NEW ISSUES – BOOK-ENTRY ONLY

INSURED RATING: S&P: "AA"
UNDERLYING RATINGS: S&P: "A+"
Fitch: "A+"
(See "MISCELLANEOUS – Ratings.")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
$231,315,000
2019 GENERAL OBLIGATION BONDS
comprised of

$125,000,000 GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2019A	$20,000,000 GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2019B (GREEN BONDS)	$86,315,000 2019 GENERAL OBLIGATION REFUNDING BONDS

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

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page shall have the meanings given such terms herein.

The Hayward Unified School District General Obligation Bonds, Election of 2018, Series 2019A (the "**Series 2019A Bonds**") and the Hayward Unified School District General Obligation Bonds, Election of 2018, Series 2019B (Green Bonds) (the "**Series 2019B Bonds**" or the "**Green Bonds**" and, together with the Series 2019A Bonds, the "**Series 2019 Bonds**") were authorized at an election of the registered voters of the Hayward Unified School District (the "**District**"), located in the County of Alameda (the "**County**"), held on November 6, 2018, at which the requisite 55% or more of persons voting on the bond measure voted to authorize the issuance and sale of $381,700,000 principal amount of general obligation bonds of the District (the "**2018 Authorization**"). The Series 2019 Bonds are the first and second issuances of general obligation bonds of the District under the 2018 Authorization. The Series 2019 Bonds are being issued and sold by the District to (i) finance capital facility needs approved by the voters of the District, and (ii) pay costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds are being issued pursuant to the laws of the State of California (the "**State**"), a resolution adopted by the Board of Education of the District on February 13, 2019 (the "**Series 2019 Resolution**"), and a paying agent agreement, dated as of March 1, 2019 (the "**Series 2019 Paying Agent Agreement**"), by and between the District and U.S. Bank National Association, as paying agent (the "**Paying Agent**"), and acknowledged by the Treasurer-Tax Collector of the County (the "**County Treasurer**").

The Hayward Unified School District 2019 General Obligation Refunding Bonds (the "**Refunding Bonds**" and, together with the Series 2019 Bonds, the "**Bonds**") are being issued by the District to (i) refund all or a portion of the District's outstanding General Obligation Bonds, Election of 2008, Series 2010B Build America Bonds – Direct Subsidy (Federally Taxable) (the "**2010B Bonds**") and (ii) pay costs of issuance of the Refunding Bonds. The Refunding Bonds are being issued pursuant to the laws of the State, a resolution adopted by the Board of Education of the District on February 13, 2019 (the "**Refunding Resolution**"), and a paying agent agreement, dated as of March 1, 2019 (the "**Refunding Paying Agent Agreement**"), by and between the District and the Paying Agent, and acknowledged by the County Treasurer. The outstanding 2010B Bonds to be refunded and defeased are collectively referred to as herein as the "**Refunded Bonds**."

The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

The Bonds will be issued as current interest bonds. Principal of the Bonds is payable on August 1 of each year shown on the maturity schedules on the inside front cover page hereof. Interest on the Bonds is payable on August 1, 2019, and thereafter on each February 1 and August 1 to maturity. Payments of principal of and interest on the Bonds will be made by the Paying Agent to The Depository Trust Company, New York, New York ("**DTC**"), for subsequent disbursement to DTC participants, who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Payment of Principal and Interest."

The Bonds will be issued in book-entry form only and will be issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interests in the Bonds. See "THE BONDS – Form and Registration of the Bonds."

The Bonds are subject to redemption prior to maturity. See "THE BONDS – Redemption."

The scheduled payment of principal and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.** The Series 2019B Bonds are designated as BAM GreenStar Bonds. See "BOND INSURANCE."

See Inside Cover for Maturity Schedules

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to approval of their validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, and for the Underwriters by Jones Hall, A Professional Law Corporation, San Francisco, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about March 20, 2019.

RBC Capital Markets® Citi

Official Statement dated February 27, 2019.

MATURITY SCHEDULES

$125,000,000
Hayward Unified School District
(Alameda County, California)
General Obligation Bonds, Election of 2018, Series 2019A

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP No.† (421290)
2031	$ 360,000	5.000%	2.440%C	4Q7
2032	2,560,000	5.000	2.530C	4R5
2033	2,985,000	5.000	2.620C	4S3
2034	3,445,000	5.000	2.690C	4T1
2035	3,940,000	4.000	3.120C	4U8
2036	4,435,000	4.000	3.200C	4V6
2037	4,955,000	4.000	3.280C	4W4
2038	5,515,000	4.000	3.360C	4X2
2039	6,110,000	4.000	3.430C	4Y0
2040	6,740,000	4.000	3.500C	4Z7

$34,595,000 5.000% Term Bonds due August 1, 2044 − Yield* 3.250%C – CUSIP No.† 421290 5A1

$49,360,000 4.000% Term Bonds due August 1, 2048 − Yield* 3.740%C – CUSIP No.† 421290 5B9

$20,000,000
Hayward Unified School District
(Alameda County, California)
General Obligation Bonds, Election of 2018, Series 2019B
(Green Bonds)

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP No.† (421290)
2020	$12,535,000	4.000%	1.480%	5C7
2021	2,500,000	4.000	1.490	5D5
2029	1,510,000	5.000	2.190C	5E3
2030	1,650,000	5.000	2.320C	5F0
2031	1,805,000	5.000	2.440C	5G8

C Yield to the first optional par call date of August 1, 2028.
* Yields certified by the Underwriters. The District takes no responsibility therefor.
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$86,315,000
Hayward Unified School District
(Alameda County, California)
2019 General Obligation Refunding Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP No.† (421290)
2019	$ 660,000	3.000%	1.470%	5H6
2020	500,000	4.000	1.480	5J2
2021	500,000	4.000	1.490	5K9
2022	500,000	4.000	1.520	5L7
2023	500,000	4.000	1.570	5M5
2024	500,000	5.000	1.650	5N3
2025	500,000	5.000	1.760	5P8
2040	14,415,000	5.000	3.120[C]	5Q6

$68,240,000 4.000% Term Bonds due August 1, 2043 − Yield* 3.640%[C] – CUSIP No.† 421290 5R4

[C] Yield to the first optional par call date of August 1, 2028.
* Yields certified by the Underwriters. The District takes no responsibility therefor.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriters, or their agents or counsel assumes responsibility for the accuracy of such numbers.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds by 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 Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

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

The 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 a 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.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. 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 those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE 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 FRONT COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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

HAYWARD UNIFIED SCHOOL DISTRICT
ALAMEDA COUNTY, CALIFORNIA

HAYWARD UNIFIED SCHOOL DISTRICT

Board of Education

Administration

Dr. Matt Wayne, *Superintendent*
Allan Garde, *Assistant Superintendent, Business Services*
Dr. Peter Parenti, *Assistant Superintendent, Educational Services*
Chien Wu-Fernandez, *Associate Superintendent, Student & Family Services*
Delia Ruiz, *Assistant Superintendent, Human Resources*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Municipal Advisor

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

Paying Agent and Escrow Agent

U.S. Bank National Association
San Francisco, California

Verification Agent

Causey Demgen & Moore, P.C.
Denver, Colorado

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HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)

$125,000,000 GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2019A	$20,000,000 GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2019B (GREEN BONDS)	$86,315,000 2019 GENERAL OBLIGATION REFUNDING BONDS

INTRODUCTION

General

This Official Statement, which includes the front and inside cover pages and appendices hereto (this "**Official Statement**"), is provided to furnish information in connection with the sale of $125,000,000 aggregate principal amount of Hayward Unified School District General Obligation Bonds, Election of 2018, Series 2019A (the "**Series 2019A Bonds**"), $20,000,000 aggregate principal amount of Hayward Unified School District General Obligation Bonds, Election of 2018, Series 2019B (Green Bonds) (the "**Series 2019B Bonds**" or the "**Green Bonds**" and, together with the Series 2019A Bonds, the "**Series 2019 Bonds**") and $86,315,000 aggregate principal amount of Hayward Unified School District 2019 General Obligation Refunding Bonds (the "**Refunding Bonds**" and, together with the Series 2019 Bonds, the "**Bonds**"), as described more fully herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate (as defined herein) to be executed by the Hayward Unified School District (the "**District**"), the District has no obligation to update the information in this Official Statement. See "OTHER LEGAL MATTERS – Continuing Disclosure" and APPENDIX D – "FORMS OF CONTINUING DISCLOSURE CERTIFICATES."

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 resolutions of the District's Board of Education (the "**Board of Education**") and the paying agent agreements providing for the issuance of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the Underwriters (as defined herein) or the registered owners or beneficial owners of any of the Bonds.

The District

The District encompasses approximately 61 square miles within Alameda County (the "**County**"), primarily within the boundaries of the City of Hayward. The District is located approximately 30 miles southeast of the City of San Francisco and approximately 17 miles southeast of the City of Oakland and 22 miles north of the City of San Jose. The District provides pre-school through adult learning education primarily to the City of Hayward. The District is served by the Bay Area Rapid Transit and by Interstate 580 and Interstate 880, connecting the District to the surrounding East Bay and Silicon Valley. The District is comprised of 21 elementary schools, five middle schools, three high schools, an alternative high school, an adult education center and a pre-school center.

The Average Daily Attendance ("**A.D.A.**") of the District's students was 19,404.9 in fiscal year 2017-18 and is projected to be 19,202.7 in fiscal year 2018-19, a decrease of approximately 1.0%. As of December 12, 2018, the District projected a total of 2,010.7 full-time equivalent ("**FTE**") employees, including 1,153.7 FTE certificated (credentialed teaching) staff, 714.0 FTE classified (non-teaching) staff, and 143.0 FTE management, supervisor and confidential personnel for fiscal year 2018-19. The District has projected general fund revenues of approximately

$267.6 million and expenditures of approximately $269.1 million for fiscal year 2018-19. Total assessed valuation of taxable property in the District in fiscal year 2018-19 is approximately $22.4 billion. The District operates under the jurisdiction of the Alameda County Superintendent of Schools.

The District is governed by a Board of Education consisting of five members and four nonvoting student representatives representing each of the high schools. The voting members are elected to four-year terms in staggered years. The day-to-day operations are managed by a board-appointed Superintendent of Schools. Dr. Matt Wayne has served as Superintendent for the District since July 2016.

The District is a Local Control Funding Formula ("**LCFF**") district, which means that it receives some financial support from the State. For additional information about the District's operations and finances, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET."

THE BONDS

Authority for Issuance

Series 2019 Bonds. The Series 2019 Bonds are being issued by the District pursuant to the State of California (the "**State**") Constitution and State laws, including Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code (the "**Government Code**"), applicable provisions of the State Education Code (the "**Education Code**") and other applicable provisions of law. The Series 2019 Bonds are authorized by a resolution adopted by the Board of Education on February 13, 2019 (the "**Series 2019 Resolution**"), and are being issued pursuant to a paying agent agreement, dated as of March 1, 2019 (the "**Series 2019 Paying Agent Agreement**"), by and between the District and U.S. Bank National Association, as paying agent (the "**Paying Agent**"), and acknowledged by the Treasurer-Tax Collector of the County (the "**County Treasurer**"). The District has authorization from the Board of Supervisors of the County to issue and sell the Series 2019 Bonds on its own behalf pursuant to a blanket resolution adopted by the Board of Supervisors of the County on March 14, 2000 (the "**County Resolution**").

