EF2L0	10961	FFCB	15,000,000.00	1.400	04/13/2020	04/19/2016	1.381	1.400	10/13 - 04/13	Received	15,000,000.00	15,000,000.00
3130AB3F1	11246	FHLB	15,000,000.00	1.600	04/13/2020	04/13/2017	1.578	1.600	10/13 - 04/13		15,000,000.00	15,000,000.00
3130A6JG3	11325	FHLB	10,000,000.00	1.700	04/14/2020	09/21/2017	1.686	1.710	10/14 - 04/14	Received	9,997,500.00	9,997,500.00
3137EAEF2	11252	FHLMC	10,000,000.00	1.375	04/20/2020	04/20/2017	1.472	1.492	10/20 - 04/20		9,965,800.00	9,965,800.00
3137EAEF2	11253	FHLMC	10,000,000.00	1.375	04/20/2020	04/20/2017	1.472	1.492	10/20 - 04/20		9,965,800.00	9,965,800.00
3137EAEF2	11254	FHLMC	10,000,000.00	1.375	04/20/2020	04/20/2017	1.472	1.492	10/20 - 04/20		9,965,800.00	9,965,800.00
3133EF5Y9	10977	FFCB	9,700,000.00	1.470	05/04/2020	05/04/2016	1.450	1.470	11/04 - 05/04		9,700,000.00	9,700,000.00
3133EGQQ10	11407	FFCB	10,000,000.00	2.050	05/15/2020	12/22/2017	2.713	2.750	06/22 - 12/22	13,361.11	9,825,370.00	9,838,731.11
3130ACN83	11358	FHLB	15,000,000.00	1.700	05/15/2020	10/30/2017	1.677	1.700	05/15 - 11/15		15,000,000.00	15,000,000.00
3130ACN83	11396	FHLB	10,000,000.00	1.700	05/15/2020	12/13/2017	1.877	1.903	05/15 - 11/15	20,305.56	9,952,000.00	9,972,305.56
3130ACN83	11406	FHLB	15,000,000.00	1.700	05/15/2020	12/21/2017	1.968	1.995	05/15 - 11/15	36,125.00	14,896,500.00	14,932,625.00
3130ACN83	11408	FHLB	20,000,000.00	1.700	05/15/2020	12/26/2017	1.942	1.969	05/15 - 11/15	52,888.89	19,875,000.00	19,927,888.89
3130A8ZA4	11068	FHLB	22,200,000.00	1.230	05/22/2020	08/22/2016	1.213	1.230	11/22 - 05/22		22,200,000.00	22,200,000.00
3133EGDW2	11008	FFCB	10,000,000.00	1.520	06/08/2020	06/08/2016	1.499	1.520	12/08 - 06/08		10,000,000.00	10,000,000.00
3133EGDW2	11009	FFCB	10,000,000.00	1.520	06/08/2020	06/08/2016	1.499	1.520	12/08 - 06/08		10,000,000.00	10,000,000.00
3133EH2C6	11394	FFCB	15,000,000.00	1.970	06/08/2020	12/08/2017	1.943	1.970	06/08 - 12/08		15,000,000.00	15,000,000.00
3133EGHP3	11022	FFCB	10,000,000.00	1.420	06/29/2020	06/29/2016	1.401	1.420	12/29 - 06/29		10,000,000.00	10,000,000.00
3133EGHQ1	11027	FFCB	20,000,000.00	1.470	06/29/2020	06/29/2016	1.450	1.470	12/29 - 06/29		20,000,000.00	20,000,000.00
3134GBHQ8	11260	FHLMC	20,000,000.00	1.700	07/27/2020	04/27/2017	1.677	1.700	10/27 - 04/27		20,000,000.00	20,000,000.00
3134GBEE8	11261	FHLMC	15,000,000.00	1.750	07/27/2020	04/27/2017	1.726	1.750	07/27 - 01/27		15,000,000.00	15,000,000.00
3135G0T60	11309	FNMA	10,000,000.00	1.500	07/30/2020	08/01/2017	1.582	1.604	01/30 - 07/30		9,969,700.00	9,969,700.00
3135G0T60	11310	FNMA	10,000,000.00	1.500	07/30/2020	08/01/2017	1.582	1.604	01/30 - 07/30		9,969,700.00	9,969,700.00
3133EGU60	11164	FFCB	5,000,000.00	1.820	09/14/2020	12/14/2016	1.816	1.841	03/14 - 09/14		4,996,250.00	4,996,250.00
3133EGU60	11165	FFCB	15,000,000.00	1.820	09/14/2020	12/14/2016	1.795	1.820	03/14 - 09/14		15,000,000.00	15,000,000.00
3130ACE26	11312	FHLB	10,000,000.00	1.375	09/28/2020	09/08/2017	1.462	1.483	09/28 - 03/28		9,967,900.00	9,967,900.00

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Agency Callables (Aaa/AA+)												
3130ACE26	11313	FHLB	10,000,000.00	1.375	09/28/2020	09/08/2017	1.462	1.483	09/28 - 03/28		9,967,900.00	9,967,900.00
3130ACE26	11314	FHLB	10,000,000.00	1.375	09/28/2020	09/08/2017	1.462	1.483	09/28 - 03/28		9,967,900.00	9,967,900.00
3136G4PK30	11398	FNMA	15,000,000.00	1.750	09/28/2020	12/14/2017	1.838	1.864	06/14 - 12/14	55,416.67	14,898,600.00	14,954,016.67