Refunding Bonds. The Refunding Bonds are being issued by the District pursuant to the State Constitution and State laws, including Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, applicable provisions of the Education Code and other applicable provisions of law. The Refunding Bonds are authorized by a resolution adopted by the Board of Education on February 13, 2019 (the "**Refunding Resolution**" and, together with the Series 2019 Resolution, the "**Resolutions**"), and are being issued pursuant to a paying agent agreement, dated as of March 1, 2019 (the "**Refunding Paying Agent Agreement**" and, together with the Series 2019 Paying Agent Agreement, the "**Paying Agent Agreements**"), by and between the District and the Paying Agent, and acknowledged by the County Treasurer.

Purpose of Issuance

Series 2019 Bonds. The District received authorization to issue bonds of the District in an aggregate principal amount not to exceed $381,700,000 to finance specific school facility construction, repair and improvement projects pursuant to an election held on November 6, 2018 (the "**2018 Authorization**"). The measure required approval by at least 55% of the votes cast by eligible voters within the District and received an approval vote of approximately 72.9%. Proceeds from the Series 2019 Bonds are expected to be used to (i) finance capital facility needs approved by the voters of the District, and (ii) pay costs of issuance of the Series 2019 Bonds. See "PLAN OF FINANCE."

Refunding Bonds. The Refunding Bonds will refund all or a portion of the District's outstanding General Obligation Bonds, Election of 2008, Series 2010B Build America Bonds – Direct Subsidy (Federally Taxable) (the "**2010B Bonds**"). Proceeds of the Refunding Bonds will be used to (i) refund the 2010B Bonds, and (ii) pay costs of issuance of the Refunding Bonds. The outstanding 2010B Bonds to be refunded and defeased are collectively referred to herein as the "**Refunded Bonds**." See "PLAN OF REFUNDING."

Form and Registration of the Bonds

The Bonds will be dated the date of their delivery and issued in fully registered book-entry only form, in denominations of $5,000 principal amount or integral multiples thereof. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"). DTC will act as securities depository for the Bonds. Purchases of Bonds under the DTC system must be made by or through a DTC participant, and ownership interests in Bonds or any transfer thereof will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Bonds, beneficial owners will not receive physical certificates representing their ownership interests. Principal and interest will be paid by the Paying Agent to DTC, which will in turn remit such payments to its participants, for subsequent distribution to beneficial owners of the Bonds, as described herein. See APPENDIX F – "BOOK-ENTRY SYSTEM."

Payment of Principal and Interest

The Bonds will be dated the date of their delivery, and bear interest at the rates set forth on the inside cover page hereof, payable on February 1 and August 1 of each year, commencing on August 1, 2019 (each, an "**Interest Payment Date**"), until payment of the principal amount thereof, computed using a year of 360 days, consisting of twelve 30-day months. Bonds authenticated and registered on any date prior to the close of business on July 15, 2019 will bear interest from the date of their delivery. Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (each, a "**Record Date**") and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payment of interest on any Bond on each Interest Payment Date (or on the following business day, if the Interest Payment Date does not fall on a business day) will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof as of the preceding Record Date, such interest to be paid by check mailed to such owner at such owner's address as it appears on such registration books or at such other address as the owner may have filed with the Paying Agent for that purpose on or before the Record Date. The owner of an aggregate principal amount of $1,000,000 or more of Bonds may request in writing to the Paying Agent that such owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the applicable Record Date.

Principal will be payable on August 1 of each year, commencing on August 1 in each of the respective years set forth on the maturity schedules herein, upon surrender of Bonds at such office of the Paying Agent as the Paying Agent shall designate. The interest, principal and premiums, if any, on the Bonds will be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the District (the "**Interest and Sinking Fund**") within the County treasury, consisting of *ad valorem* property taxes collected and held by the County Treasurer, together with any net premium and accrued interest received upon issuance of the Bonds.

So long as all outstanding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal of, premium, if any, and interest on the Bonds and all notices with respect to such Bonds will be made and given, respectively, to such securities depository or its nominee and not to beneficial owners. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer.

Redemption

Optional Redemption of the Series 2019 Bonds. The Series 2019 Bonds maturing on or before August 1, 2021, are not subject to redemption prior to their respective stated maturity dates. The Series 2019 Bonds maturing on or after August 1, 2029, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2028, at a redemption price equal to 100% of the principal amount of Series 2019 Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

Optional Redemption of the Refunding Bonds. The Refunding Bonds maturing on or before August 1, 2025, are not subject to redemption prior to their respective stated maturity dates. The Refunding Bonds maturing on or after August 1, 2040, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2028, at a redemption price equal to 100% of the principal amount of Refunding Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption of the Series 2019A Bonds. The $34,595,000 Term Series 2019A Bond maturing on August 1, 2044, is also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to Be Redeemed
2041	$7,410,000
2042	8,200,000
2043	9,040,000
2044†	9,945,000

† Maturity.

Mandatory Sinking Fund Redemption of the Series 2019A Bonds. The $49,360,000 Term Series 2019A Bond maturing on August 1, 2048, is also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to Be Redeemed
2045	$10,905,000
2046	11,825,000
2047	12,800,000
2048†	13,830,000

† Maturity.

The principal amount to be redeemed in each year shown in the table above will be reduced proportionately, in integral multiples of $5,000, by the amount of such Term Series 2019A Bond optionally redeemed prior to the mandatory sinking fund redemption date.

Mandatory Sinking Fund Redemption of the Series 2019B Bonds. The Series 2019B Bonds are not subject to mandatory sinking fund redemption prior to maturity.

Mandatory Sinking Fund Redemption of the Refunding Bonds. The $68,240,000 Term Refunding Bond maturing on August 1, 2043, is also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to Be Redeemed
2041	$21,560,000
2042	23,360,000
2043[†]	23,320,000

[†] Maturity.

The principal amount to be redeemed in each year shown in the table above will be reduced proportionately, in integral multiples of $5,000, by the amount of such Term Refunding Bond optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, such Bonds will be redeemed in inverse order of maturities or as otherwise directed by the District. If less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity of any given series to be redeemed will be determined by lot. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of denominations of $5,000 principal amount each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of the Bonds will be given by the Paying Agent. Notice of redemption of the Bonds will be mailed postage prepaid not less than 20 nor more than 60 days prior to the date fixed for redemption (i) by first class mail to the respective owners of Bonds designated for redemption at the addresses appearing on the bond registration books of the Paying Agent, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX D – "FORMS OF CONTINUING DISCLOSURE CERTIFICATES."

Each notice of redemption shall contain all of the following information: (i) the date of such notice; (ii) the name of the affected Bonds and the date of issue of the Bonds; (iii) the date fixed for redemption; (iv) the redemption price, if available; (v) the dates of maturity of the Bonds to be redeemed; (vi) if less than all of the then outstanding Bonds are to be redeemed, the distinctive serial numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the office of the Paying Agent designated by the Paying Agent for such purpose; (x) notice that further interest on such Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

The actual receipt by the owner of any Bonds of notice of such redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as provided for in the Paying Agent Agreement, and when the amount necessary for the payment of the redemption price of the Bonds called for redemption is set aside for the such purpose, the Bonds designated for redemption will become due and payable on the date fixed for redemption and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The owners of Bonds so called for redemption after such date fixed for redemption will look for the payment of such Bonds and the redemption premium thereon, if any, only to moneys on deposit in the Interest and Sinking Fund of the District or the escrow fund established for such purpose. All Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

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

Conditional Notice. Any notice of optional redemption delivered hereunder may be conditioned on any fact or circumstance stated therein, and if such condition will not have been satisfied on or prior to the redemption date stated in such notice, said notice will be of no force and effect on and as of the stated redemption date, the redemption will be cancelled, and the District will not be required to redeem the Bonds that were the subject of the notice. The Paying Agent will give notice of such cancellation and the reason therefor in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such cancellation will not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice will not affect the validity of the cancellation.

Defeasance of Bonds

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

If at any time the District pays or causes to be paid or there is otherwise paid to the owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds when due, or as described above, or as otherwise provided by law, then such owners will cease to be entitled to the obligation of the County to levy and collect taxes to pay the Bonds, and such obligation and all agreements and covenants of the District to such owners under the related Paying Agent Agreement and under the Bonds, as applicable, will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by the such Bonds, but only out of moneys on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment, provided, that unclaimed moneys provisions described below will apply in all events.

Unclaimed Moneys

Any money held in any fund created pursuant to the related Paying Agent Agreement, or held by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Series 2019 Bonds or the Refunding Bonds, as applicable, and remaining unclaimed for two years after the principal of all of such series of the Bonds has become due and payable (whether by maturity or upon prior redemption) will be transferred to the Interest and Sinking Fund for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Bond Insurance

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

PLAN OF FINANCE

The District received authorization under the 2018 Authorization to issue general obligation bonds in an amount not to exceed $381,700,000 to provide safe/modern schools; upgrade aging classrooms/school facilities; update classroom technology; provide art/music classrooms; improve accessibility for students with disabilities; upgrade fire safety/emergency communications/school security systems; install solar panels; repair leaky roofs; and update plumbing/heating/ventilation systems. The Series 2019 Bonds are the first and second issuances of general obligation bonds of the District under the 2018 Authorization.

A portion of the proceeds from the Series 2019 Bonds, exclusive of any premium and accrued interest received, if any, will be deposited in the County treasury to the credit of the building fund of the District (the "**Building Fund**"). Any premium or accrued interest received will be deposited in the Interest and Sinking Fund in the County treasury. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Series 2019 Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on bonds of the District. Amounts deposited into the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Bonds, will be invested at the sole discretion of the County Treasurer pursuant to law and the County's investment policy. See APPENDIX E – "COUNTY OF ALAMEDA INVESTMENT POLICY AND INVESTMENT REPORT."

Green Bonds. The District has designated the Series 2019B Bonds as "Green Bonds" to allow investors to invest directly in bonds that finance environmentally beneficial projects. The District has committed in its Facilities Master Plan to develop and implement a sustainable energy plan. The District plans to install solar energy systems at 33 schools within the District. It is anticipated that these solar energy systems will produce an average of approximately 7.7 million kWH (kilowatt hours) annually, offsetting approximately $2.6 million in utility costs.

The District considers projects to be "green projects" if they will implement renewable energy, energy efficiency, reduce CO_2 and other harmful emissions, and reflect adaptation to climate change. It is anticipated that the solar photovoltaic panels to be installed at District sites will meet each of these criteria.

All sustainable scope of work items and associated costs will be assigned to a designated cost account to ensure that all Green Bond costs are accounted for. The District's project management staff will undertake a review of and will certify all contractor payment invoices to ensure that costs are accurate and eligible prior to their payments. The proceeds of the Green Bonds will be deposited into a separate account established by the District and expected to be allocated to expenditures of capital improvement projects identified as "green projects" pursuant to the District's criteria. The District will track the net proceeds and confirm that such proceeds are expended on green projects.

The District will file annual updates regarding the use of proceeds of the Green Bonds on the District's website at https://www.husd.us/, providing calendar year-end updates related to the total amount of annual green bond project expenditures, until all of the proceeds of the Green Bonds have been spent. Once all of the Green Bond proceeds have been spent, no further updates will be provided. Additionally, the District will furnish annual information to BAM in connection with the BAM GreenStar designation. See "BOND INSURANCE – BAM GreenStar Bonds." *The reference to the above internet website is shown for reference and convenience only. The information contained within the website is not incorporated herein by reference.*

The Series 2019B Bonds may not be a suitable investment for all investors seeking exposure to green assets. No assurance can be provided that disbursements for projects with the specific characteristics described above will be made by the District with the proceeds of the Series 2019B Bonds. Further, there can be no assurance that the "green projects" funded with the Series 2019B Bonds proceeds will meet investor expectations regarding sustainability performance. Adverse environmental or social impacts may occur during the design, construction and operation of the projects.

The terms "Green Bonds" and "green project" are neither defined in nor related to provisions in the Series 2019 Resolution or Series 2019 Paying Agent Agreement. The use of such terms herein is for identification purposes only and is not intended to provide or imply that an owner of the Series 2019B Bonds is entitled to any additional security other than as provided in the Series 2019 Resolution and Series 2019 Paying Agent Agreement. The purpose of labeling the Series 2019B Bonds as "Green Bonds" is, as noted, to allow owners of the Series 2019B Bonds to invest directly in bonds that will finance environmentally beneficial projects. The District assumes no obligation to ensure that these projects comply with the principles of green projects as such principles may hereafter evolve.

The Series 2019B Bonds will not constitute "exempt facility bonds" issued to finance "qualified green building and sustainable design projects" within the meaning of Section 142(1) of the Code.

The Series 2019A Bonds and Refunding Bonds are not being designated as "Green Bonds." The repayment obligations of the District with respect to the Bonds are not conditioned on the completion of any particular project or the satisfaction of any certification relating to the status of the Series 2019B Bonds as Green Bonds, and owners of the Green Bonds do not assume any specific project risk related to any of the projects funded thereby.

PLAN OF REFUNDING

The Refunding Bonds will be issued to (i) refund and defease, on an advance basis, all or a portion of the outstanding 2010B Bonds on August 1, 2020 (the "**Redemption Date**"), and (ii) pay costs of issuance of the Refunding Bonds. A portion of the proceeds from the Refunding Bonds will be deposited into the Escrow Fund (the "**Escrow Fund**") to be established and maintained by U.S. Bank National Association, acting as escrow agent (the "**Escrow Agent**") under that certain escrow agreement, dated as of March 1, 2019 (the "**Escrow Agreement**"), by and between the District and the Escrow Agent. Such moneys will be used to purchase certain United States government obligations or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Agent to pay the interest due on the Refunded Bonds to the Redemption Date at the redemption price. See "ESCROW VERIFICATION."

A portion of the proceeds of the Refunding Bonds will be retained by the Paying Agent in a Costs of Issuance Fund and used to pay costs associated with the issuance of the Refunding Bonds and the refunding of the Refunded Bonds. Any proceeds of sale of the Refunding Bonds not needed to fund the Escrow Fund or to pay costs of issuance of the Refunding Bonds will be transferred to the County Treasurer for deposit in the District's Interest and Sinking Fund in the County treasury, and applied only for payment of principal of and interest on outstanding bonds of the District. Amounts deposited into the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Refunding Bonds, will be invested at the sole discretion of the County Treasurer pursuant to law and the investment policy of the County. See APPENDIX F – "COUNTY OF ALAMEDA INVESTMENT POLICY AND INVESTMENT REPORT."

Causey Demgen & Moore, P.C., a Certified Public Accountant licensed to practice in the State, acting as verification agent (the "**Verification Agent**") with respect to the Escrow Fund, will verify the mathematical accuracy of the computations relating to the sufficiency of the moneys proposed to be deposited and invested in the Escrow Fund, together with earnings thereon, for the payment of interest on the Refunding Bonds to the Redemption Date.

The Refunded Bonds to be refunded are as follows:

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds, Election of 2008, Series 2010B
Build America Bonds – Direct Subsidy (Federally Taxable)
Redemption Date: August 1, 2020
Redemption Price: 100%

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP* No.
2043	$84,030,000	7.350%	4212902E6

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* CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriters or their agents or counsel assumes responsibility for the accuracy of such numbers.

ESTIMATED SOURCES AND USES OF FUNDS

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

	Series 2019A Bonds	**Series 2019B Bonds**	**Refunding Bonds**	**Total**
Sources of Funds				
Principal Amount	$125,000,000.00	$20,000,000.00	$86,315,000.00	$231,315,000.00
Original Issue Premium	9,373,078.90	1,682,151.85	4,441,095.00	15,496,325.75
Total Sources:	$134,373,078.90	$21,682,151.85	$90,756,095.00	$246,811,325.75
Uses of Funds				
Deposit to Building Fund	$125,000,000.00	$20,000,000.00	-	$145,000,000.00
Deposit to Interest and Sinking Fund	8,657,515.71	1,584,008.82	-	10,241,524.53
Deposit to Escrow Fund	-	-	90,249,819.61	90,249,819.61
Costs of Issuance(1)	471,813.19	59,143.03	337,961.14	868,917.36
Underwriters' Discount	243,750.00	39,000.00	168,314.25	451,064.25
Total Uses:	$134,373,078.90	$21,682,151.85	$90,756,095.00	$246,811,325.75

(1) Includes municipal advisor fees, bond counsel fees, disclosure counsel fees, rating agency fees, paying agent fees, escrow agent fees, verification agent fees, Policy premium, printing fees and other miscellaneous expenses.

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DEBT SERVICE SCHEDULES

Annual Debt Service of the Bonds

The scheduled annual principal and interest payments on the Bonds, assuming no optional redemptions prior to maturity, are shown in the following table:

Period Ending August 1	Series 2019A Bonds Principal	Series 2019A Bonds Interest	Series 2019B Bonds Principal	Series 2019B Bonds Interest	Refunding Bonds Principal	Refunding Bonds Interest	Total Annual Debt Service
2019	-	$1,979,355.42	-	$309,178.19	$ 660,000	$1,310,054.58	$ 4,258,588.19
2020	-	5,439,450.00	$12,535,000	849,650.00	500,000	3,580,350.00	22,904,450.00
2021	-	5,439,450.00	2,500,000	348,250.00	500,000	3,560,350.00	12,348,050.00
2022	-	5,439,450.00	-	248,250.00	500,000	3,540,350.00	9,728,050.00
2023	-	5,439,450.00	-	248,250.00	500,000	3,520,350.00	9,708,050.00
2024	-	5,439,450.00	-	248,250.00	500,000	3,500,350.00	9,688,050.00
2025	-	5,439,450.00	-	248,250.00	500,000	3,475,350.00	9,663,050.00
2026	-	5,439,450.00	-	248,250.00	-	3,450,350.00	9,138,050.00
2027	-	5,439,450.00	-	248,250.00	-	3,450,350.00	9,138,050.00
2028	-	5,439,450.00	-	248,250.00	-	3,450,350.00	9,138,050.00
2029	-	5,439,450.00	1,510,000	248,250.00	-	3,450,350.00	10,648,050.00
2030	-	5,439,450.00	1,650,000	172,750.00	-	3,450,350.00	10,712,550.00
2031	$ 360,000	5,439,450.00	1,805,000	90,250.00	-	3,450,350.00	11,145,050.00
2032	2,560,000	5,421,450.00	-	-	-	3,450,350.00	11,431,800.00
2033	2,985,000	5,293,450.00	-	-	-	3,450,350.00	11,728,800.00
2034	3,445,000	5,144,200.00	-	-	-	3,450,350.00	12,039,550.00
2035	3,940,000	4,971,950.00	-	-	-	3,450,350.00	12,362,300.00
2036	4,435,000	4,814,350.00	-	-	-	3,450,350.00	12,699,700.00
2037	4,955,000	4,636,950.00	-	-	-	3,450,350.00	13,042,300.00
2038	5,515,000	4,438,750.00	-	-	-	3,450,350.00	13,404,100.00
2039	6,110,000	4,218,150.00	-	-	-	3,450,350.00	13,778,500.00
2040	6,740,000	3,973,750.00	-	-	14,415,000	3,450,350.00	28,579,100.00
2041	7,410,000	3,704,150.00	-	-	21,560,000	2,729,600.00	35,403,750.00
2042	8,200,000	3,333,650.00	-	-	23,360,000	1,867,200.00	36,760,850.00
2043	9,040,000	2,923,650.00	-	-	23,320,000	932,800.00	36,216,450.00
2044	9,945,000	2,471,650.00	-	-	-	-	12,416,650.00
2045	10,905,000	1,974,400.00	-	-	-	-	12,879,400.00
2046	11,825,000	1,538,200.00	-	-	-	-	13,363,200.00
2047	12,800,000	1,065,200.00	-	-	-	-	13,865,200.00
2048	13,830,000	553,200.00	-	-	-	-	14,383,200.00
Total	$125,000,000	$127,729,855.42	$20,000,000	$3,756,078.19	$86,315,000	$79,772,004.58	$442,572,938.19

Combined Annual General Obligation Debt Service

The District has previously issued and currently has outstanding its General Obligation Bonds, Election of 2008, Series 2010A (Tax-Exempt), its General Obligation Bonds, Election of 2008, Series 2010B Build America Bonds – Direct Subsidy (Federally Taxable)[*], its General Obligation Bonds, Election of 2014, Series 2015, its 2015 General Obligation Refunding Bonds and its General Obligation Bonds, Election of 2014, Series 2017. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Debt Structure." The following table shows the annual debt service of all outstanding general obligation bonds, including the Bonds.