3134GBH21	11327	FHLMC	10,000,000.00	1.700	09/29/2020	09/29/2017	1.677	1.700	03/29 - 09/29		10,000,000.00	10,000,000.00
3134G9F85	11030	FHLMC	25,000,000.00	1.320	09/30/2020	06/30/2016	1.302	1.320	09/30 - 12/31		25,000,000.00	25,000,000.00
3134GBHC9	11268	FHLMC	5,000,000.00	1.850	10/27/2020	04/28/2017	1.825	1.850	10/27 - 04/27	Received	5,000,000.00	5,000,000.00
3130A6MH7	10805	FHLB	5,000,000.00	1.720	10/28/2020	10/28/2015	1.696	1.720	04/28 - 10/28		5,000,000.00	5,000,000.00
3137EAEK1	11367	FHLMC	10,000,000.00	1.875	11/17/2020	11/15/2017	1.882	1.908	11/17 - 05/17		9,990,400.00	9,990,400.00
3137EAEK1	11368	FHLMC	10,000,000.00	1.875	11/17/2020	11/15/2017	1.882	1.908	11/17 - 05/17		9,990,400.00	9,990,400.00
3134GBLC4	11282	FHLMC	5,000,000.00	1.800	11/18/2020	05/18/2017	1.790	1.815	11/18 - 05/18		4,997,500.00	4,997,500.00
3133EHW58	11374	FFCB	10,000,000.00	1.900	11/27/2020	11/27/2017	1.910	1.936	02/27 - Quarterly		9,997,100.00	9,997,100.00
3134GBYF3	11308	FHLMC	10,000,000.00	1.800	01/27/2021	07/27/2017	1.775	1.800	01/27 - 07/27		10,000,000.00	10,000,000.00
3130ACLQ5	11357	FHLB	10,000,000.00	2.000	04/30/2021	10/30/2017	1.973	2.000	04/30 - 10/30		10,000,000.00	10,000,000.00
3134GBTJ1	11369	FHLMC	10,000,000.00	1.830	06/01/2021	11/16/2017	1.979	2.006	12/01 - 06/01	Received	9,940,000.00	9,940,000.00
3130A8HX4	11370	FHLB	5,000,000.00	1.375	06/30/2021	11/16/2017	2.181	2.211	12/30 - 06/30	25,972.22	4,972,500.00	4,998,472.22
3137EAEC9	11066	FHLMC	10,000,000.00	1.125	08/12/2021	08/12/2016	1.213	1.230	02/12 - 08/12		9,949,200.00	9,949,200.00
3130ACF33	11316	FHLB	10,000,000.00	1.875	09/13/2021	09/13/2017	1.849	1.875	03/13 - 09/13		10,000,000.00	10,000,000.00
3130AAMN5	11206	FHLB	6,000,000.00	2.000	10/26/2021	02/08/2017	1.984	2.011	07/26 - 01/26	Received	5,997,000.00	5,997,000.00
3130AABG2	11148	FHLB	5,000,000.00	1.875	11/29/2021	11/30/2016	1.932	1.959	05/29 - 11/29		4,980,100.00	4,980,100.00
3130AABG2	11149	FHLB	5,000,000.00	1.875	11/29/2021	11/30/2016	1.932	1.959	05/29 - 11/29		4,980,100.00	4,980,100.00
3130AABG2	11150	FHLB	5,000,000.00	1.875	11/29/2021	11/30/2016	1.932	1.959	05/29 - 11/29		4,980,100.00	4,980,100.00
3135G0S38	11184	FNMA	15,000,000.00	2.000	01/05/2022	01/09/2017	2.010	2.038	07/05 - 01/05		14,973,150.00	14,973,150.00
3135G0T78	11331	FNMA	15,000,000.00	2.000	10/05/2022	10/06/2017	1.986	2.014	04/06 - 10/06		14,990,100.00	14,990,100.00
3135G0T78	11332	FNMA	10,000,000.00	2.000	10/05/2022	10/06/2017	1.986	2.014	04/06 - 10/06		9,993,400.00	9,993,400.00
3130ACKG8	11349	FHLB	15,000,000.00	2.200	10/24/2022	10/24/2017	2.170	2.200	04/24 - 10/24		15,000,000.00	15,000,000.00
	Agency Callables (Aaa/AA+) Totals		**2,456,900,000.00**				**1.308**	**1.326**		**246,475.28**	**2,453,865,802.20**	**2,454,112,277.48**
Municipal Bonds												
13063DAA6	11259	CAS	9,625,000.00	1.248	04/01/2018	04/27/2017	1.231	1.248	10/27 - 04/01		9,625,000.00	9,625,000.00
91412GS63	11280	UNVHGR	7,475,000.00	1.250	05/15/2018	05/18/2017	1.233	1.250	11/18 - 05/15		7,475,000.00	7,475,000.00
91412GS71	11281	UNVHGR	2,500,000.00	1.610	05/15/2019	05/18/2017	1.588	1.610	11/18 - 05/18		2,500,000.00	2,500,000.00
	Municipal Bonds Totals		**19,600,000.00**				**1.277**	**1.295**		**0.00**	**19,600,000.00**	**19,600,000.00**

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		Investment Totals	6,057,750,000.00				1.169	1.185		757,358.14	6,047,899,053.75	6,048,656,411.89