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Outstanding General Obligation Bonds
Annual Debt Service[†]

Period Ending (August 1)	Outstanding Bonds[‡]	Series 2019A Bonds	Series 2019B Bonds	Refunding Bonds	Aggregate Debt Service
2019	$19,769,465	$ 1,979,355	$ 309,178	$1,970,055	$24,028,053
2020	17,086,713	5,439,450	13,384,650	4,080,350	39,991,163
2021	16,932,213	5,439,450	2,848,250	4,060,350	29,280,263
2022	17,664,213	5,439,450	248,250	4,040,350	27,392,263
2023	18,390,713	5,439,450	248,250	4,020,350	28,098,763
2024	19,234,213	5,439,450	248,250	4,000,350	28,922,263
2025	20,117,713	5,439,450	248,250	3,975,350	29,780,763
2026	21,046,963	5,439,450	248,250	3,450,350	30,185,013
2027	22,007,963	5,439,450	248,250	3,450,350	31,146,013
2028	23,010,188	5,439,450	248,250	3,450,350	32,148,238
2029	24,054,438	5,439,450	1,758,250	3,450,350	34,702,488
2030	25,102,188	5,439,450	1,822,750	3,450,350	35,814,738
2031	26,221,638	5,799,450	1,895,250	3,450,350	37,366,688
2032	27,385,138	7,981,450	-	3,450,350	38,816,938
2033	28,596,788	8,278,450	-	3,450,350	40,325,588
2034	29,872,938	8,589,200	-	3,450,350	41,912,488
2035	31,224,938	8,911,950	-	3,450,350	43,587,238
2036	32,740,638	9,249,350	-	3,450,350	45,440,338
2037	34,173,050	9,591,950	-	3,450,350	47,215,350
2038	35,659,413	9,953,750	-	3,450,350	49,063,513
2039	37,175,250	10,328,150	-	3,450,350	50,953,750
2040	24,276,238	10,713,750	-	17,865,350	52,855,338
2041	19,614,000	11,114,150	-	24,289,600	55,017,750
2042	20,810,400	11,533,650	-	25,227,200	57,571,250
2043	-	11,963,650	-	24,252,800	36,216,450
2044	-	12,416,650	-	-	12,416,650
2045	-	12,879,400	-	-	12,879,400
2046	-	13,363,200	-	-	13,363,200
2047	-	13,865,200	-	-	13,865,200
2048	-	14,383,200	-	-	14,383,200
Total	$592,167,403	$252,729,855	$23,756,078	$166,087,005	$1,034,740,341

[*] To be refunded by the Refunding Bonds.
[†] Totals may not add due to rounding.
[‡] Excludes debt service on the Refunded Bonds to be refunded.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District within the County, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited in the District's Interest and Sinking Fund, which is required to be maintained by the Treasurer and to be used solely for the payment of Bonds of the District.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

A number of appeals are currently pending before the United States Court of Appeals for the First Circuit involving issues relating to the treatment and scope of special revenues in the insolvency proceedings of Puerto Rico. The decisions in these appeals may or may not affect the treatment or scope of special revenues in bankruptcy cases. It is not possible predict the outcomes or the effects of the outcomes in these appeals.

Pledge of Tax Revenues

Pursuant to the Resolutions, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors for the payment of the Bonds and the outstanding bonds of the District issued pursuant to voter approved measures of the District, including any refunding bonds thereof (for the purpose of this pledge, hereinafter collectively referred to as the "**District Bonds**") and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the District Bonds. This pledge shall be valid and binding from the date of the Resolutions for the benefit of the owners of the District Bonds and successors thereto. The Resolutions provide that property taxes and amounts held in the Interest and Sinking Fund of the District shall be immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the District Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

The Resolutions provide that this pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other District Bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts levy property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well.

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer/tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the county treasurer/tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

Assessed Valuation of Property Within the District

Taxable property located in the District has a 2018-19 assessed value of approximately $22.4 billion. All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "–*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

State Assessed Property. Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Classification of Locally Taxed Property. Locally taxed 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 property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The following table shows the recent history of taxable property assessed valuation in the District.

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Assessed Valuation of Secured and Unsecured Property
2009-10 through 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total
2009-10	$14,115,832,606	$ 6,542,930	$ 698,557,972	$14,820,933,508
2010-11	13,745,772,576	6,625,234	710,877,788	14,463,275,598
2011-12	13,751,775,822	8,895,234	745,228,399	14,505,899,455
2012-13	13,961,360,278	8,895,234	819,717,293	14,789,972,805
2013-14	14,838,973,069	669,825,234	848,368,611	16,357,166,914
2014-15	15,983,715,427	503,919,997	930,656,743	17,418,292,167
2015-16	17,019,352,906	487,819,997	1,041,426,617	18,548,599,520
2016-17	18,126,446,298	514,519,997	1,037,935,699	19,678,901,994
2017-18	19,542,002,144	410,486,891	1,026,069,254	20,978,558,289
2018-19	20,965,165,513	389,586,891	1,012,058,961	22,366,811,365

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "−*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "**Appeals Board**"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Risk of Decline in Property Values; Earthquake Risk. Property values could be reduced by factors beyond the District's control, including an earthquake, or a depressed real estate market due to general economic conditions in the County, the region, and the State.

The District is located in a seismically active region. Active earthquake faults underlie both the District and the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area, including the San Andreas fault, the Hayward fault, and the Calaveras fault. On August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area.

In August 2016, the 2014 Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey, the California Geological Society and the Southern California Earthquake Center) issued a revised report that states there is a 72% chance that one or more earthquakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2043. Such earthquakes may be very destructive. Property within the District could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area's economic activity.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable, or religious purposes). Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional bonds in the future might also cause the tax rate to increase.

Drought. In recent years California has experienced severe drought conditions. In January 2014, the Governor declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the "**State Water Board**") subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. It is not possible for the District to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District.

Wildfire. In recent years, portions of California, including adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District.

Bonding Capacity. The District may not issue bonds in excess of 2.5% of the assessed valuation of taxable property within its boundaries. The District's gross bonding capacity is estimated at approximately $559,170,284, and its net bonding capacity is approximately $146,953,360, prior to the issuance of the Bonds. Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table provides a distribution of taxable property located in the District by jurisdiction.

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Assessed Valuation by Jurisdiction
Fiscal Year 2018-19

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Hayward	$19,221,304,965	85.94%	$22,252,263,892	86.38%
City of Union City	25,039,855	0.11	10,377,650,138	0.24
Unincorporated Alameda County	3,120,466,545	13.95	19,450,713,931	16.04
Total District	$22,366,811,365	100.00%		
Alameda County	$22,366,811,365	100.00%	$289,798,647,442	7.72%

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Assessed Valuation by Land Use. The following table gives a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Assessed Valuation and Parcels by Land Use
Fiscal Year 2018-19

Non-Residential:	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Commercial	$1,727,439,484	8.09%	1,118	2.67%
Vacant Commercial	34,363,316	0.16	96	0.23
Industrial	2,279,582,057	10.67	764	1.82
Vacant Industrial	104,813,231	0.49	111	0.26
Utilities/Power Plant	389,586,891	1.82	14	0.03
Recreational	8,885,287	0.04	7	0.02
Government/Social/Institutional	54,469,122	0.26	93	0.22
Subtotal Non-Residential	$4,599,139,388	21.54%	2,203	5.25%
Residential:				
Single Family Residence	$11,536,515,259	54.02%	28,471	67.91%
Condominium/Townhouse	2,038,597,369	9.55	6,445	15.37
Mobile Home	42,678,326	0.20	759	1.81
Mobile Home Park	114,294,202	0.54	20	0.05
2-4 Residential Units	752,374,448	3.52	1,822	4.35
5+ Residential Units/Apartments	1,943,181,271	9.10	911	2.17
Vacant Residential	327,972,141	1.54	1,291	3.08
Subtotal Residential	$16,755,613,016	78.46%	39,719	94.75%
Total	$21,354,752,404	100.00%	41,922	100.00%

[1] Total Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single-Family Residential Properties. The following table focuses on single-family residential properties only, the value of which comprised approximately 54.0% of the assessed value of taxable property in the District in fiscal year 2018-19. The average assessed value was $405,202, and the median assessed value was $362,553.

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2018-19

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	28,471	$11,536,515,258	$405,202	$362,553

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	471	1.654%	1.654%	$ 16,298,437	0.141%	0.141%
$50,000 - $99,999	2,724	9.568	11.222	190,642,514	1.653	1.794
$100,000 - $149,999	1,379	4.844	16.065	171,966,460	1.491	3.284
$150,000 - $199,999	1,525	5.356	21.422	268,144,349	2.324	5.609
$200,000 - $249,999	2,519	8.848	30.269	572,889,646	4.966	10.575
$250,000 - $299,999	2,791	9.803	40.072	767,414,459	6.652	17.227
$300,000 - $349,999	2,294	8.057	48.130	743,576,444	6.445	23.672
$350,000 - $399,999	2,169	7.618	55.748	813,108,939	7.048	30.720
$400,000 - $449,999	1,926	6.765	62.513	818,168,130	7.092	37.812
$450,000 - $499,999	1,874	6.582	69.095	888,643,778	7.703	45.515
$500,000 - $549,999	1,707	5.996	75.090	895,167,187	7.759	53.274
$550,000 - $599,999	1,613	5.665	80.756	924,636,978	8.015	61.289
$600,000 - $649,999	1,171	4.113	84.869	730,589,191	6.333	67.622
$650,000 - $699,999	981	3.446	88.314	661,005,807	5.730	73.352
$700,000 - $749,999	732	2.571	90.885	529,880,432	4.593	77.945
$750,000 - $799,999	572	2.009	92.895	442,771,814	3.838	81.783
$800,000 - $849,999	400	1.405	94.299	329,735,739	2.858	84.641
$850,000 - $899,999	341	1.198	95.497	298,139,057	2.584	87.225
$900,000 - $949,999	246	0.864	96.361	227,742,463	1.974	89.200
$950,000 - $999,999	211	0.741	97.102	205,121,420	1.778	90.978
$1,000,000 and greater	825	2.898	100.000	1,040,872,015	9.022	100.000
Total	28,471	100.000%		$11,536,515,259	1.000%	

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

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Largest Taxpayers. The twenty largest taxpayers in the District are shown below, ranked by aggregate secured assessed value of taxable property in fiscal year 2018-19.

HAYWARD UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers 2018-19

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total[1]
1.	Russell City Energy Company, LLC	Power Plant	$ 387,800,000	1.82%
2.	Southland Mall LP	Shopping Center	178,216,437	0.83
3.	Hayward 544 LLC	Apartments	164,556,656	0.77
4.	PSB Northern California Industrial Portfolio	Office Building	119,282,233	0.56
5.	Hayward Point Eden LP	Industrial	107,072,487	0.50
6.	Hayward Industrial Park Associates	Industrial	99,795,277	0.47
7.	ROC III CA Creekwood LLC	Apartments	99,542,155	0.47
8.	Bottling Group LLC	Industrial	76,312,894	0.36
9.	Berkeley Farms Inc.	Industrial	71,520,259	0.33
10.	GI DC Hayward LLC	Industrial	65,077,856	0.30
11.	Amcal Hayward LLC	Apartments	64,809,562	0.30
12.	Essex Wimbledon Woods Apartments LLC	Apartments	64,285,976	0.30
13.	TC Metro Six55 LLC	Apartments	63,433,971	0.30
14.	BMR Bridgeview Technology Park LLC	Industrial	59,927,273	0.28
15.	Wesco IV LLC	Apartments	59,579,812	0.28
16.	MEPT Mount Eden LLC	Industrial	59,192,921	0.28
17.	NGP Alameda LLC	Office Building	48,979,258	0.23
18.	Hayward ABCDE LLC	Industrial	48,540,067	0.23
19.	RAR2 Hayward 92 LLC	Industrial	47,023,348	0.22
20.	Monterey Coast LP	Mobile Home Park	45,733,286	0.21
			$1,930,681,728	9.04%

[1] 2018-19 Total Secured Assessed Valuation: $21,354,752,404.
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and ability or willingness to pay property taxes. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "– *Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" above.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The following table shows *ad valorem* property tax rates for fiscal years 2014-15 through 2018-19 in the two largest tax rate areas (TRA) in the District.

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Typical Total Tax Rates per $100 of Assessed Valuation: TRA 25-030[1]

	2014-15	2015-16	2016-17	2017-18	2018-19
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Alameda County	.0000	.0000	.0000	.0000	.0112
Hayward Unified School District	.0527	.0970	.0974	.0881	.0806
Chabot-Las Positas Community College District	.0217	.0198	.0246	.0445	.0443
Bay Area Rapid Transit	.0045	.0026	.0080	.0084	.0070
Hayward Recreation and Park District	.0000	.0000	.0000	.0299	.0300
East Bay Regional Park District	.0085	.0067	.0032	.0021	.0057
Total Tax Rate	$1.0874	$1.1261	$1.1332	$1.1730	$1.1788

(1) 2018-19 Assessed Valuation of TRA 25-030 is $3,047,290,159, which comprises 13.62% of the total assessed valuation of the District.
Source: California Municipal Statistics, Inc.

Tax Collections and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory scheme enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a $23 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a $15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer-tax collector.

Property taxes on the unsecured roll are due in one payment based on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on assessments on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer-tax collector records a tax lien and may seize and/or sell personal property, improvements and possessory interests of the taxpayer. The county treasurer-tax collector may also bring a civil suit against the taxpayer for payment. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table shows a recent history of real property tax collections and delinquencies in the District.

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Secured Tax Charges and Delinquencies
Fiscal Years 2012-13 through 2017-18

Fiscal Year	% Delinquent June 30[1]
2012-13	2.48%
2013-14	1.59
2014-15	1.51
2015-16	1.31
2016-17	1.19
2017-18	1.00

[1] Bond debt service levy only.
Source: California Municipal Statistics, Inc.

Teeter Plan – Not Applicable for the District Bonds. For counties that have approved its implementation, the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**") authorized by Sections 4701-4717 of the State Revenue & Taxation Code guarantees distribution of all *ad valorem* taxes levied to the taxing entities within a county, with the county retaining all penalties and interest affixed upon delinquent properties and redemptions of subsequent collections. The purpose of utilizing the Teeter Plan is to simplify the tax-levying and tax-apportioning process and to provide increased flexibility to counties in the use of available cash resources.

The county cash position is protected by a special fund, known as the "Tax Loss Reserve Fund," which accumulates moneys from interest and penalty collections. In each fiscal year, the Tax Loss Reserve Fund is required to be funded to the amount of delinquent taxes plus 1% of that year's tax levy. Amounts exceeding the amount required to be maintained in the tax loss reserve fund may be credited to the county's general fund. Amounts required to be maintained in the tax loss reserve fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt.

The Teeter Plan is to remain in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the county (which commences on July 1), the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. The board of supervisors may also, after holding a public hearing on the matter, discontinue the procedures with respect to any tax levying agency or assessment levying agency in the county if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls in that agency.

While the Board of Supervisors of the County has approved implementation of the Teeter Plan, the County does not apply the Teeter Plan to school district general obligation bond tax levies. Consequently, for taxes levied in the County to pay debt service on the Bonds, the District will receive actual collections (including penalties and interest) for that purpose, rather than the amount levied.

Direct and Overlapping Debt

Set forth in the following table is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of February 1, 2019, 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.

The table generally includes long-term obligations sold in the public credit markets by the public agencies listed. 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.

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Direct and Overlapping Bonded Debt
(as of February 1, 2019)

2018-19 Assessed Valuation: $22,366,811,365

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 2/1/19
Alameda County	7.718%	$ 18,523,200
Bay Area Rapid Transit District	2.976	24,095,482
Chabot-Las Positas Community College District	17.891	118,332,863
Hayward Unified School District	**100.000**	**412,216,925**(1)
City of Hayward Community Facilities District No. 1	100.000	5,561,643
Washington Township Healthcare District	0.019	62,945
Hayward Area Recreation and Park District	58.727	68,187,920
East Bay Regional Park District	4.713	8,462,427
City of Hayward 1915 Act Bonds	100.000	310,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$655,753,405
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Alameda County General Fund Obligations	7.718%	$ 67,496,418
Alameda-Contra Costa Transit District Certificates of Participation	9.137	1,047,557
Hayward Unified School District Certificates of Participation	**100.000**	**16,859,712**
City of Hayward Certificates of Participation	86.379	71,958,550
City of Union City Pension Obligation Bonds	0.241	44,631
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$157,406,868
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$40,672,855
COMBINED TOTAL DEBT		$853,833,128(2)

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($412,216,925)..1.84%
Total Direct and Overlapping Tax and Assessment Debt......2.93%
Combined Direct Debt ($429,076,637)..............................1.92%
Combined Total Debt 3.82%

Ratio to Redevelopment Incremental Valuation ($3,537,469,138):
Total Overlapping Tax Increment Debt.................................1.15%

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

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue its Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix G to this Official Statement.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under Section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $526 million, $113 million and $414 million, respectively.

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

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

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

BAM GreenStar Bonds

The Series 2019B Bonds have been designated BAM GreenStar Bonds because BAM has determined that the use of bond proceeds by the District as described in this Official Statement and in any additional information obtained by BAM aligns with one of the Green Bond Principals ("**GBPs**") developed by the International Capital Markets Association ("**ICMA**"). The GBPs were developed by the ICMA with the goal of establishing universally accepted guidelines for the issuance of green bonds, and one of the key requirements addresses the use of proceeds. BAM has been identified by the ICMA as an observer organization that is active in the field of green and/or social or sustainability finance and is a Climate Bond Initiative approved verifier. The Credit Profile prepared by BAM for the Series 2019B Bonds will identify which of the following GBP categories applies to the Series 2019B Bonds:

- Renewable energy
- Energy efficiency
- Pollution prevention and control
- Environmentally sustainable management of living natural resources and land use
- Terrestrial and aquatic biodiversity
- Clean transportation
- Climate change adaptation
- Sustainable water and wastewater management
- Green buildings

Each of the GBPs correlates to one of the following UN Sustainable Development Goals which will also be included in the Credit Profile for the Series 2019B Bonds:

- Clean water and sanitation
- Affordable and clean energy
- Sustainable cities and communities
- Industry innovation and infrastructure
- Responsible consumption and production
- Climate action
- Life below water
- Life on land

For projects under construction, the bond obligor has agreed to furnish annual information to BAM on the status of the project until completion, which will be reflected in the BAM Credit Profile for the Series 2019B Bonds.

The BAM GreenStar designation is based upon information obtained by BAM, which information BAM believes to be reliable, at the time of the issuance of the Series 2019B Bonds. BAM does not charge a fee in connection with the designation, does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. The designation is provided on an "AS IS" basis. BAM makes no representation or warranty, express or implied, including, but not limited to, the accuracy, results, timeliness, completeness, merchantability or fitness for any particular purpose with respect to the designation. A complete transcript of BAM GreenStar, and its limitations and terms of use, are available on BAM's website https://buildamerica.com/greenstar and https://buildamerica.com/terms-of-use and incorporated herein by reference. The BAM GreenStar designation is determined solely by BAM; it has not been reviewed or approved by the issuer of or the Underwriters for the Series 2019B Bonds, and the District and Underwriters assume no responsibility for such designation.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g., general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

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

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

RISKS RELATING TO BOND INSURANCE

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The District has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may direct and must consent to any remedies and the Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MISCELLANEOUS – Ratings."

The obligations of the Insurer are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the District or Underwriters have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("**Bond Counsel**"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "**Code**") and is exempt from State personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed forms of opinion of Bond Counsel are set forth in APPENDIX C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("**Premium Bonds**") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("**IRS**") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the beneficial owners to incur significant expense.

OTHER LEGAL MATTERS

Possible Limitations on Remedies

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent of Public Instruction (the "**State Superintendent**"), operating through an administrator appointed by the State Superintendent, 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 District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

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 parties to the proceedings may be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission, except as described below in the case of "special revenues." In such a proceeding, as part of its plan of adjustment in bankruptcy, 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, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair, equitable, not unfairly discriminatory and is in the best interests of creditors and otherwise complies with the Bankruptcy Code. 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. 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.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a political subdivision of the state in the exercise of its political or governmental powers, including expenditures for the exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of a political subdivision debtor, unless the political subdivision approves a plan of adjustment to that effect or consents to that action. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the District should become a debtor in a Chapter 9 proceeding, then it must propose a plan of adjustment of its debts. The plan may not become effective until confirmed by the bankruptcy court. The court may not approve a plan unless it finds, among other conditions, that the District is not prohibited by law from taking any action necessary to carry out the plan and that the plan is in the best interests of creditors and is feasible. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* tax revenue in excess of the District's share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Senate Bill 222, all general obligation bonds issued by local agencies, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless such taxes are "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. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

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* tax revenues that are collected after the date of the bankruptcy filing 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. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District's other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund 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 payment of general obligation bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that any consensual lien on special revenues "derived" from a project or system is subject to necessary operating expenses of the project or system. This rule applies regardless of the provisions of transaction documents. If a bankruptcy court were to conclude that the District's tax collections are "derived" from a District project or system, then the court could determine that bondholders may not compel use of debt service *ad valorem* tax revenues to pay debt service to the extent the revenues are needed to pay necessary operating expenses of the District and its schools.

A number of appeals are currently pending before the United States Court of Appeals for the First Circuit involving issues relating to the treatment and scope of special revenues in the insolvency proceedings of Puerto Rico. The decisions in these appeals may or may not affect the treatment or scope of special revenues in bankruptcy cases. It is not possible predict the outcomes or the effects of the outcomes in these appeals.

Possession of Tax Revenues; Remedies. If the County or the District goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County or the District, as applicable, does not voluntarily pay such tax revenues to the owners of the Bonds, it is not 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.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed forms of opinion of Bond Counsel, attached hereto as Appendix C, are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Complete copies of the proposed forms of Bond Counsel opinions are set forth in APPENDIX C – "PROPOSED FORMS OF OPINION OF BOND COUNSEL." Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Legality for Investment in California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the "**Annual Report**") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2018-19 fiscal year (which is due no later than April 1, 2020) and to provide notice of the occurrence of certain enumerated events, if material, in a timely manner not in excess of ten business days after the occurrence of the event. The Annual Report and notices of material events will be filed by the District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system ("**EMMA**"). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D – "FORMS OF CONTINUING DISCLOSURE CERTIFICATES." These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**").

The District is not aware of any instances in which it has failed to comply in any material respect with any previous undertakings in regard to the Rule to file annual reports or notices of events required by its continuing disclosure undertakings in the five most recent fiscal years.

No Litigation

No litigation is pending or threatened concerning the validity of the Bonds, or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District or County officials who will sign certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the original purchasers at the time of the original delivery of the Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

ESCROW VERIFICATION

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters relating to the computation of the projected payments of principal and interest on the government obligations, and the projected payments of principal, redemption premium, if any, and interest to redeem and defease the Refunded Bonds will be verified by Causey Demgen & Moore, P.C., as Verification Agent. Such computations will be based solely on assumptions and information supplied by the District and the Underwriters. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any effort to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

MISCELLANEOUS

Ratings

S&P is expected to assign its rating of "AA" to the Bonds with the understanding that, upon delivery of the Bonds, the Policy will be delivered by BAM. See "BOND INSURANCE." Such rating is expected to be assigned solely as a result of the issuance of the Policy and will reflect only the rating agency's view of the claims paying ability and financial strength of BAM. Neither the District nor the Underwriters have made any independent investigation of the claims paying ability of BAM and no representation is made that any insured rating of the Bonds based upon the purchase of the Policy will remain higher than the rating agency's underlying rating of the Bonds described above, which did not take bond insurance into account. The existence of the Policy will not, of itself, negatively affect such underlying ratings. Without regard to any bond insurance, the Bonds are payable from the proceeds of an *ad valorem* tax approved by the voters of the District pursuant to all applicable laws and constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." However, any downward revision or withdrawal of any rating of BAM may have an adverse effect on the market price or marketability of the Bonds.

In addition, the Bonds have been assigned the underlying rating of "A+" by S&P and "A+" by Fitch Ratings ("**Fitch**"), without regard to any policy of municipal bond insurance. Rating agencies generally base their ratings on their own investigations, studies, and assumptions. The District has provided certain additional information and materials to S&P and Fitch (some of which does not appear in this Official Statement). The ratings reflect only the views of the rating agency and any explanation of the significance of such rating may be obtained only from S&P at www.standardandpoors.com or Fitch at www.fitchratings.com. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Isom Advisors, a Division of Urban Futures, Inc., is acting as Municipal Advisor with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Jones Hall, A Professional Law Corporation, is acting as counsel to the Underwriters with respect to the Bonds, and will receive compensation from the Underwriters contingent upon the sale and delivery of the Bonds.

Underwriting

Series 2019 Bonds. The Series 2019 Bonds are being purchased by RBC Capital Markets, LLC, as representative (the "**Representative**") on behalf of itself and Citigroup Global Markets Inc. ("**Citi**" and, together with the Representative, the "**Underwriters**"), pursuant to the terms of a bond purchase agreement, dated February 27, 2019 (the "**Series 2019 Purchase Contract**") by and between the District and the Representative. The Underwriters have agreed to purchase the Series 2019 Bonds at a price of $155,241,524.53 (which represents the aggregate principal amount of the Series 2019 Bonds, plus $11,055,230.75 original issue premium, less $282,750.00 Underwriters' discount and less $530,956.22 costs of issuance). Pursuant to the Series 2019 Purchase Contract, the Underwriters will purchase all of the Series 2019 Bonds if any are purchased, the obligation of the Underwriters to purchase the Series 2019 Bonds being subject to certain terms and conditions to be satisfied by the District.

Refunding Bonds. The Refunding Bonds are being purchased by the Underwriters pursuant to the terms of a bond purchase agreement, dated February 27, 2019 (the "**Refunding Purchase Contract**") by and between the District and the Representative. The Underwriters have agreed to purchase the Refunding Bonds at a price of $90,587,780.75 (which represents the aggregate principal amount of the Refunding Bonds, plus $4,441,095.00 original issue premium and less $168,314.25 Underwriters' discount). Pursuant to the Refunding Purchase Contract, the Underwriters will purchase all of the Refunding Bonds if any are purchased, the obligation of the Underwriters to purchase the Refunding Bonds being subject to certain terms and conditions to be satisfied by the District.

The Underwriters and their 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 Underwriters and their 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 Underwriters and their 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 Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their 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.

Citi has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citi may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citi will compensate Fidelity for its selling efforts with respect to the Bonds.

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Additional Information

All data contained herein have been taken or constructed from the District's records and other sources, as indicated. Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the Superintendent, 24411 Amador Street, Hayward, California 94544. The District may impose a charge for copying, handling and mailing such requested documents.

The preparation, execution and distribution of this Official Statement have been duly authorized and approved by the Board of Education of the District.

HAYWARD UNIFIED SCHOOL DISTRICT

By: /s/ Allan Garde
Assistant Superintendent of Business Services

APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

*The information in this Appendix A concerning the operations of the Hayward Unified School District (the "**District**"), the District's finances, and State of California (the "**State**") funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable from the proceeds of an* ad valorem *tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by Alameda County (the "**County**") on all taxable property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."*

THE DISTRICT

Introduction

The District encompasses approximately 61 square miles within Alameda County (the "**County**"), primarily within the boundaries of the City of Hayward. The District is located approximately 30 miles southeast of the City of San Francisco and approximately 17 miles southeast of the City of Oakland and 22 miles north of the City of San Jose. The District provides pre-school through adult learning education primarily to the City of Hayward. The District is served by the Bay Area Rapid Transit and by Interstate 580 and Interstate 880, connecting the District to the surrounding East Bay and Silicon Valley. The District is comprised of 21 elementary schools, five middle schools, three high schools, an alternative high school, an adult education center and a pre-school center.

The Average Daily Attendance ("**A.D.A.**") of the District's students was 19,404.9 in fiscal year 2017-18 and is projected to be 19,202.7 in fiscal year 2018-19, a decrease of approximately 1.0%. As of December 12, 2018, the District projected a total of 2,010.7 full-time equivalent ("**FTE**") employees, including 1,153.7 FTE certificated (credentialed teaching) staff, 714.0 FTE classified (non-teaching) staff, and 143.0 FTE management, supervisor and confidential personnel for fiscal year 2018-19. The District has projected general fund revenues of approximately $267.6 million and expenditures of approximately $269.1 million for fiscal year 2018-19. Total assessed valuation of taxable property in the District in fiscal year 2018-19 is approximately $22.4 billion. The District operates under the jurisdiction of the Alameda County Superintendent of Schools.

The District is governed by a Board of Education consisting of five members and four nonvoting student representatives representing each of the high schools. The voting members are elected to four-year terms in staggered years. The day-to-day operations are managed by a board-appointed Superintendent of Schools. Dr. Matt Wayne has served as Superintendent for the District since July 2016.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" below) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see " − Local Sources of Education Funding" below). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has budgeted to receive approximately 67.4% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), projected at approximately $162.4 million in fiscal year 2018-19. Such amount includes both the State funding provided under the LCFF (defined herein) as well as other State revenues (see "− Allocation of State Funding to School District; Local Control Funding Formula" and "– Other District Revenues – Other State Revenues" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may affect the District's revenues and operations, though generally to a lesser extent than these may affect most school districts.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the State Constitution), a minimum level of funding is guaranteed to school districts, community college districts and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State revenues from personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local educational agencies therein implemented a new funding formula for school finance system called the Local Control Funding Formula (the "**Local Control Funding Formula**" or "**LCFF**"). Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" below for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two–thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the State Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2018-19 State budget on June 27, 2018.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the State Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact on Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, **www.dof.ca.gov**, under the heading "California Budget." An impartial analysis of the State budget is posted by the Office of the Legislative Analyst at **www.lao.ca.gov**. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Rainy Day Fund; SB 858. In connection with the 2014-15 State Budget, the Governor proposed certain constitutional amendments ("**Proposition 2**") to the rainy day fund (the "**Rainy Day Fund**") for the November 2014 Statewide election. Senate Bill 858 (2014) ("**SB 858**") amends the Education Code to, among other things, limit the amount of reserves that may be maintained by a school district subject to certain State budget matters. Upon the approval of Proposition 2, SB 858 became operational. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2."

AB 1469. As part of the 2014-15 State Budget, the Governor signed Assembly Bill ("**AB 1469**") which implements a new funding strategy for the California State Teachers' Retirement System ("**CalSTRS**"), increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. See "– Retirement Benefits – *CalSTRS*" below for more information about CalSTRS and AB 1469.

2018-19 State Budget. The Governor signed the fiscal year 2018-19 State Budget (the "**2018-19 State Budget**") on June 27, 2018. The 2018-19 State Budget sets forth a balanced budget for fiscal year 2018-19 that projects approximately $133.33 billion in revenues, and $83.82 billion in non-Proposition 98 expenditures and

$54.87 billion in Proposition 98 expenditures. The 2018-19 State Budget includes a $1.96 billion reserve in the Special Fund for Economic Uncertainties. The 2018-19 State Budget uses dedicated proceeds from Proposition 2 to pay down approximately $1.75 billion in past budgetary borrowing and State employee pension liabilities. The 2018-19 State Budget includes total funding of $97.2 billion ($56.1 billion General Fund and $41.1 billion other funds) for all K-12 education programs. The 2018-19 State Budget provides $3.7 billion in new funding for the LCFF, which fully implements the school district and charter school formula two years earlier than originally scheduled, including both a 2.71% cost of living adjustment and an additional $570 million above the cost of living adjustment as an ongoing increase to the formula. The 2018-19 State Budget also provides $300 million one-time Proposition 98 General Fund resources for the Low-Performing Students Block Grant, which will provide resources in addition to LCFF funds to local educational agencies with students who perform at the lowest levels on the State's academic assessments and do not generate supplemental LCFF funds or State or federal special education resources.

Certain budgeted adjustments for K-12 education set forth in the 2018-19 State Budget include the following:

- Statewide System of Support. The 2018-19 State Budget includes $57.8 million in Proposition 98 General Fund resources for county offices of education to provide technical assistance to school districts, of which $4 million will go towards geographical regional leads to build systemwide capacity to support school district improvement.

- Multi-Tiered Systems of Support (MTSS). The 2018-19 State Budget includes $15 million one-time Proposition 98 General Fund resources to expand the State's MTSS framework to foster positive school climate in both academic and behavioral areas.

- Community Engagement Initiative. The 2018-19 State Budget includes $13.3 million one-time Proposition 98 General Fund resources for the California Collaborative for Educational Excellence and a co-lead county office of education to help school districts build capacity for community engagement in the LCAP process.

- California Collaborative for Educational Excellence. The 2018-19 State Budget includes $11.5 million Proposition 98 General Fund resources to support the California Collaborative for Educational Excellence in its role within the statewide system of support.

- Special Education Local Plan Area (SELPA) Technical Assistance. The 2018-19 State Budget includes $10 million Proposition 98 General Fund resources for SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance (specific to students with exceptional needs) within the statewide system of support.

- Dashboard Improvement. The 2018-19 State Budget includes $300,000 one-time Proposition 98 General Fund resources to improve the user interface of the California School Dashboard.

- LCFF Budget Summary for Parents. The 2018-19 State Budget includes $200,000 one-time Proposition 98 General Fund resources to develop the electronic template for the LCFF Budget Summary for Parents, which will help stakeholders better understand funding decisions made within the LCAP.

- LCAP Redesign. The 2018-19 State Budget includes $200,000 one-time Proposition 98 General Fund resources to support intended future legislation to streamline the LCAP.

- Strong Workforce Program. The 2018-19 State Budget includes $164 million ongoing Proposition 98 General Fund resources to establish a K-12 specific component within the Strong Workforce Program designed to encourage local educational agencies to offer high-quality career technical education programs that are aligned with needed industry skills and regional workforce development efforts occurring through the existing Strong Workforce Program.

- Career Technical Education Incentive Grant Program. The 2018-19 State Budget includes $150 million ongoing Proposition 98 General Fund resources to make permanent the Career Technical Education Incentive Grant Program.

- Inclusive Early Education Expansion Program. The 2018-19 State Budget creates the Inclusive Early Education Expansion Program, providing $167.2 million one-time Proposition 98 General Fund resources through a competitive grant program to increase the availability of inclusive early education and care for children aged zero to five years old, especially in low-income areas and in areas with relatively low access to care.

The complete 2018-19 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2019-20 State Budget. The Governor released his proposed State budget for fiscal year 2019-20 (the "**Proposed 2019-20 State Budget**") on January 10, 2019. The Proposed 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20. However, the Governor cautions that there are uncertainties that must be considered as the budget is revised, including the impact of the global political and economic climate, changes to federal policy, rising costs and risk of recession. The Proposed 2019-20 State Budget estimates that total resources available in fiscal year 2018-19 totaled approximately $149.3 billion (including a prior year balance of approximately $12.4 billion) and total expenditures in fiscal year 2018-19 totaled approximately $144.1 billion. The Proposed 2019-20 State Budget projects total resources available for fiscal year 2019-20 of approximately $147.9 billion, inclusive of revenues and transfers of approximately $142.6 billion and a prior year balance of $5.2 billion. The Proposed 2019-20 State Budget projects total expenditures of $144.2 billion, inclusive of non-Proposition 98 expenditures of approximately $88.9 billion and Proposition 98 expenditures of approximately $55.3 billion. The Proposed 2019-20 State Budget proposes to allocate approximately $1.4 billion of the general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and $2.3 billion of such fund balance to the State's Special Fund for Economic Uncertainties. In addition, the Proposed 2019-20 State Budget estimates the Rainy Day Fund will have a fund balance of $15.3 billion.

Certain budgeted adjustments for K-12 education set forth in the Proposed 2019-20 State Budget include the following:

- Local Control Funding Formula. The Proposed 2019-20 State Budget includes an increase of $2 billion in Proposition 98 general fund resources for the LCFF.

- CalSTRs Pension Costs. The Proposed 2019-20 State Budget includes a $3 billion one-time payment of non-Proposition 98 general fund resources to CalSTRs to reduce long-term liabilities for local educational agencies and community colleges, of which $700 million will go towards buying down employer contribution rates in 2019-20 and 2020-21. The remaining $2.3 billion will be allocated to the employers' long-term unfunded liability.

- Statewide System of Support. The Proposed 2019-20 State Budget includes an increase of $20.2 million of Proposition 98 general fund resources for county offices of education to provide technical assistance to school districts, consistent with the formula adopted in the 2018-19 State Budget.

- Reporting Systems Improvement. The Proposed 2019-20 State Budget includes an increase of $350,000 of one-time Proposition 98 general fund resources to merge the California School Dashboard, the LCAP electronic template, and other school site and school district reporting tools (including the School Accountability Report Card) into a single web-based application. The consolidated system will provide the public access to a single platform for information, streamline the existing reporting systems and eliminate duplicative and outdated information.

- Special Education. The Proposed 2019-20 State Budget includes $576 million of Proposition 98 general fund resources, of which $186 million is on a one-time basis, to support expanded special education services and school readiness supports at local educational agencies with high percentages of both students with disabilities and unduplicated students who are low-income, youth in foster care, and English language learners.

- Access to Full-Day Kindergarten Programs. The Proposed 2019-20 State Budget includes an increase of $750 million of one-time non-Proposition 98 general fund resources to increase participation in kindergarten programs by constructing new or retrofitting existing facilities for full-day kindergarten programs.

- Longitudinal Education Data. The Proposed 2019-20 State Budget includes an increase of $10 million of one-time non-Proposition 98 general fund resources for the development of a longitudinal data system to improve coordination across educational data systems and track the impact of State investments on achieving educational goals. This system will host student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies. Stakeholder meetings will be held to consider data reliability and ways to improve data quality at each education segment.

- Proposition 98 Certification. The Proposed 2019-20 State Budget proposes to revise the Proposition 98 certification process to eliminate the cost allocation schedule and prohibit the State from adjusting Proposition 98 funding levels for a prior fiscal year in order to protect local educational agencies from unanticipated revenue drops in past fiscal years.

- School District Average Daily Attendance. The Proposed 2019-20 State Budget includes a decrease of $388 million of Proposition 98 general fund resources in 2018-19 for school districts as a result of a decrease in projected average daily attendance from the 2018-19 State Budget, and a decrease of $187 million of Proposition 98 general fund resources in 2019-20 for school districts as a result of further projected decline in average daily attendance for 2019-20.

- Local Property Tax Adjustments. The Proposed 2019-20 State Budget includes a decrease of $283 million of Proposition 98 general fund resources for school districts and county offices of education in 2018-19 as a result of higher offsetting property tax revenues, and a decrease of $1.25 billion of Proposition 98 general fund resources for school districts and county offices of education in 2019-20 as a result of increased offsetting property taxes

- Cost-of-Living Adjustments. The Proposed 2019-20 State Budget includes an increase of $187 million of Proposition 98 general fund resources to support a 3.46% cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- CalWORKs Stages 2 and 3 Child Care. The Proposed 2019-20 State Budget includes a net increase of $119.4 million of non-Proposition 98 general fund resources in 2019-20 to reflect increases in the number of CalWORKs child care cases. Total costs for Stage 2 and Stage 3 child care are $597.0 million and $482.2 million, respectively.

- Full-Year Implementation of Prior Year State Preschool Slots. The Proposed 2019-20 State Budget includes an increase of $26.8 million of Proposition 98 general fund resources to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through fiscal year 2018-19.

- County Offices of Education. The Proposed 2019-20 State Budget includes an increase of $9 million of Proposition 98 general fund resources for county offices of education to reflect a 3.46% cost-of-living adjustment and average daily attendance changes applicable to the LCFF.

- Instructional Quality Commission. The Proposed 2019-20 State Budget includes an increase of $279,000 one-time non-Proposition 98 general fund resources for the Instructional Quality Commission to continue its work on the development of model curriculum and frameworks.

- Emergency Readiness, Response and Recovery Grant. The Proposed 2019-20 State Budget includes an increase of $50 million of one-time non-Proposition 98 general fund resources to commence a comprehensive, statewide education campaign on disaster preparedness and safety.

The complete Proposed 2019-20 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2019-20 State Budget. The Legislative Analyst's Office ("**LAO**"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2019-20 State Budget entitled "The 2019-20 Budget: Overview of the Governor's Budget" on January 14, 2019 (the "**2019-20 Proposed Budget Overview**"). In the 2019-20 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2019-20 State Budget in light of uncertainties such as market volatility, rising costs and risk of recession. The LAO also highlights key features of the Proposed 2019-20 State Budget, which include prioritizing debt repayments and one-time programmatic spending and the early introduction of new policy goals.

The LAO notes that the Proposed 2019-20 State Budget is in a positive position, based in large part on the availability of significant discretionary resources in the amount of $20.6 billion. The LAO explains that this is due to the administration's higher revenue assumptions and lower-than-expected spending in health and human services programs. The LAO anticipates that capital gains revenues will likely be lower than the Proposed 2019-20 State Budget assumes due to the recent volatility of the financial market, including the sharp decline in stock prices at the end of 2018. However, the LAO suggests that any losses in capital gains revenues would likely be off-set by lower constitutionally required spending and reserve deposits. As a result, the LAO explains that under current conditions, the net effect on discretionary resources would be less than the full revenue decline. Although the LAO maintains a positive outlook on the Proposed 2019-20 State Budget, the LAO recognizes that the current financial market and economic conditions can change significantly and affect revenues in the May Revision of the Proposed 2019-20 State Budget.

The LAO summarizes that the Proposed 2019-20 State Budget allocates $20.6 billion in discretionary resources among a variety of priorities, including $9.7 billion for reducing debts and liabilities on a one-time basis, $5.1 for programmatic spending on a one-time basis, $2.7 billion for ongoing spending and $3 billion for reserves. The LAO points out that the Proposed 2019-20 State Budget uses a significant portion of discretionary resources for debt repayment and prioritizes one-time spending for programmatic expansions. The LAO finds this allocation prudent even though the Proposed 2019-20 State Budget apportions a smaller share of resources for reserves than recent budgets. The LAO explains that this approach benefits the budget in future years and in some cases reduces ongoing spending growth.

The LAO notes that the Proposed 2019-20 State Budget apportions $2.7 billion for ongoing spending, which will reach an estimated $3.5 billion under full implementation as costs grow over time. The LAO explains that these expenditure levels are in line with estimates of available ongoing resources. However, the LAO cautions that these costs could grow due to various uncertainties not captured in the spending proposals, such as increased costs for CalWORKs grants in case of recession and costs for disaster mitigation, response and recovery. The LAO further notes that while the Proposed 2019-20 State Budget includes mostly one-time spending for these purposes, they are more likely to be ongoing costs.

The LAO explains that the Proposed 2019-20 State Budget establishes a number of policy goals, including developing a plan for implementing universal preschool, negotiating existing state prescription drug prices and reviewing related negotiation and procurement practices, and expanding paid family leave. The LAO notes that these proposals are still in the process of development and, therefore, are not reflected in the administration's budget bottom line. The LAO finds that by proposing these policy goals at the beginning of the budget process, the Governor gives the State Legislature the opportunity to collaborate with the administration to shape these policies.

The 2019-20 Proposed Budget Overview is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2019-20 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2019-20 State budget from the Proposed 2019-20 State Budget. Additionally, the District cannot predict the impact that the final fiscal year 2019-20 State budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2019-20 State budget may be affected by national and State economic conditions and other factors which the District cannot predict.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or 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 beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2018-19 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Bonds.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("**ERAF**") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see "– *Dissolution of Redevelopment Agencies*" below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years — such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Dissolution of Redevelopment Agencies. The adopted State budget for fiscal year 2011-12, as signed by the Governor on June 30, 2011, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) ("**AB1X 26**") and Assembly Bill No. 27 (First Extraordinary Session) ("**AB1X 27**"), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Certain provisions of AB1X 26 are described further below.

In July of 2011, various parties filed an action before the Supreme Court of the State of California (the "**Court**") challenging the validity of AB1X 26 and AB1X 27 on various grounds (*California Redevelopment Association v. Matosantos*). On December 29, 2011, the Court rendered its decision in *Matosantos* upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the Court also modified various deadlines for the implementation of AB1X 26. The deadlines for implementation of AB1X 26 described below take into account the modifications made by the Court in *Matosantos*.

On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency, will be transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its "enforceable obligations." For this purpose, AB1X 26 defines "enforceable obligations" to include "bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency" and "any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." AB1X 26 specifies that only payments included on an "enforceable obligation payment schedule" adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a "recognized obligation payment schedule" the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a "redevelopment property tax trust fund" created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 (now each January 2 and June 1 pursuant to AB 1484, as described below) thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller's administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;

- To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;

- To the former redevelopment agency's successor agency for payment of administrative costs; and

- Any remaining balance to school entities and local taxing agencies.

The District received $1,111,933 in pass-through payments in fiscal year 2017-18 and projects it will receive $1,200,000 in pass-through payments in fiscal year 2018-19.

It is possible that there will be additional legislation proposed and/or enacted to "clean up" various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Allocation of State Funding to School Districts; Local Control Funding Formula

Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under Section 42238 et seq. of the State Education Code, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is an LCFF district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base revenue limit funding grant ("**Base Grant**") per unit of A.D.A. with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF originally had an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. In fiscal year 2018-19, the LCFF was fully funded ahead of the eight year implementation schedule. The LCFF includes the following components:

- A Base Grant for each local educational agency. The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2018-19, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to $7,459 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to $7,571 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to $7,796 per A.D.A. for grades 7 and 8; and (d) a Target Base Grant for each LEA equivalent to $9,034 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State.

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

- An additional concentration grant of up to 50% of a local educational agency's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local educational agency that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "**ERT**") that is intended to ensure that almost every local educational agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local educational agencies would receive the greater of the Base Grant or the ERT.

Under the new formula, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

Local Control Accountability Plan. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year local control and accountability plan ("**LCAP**"). Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "**Collaborative**"), a newly established body of educational specialists, was created to advise and assist local educational agencies in achieving the goals identified in their LCAPs. For local educational agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local educational agency's LCAP.

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Attendance and Base Revenue Limit. The following table sets forth the District's actual A.D.A. enrollment and base revenue limit per unit of A.D.A. for fiscal years 2011-12 and 2012-13 for grades kindergarten through grade 12. The A.D.A. and enrollment numbers include special education. See "*– Attendance and LCFF*" below for information regarding the District's A.D.A. subsequent to fiscal year 2013-14.

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Average Daily Attendance, Enrollment and Base Revenue Limit
Fiscal Years 2011-12 and 2012-13

Fiscal Year	Average Daily Attendance[(1)]	Enrollment[(2)]	Base Revenue Limit Per Unit of Average Daily Attendance
2011-12[(3)]	19,382	20,594	6,528.65
2012-13[(4)]	19,784	20,840	6,740.65

(1) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(2) Reflects enrollment as of October report submitted to the California Basic Educational Data System ("**CBEDS**") in each school year.
(3) The District had a 20.602% base revenue limit deficit factor and a 2.24% cost of living adjustment in fiscal year 2011-12, which resulted in a funded base revenue limit of $5,183.62.
(4) The District had a 22.272% base revenue limit deficit factor and a 3.24% cost of living adjustment in fiscal year 2012-13, which resulted in a funded base revenue limit of $5,239.37.
Source: The District.

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Attendance and LCFF. The following table sets forth the District's actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "**EL/LI Students**"), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 through 2018-19, respectively. The A.D.A. and enrollment numbers include special education in the table below:

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013-14 through 2018-19

		A.D.A./Base Grant					Enrollment[9]		
Fiscal Year		K-3	4-6	7-8	9-12	Total A.D.A.[2]	Total Enrollment	Unduplicated Percentage of EL/LI Students	Percentage of Students Qualifying for Free or Reduced Price Lunch
2013-14	A.D.A.[2]	7,152.50	4,978.09	3,027.25	4,726.05	19,883.89	20,946	76.95%	70.5%
	Targeted Base Grant[3]	$6,952	$7,056	$7,266	$8,419	-	-	-	-
2014-15	A.D.A.[2]	7,127.41	5,054.83	3,075.21	4,814.24	20,071.69	20,996	79.64%	73.8%
	Targeted Base Grant[3] [4]	$7,011	$7,116	$7,328	$8,491	-	-	-	-
2015-16	A.D.A.[2]	7,126.51	5,053.24	3,073.50	4,806.85	20,060.10	20,944	80.09%	75.4%
	Targeted Base Grant[3] [5]	$7,083	$7,189	$7,403	$8,578	-	-	-	-
2016-17	A.D.A.[2]	6,785.73	5,083.06	2,966.14	4,897.06	19,731.99	20,771	78.58%	68.4%
	Targeted Base Grant[3][6]	$7,083	$7,189	$7,403	$8,578	-	-	-	-
2017-18	A.D.A.[2]	6,772.57	5,040.09	2,754.33	4,903.90	19,470.89	20,429	77.95%	67.4%
	Targeted Base Grant[3][7]	$7,193	$7,301	$7,518	$8,712	-	-	-	-
2018-19[1]	A.D.A.[2]	6,625.14	4,879.19	2,756.46	4,941.87	19,202.66	19,917	76.87%	71.0%
	Targeted Base Grant[3][8]	$7,459	$7,571	$7,796	$9,034	-	-	-	-

(1) Figures are projections.
(2) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(3) Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts are not expected to be fully funded in any of the fiscal years listed above.
(4) Targeted fiscal year 2014-15 Base Grant amounts reflect a 0.85% cost of living adjustment from targeted fiscal year 2013-14 Base Grant amounts.
(5) Targeted fiscal year 2015-16 Base Grant amounts reflect a 1.02% cost of living adjustment from targeted fiscal year 2014-15 Base Grant amounts.
(6) Targeted fiscal year 2016-17 Base Grant amounts reflect a 0.00% cost of living adjustment from targeted fiscal year 2015-16 Base Grant amounts.
(7) Targeted fiscal year 2017-18 Base Grant amount reflects a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.
(8) Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts.
(9) Reflects enrollment as of October report submitted to the CBEDS in each school year. 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 fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, the percentage of unduplicated EL/LI Students was and will be based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: The District.

The District received approximately $194.3 million in aggregate revenues allocated under the LCFF in fiscal year 2017-18, and has projected to receive approximately $202.3 million in aggregate revenues under the LCFF in fiscal year 2018-19 (or approximately 94.4% of its general fund revenues in fiscal year 2018-19). Such amount includes an estimated $24.2 million in supplemental grants in fiscal year 2017-18 and is projected to be approximately $24.4 million in fiscal year 2018-19. Such amount includes an estimated $17.8 million in concentration grants in fiscal year 2017-18 and is projected to be approximately $17.4 million in fiscal year 2018-19.

Local Sources of Education Funding

General. The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 et seq. and Sections 95 et seq. of the State Revenue and Taxation Code. Section 42238(h) of the State Education Code itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts." School districts that received some State aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" above for more information about the LCFF.

Local property tax revenues account for approximately 31.2% of the District's total general fund revenues in fiscal year 2017-18, and are projected to be approximately $65.3 million, or 32.2% of total general fund revenues in fiscal year 2018-19.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently. In an LCFF district, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the $120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

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

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's adopted budget and projected A.D.A. are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2018-19 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 7.0% (or approximately $18.8 million) of the District's general fund budgeted revenues for fiscal year 2018-19.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 9.5% (or approximately $25.4 million) of the District's general fund budgeted revenues for fiscal year 2018-19. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is budgeted at approximately $4.6 million for fiscal year 2018-19.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from items such as interest earnings and other local sources. Other local revenues comprise approximately 7.4% (or approximately $19.7 million) of the District's general fund projected revenues for fiscal year 2018-19.

Significant Accounting Policies and Audited Financial Reports

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California School Accounting Manual, as required by the State Education Code. 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.

Crowe LLP has served as independent auditor to the District and excerpts of its report for the fiscal year ended June 30, 2018 are attached hereto as Appendix B. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of excerpts from the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to file its audit report for each fiscal year with the County Superintendent and State officials by December 15 and to review the report and any recommended changes following a public meeting to be conducted no later than January 31.

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HAYWARD UNIFIED SCHOOL DISTRICT
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2013-14 through 2017-18

	2013-14 Actuals	2014-15 Actuals	2015-16 Actuals	2016-17 Actuals	2017-18 Actuals
REVENUES					
Revenue Limit/LCFF Sources	$142,060,925	$160,723,234	$184,170,652	$192,479,743	$194,318,144
Federal Revenue	19,262,716	17,622,998	20,992,310	20,428,439	17,611,526
Other State Revenue	14,304,645	16,970,265	28,911,650	29,721,778	24,554,842
Other Local Revenue	18,378,939	19,055,218	20,219,810	20,553,229	22,091,172
TOTAL REVENUES	**$194,007,225**	**$214,371,715**	**$254,294,422**	**$263,183,189**	**$258,575,684**
EXPENDITURES					
Certificated Salaries	$101,316,938	$113,526,605	$118,985,565	$123,023,319	$123,470,219
Classified Salaries	35,751,540	39,231,534	44,432,789	47,319,969	48,046,297
Employee Benefits	22,620,973	31,154,285	37,837,741	44,938,473	46,080,735
Books and Supplies	5,826,644	6,734,217	8,202,442	7,547,719	6,896,079
Services, Other Operating Expenditures	28,549,635	28,843,149	29,758,534	31,952,406	27,768,697
Capital Outlay	427,966	708,719	192,646	4,635,887	948,372
Other Outgo	3,439,677	3,435,961	3,441,208	3,429,173	3,495,608
Transfers of Indirect Costs	-	-	-	-	-
Debt Service Principal	402,101	331,569	250,937	733,676	905,815
Debt Service Interest	31,020	22,705	13,761	102,401	83,072
TOTAL EXPENDITURES	**$198,366,494**	**$223,988,744**	**$243,115,623**	**$263,683,023**	**$257,694,894**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$(4,359,269)	$(9,617,029)	$11,178,799	$(499,834)	$880,790
OTHER FINANCING SOURCES (USES)					
Inter-fund Transfers In	$ 714,595	$622,112	$765,537	$734,303	$729,410
Inter-fund Transfers Out	(547,304)	(559,080)	(412,326)	(136,294)	(160,138)
TOTAL, OTHER FINANCING SOURCES (USES)	**$167,291**	**$63,032**	**$353,211**	**$598,009**	**$569,272**
NET CHANGE IN FUND BALANCE	**$(4,191,978)**	**$(9,553,997)**	**$11,532,010**	**$98,175**	**$1,450,062**
BEGINNING BALANCE	$21,789,155	$17,597,177	$8,043,180	$19,575,190	$19,673,365
ENDING BALANCE	$17,597,177	$8,043,180	$19,575,190	$19,673,365	$21,123,427

Sources: The District's annual audited Financial Statements for fiscal years 2013-14 through 2017-18.

The following table sets forth the budgeted revenues, expenditures and changes in fund balances for the District's general fund for the fiscal year 2018-19. Certain adjustments may be made throughout the year based on actual State funding and actual District revenues and tax collections. The District cannot make any predictions regarding the disposition of additional pending budget legislation or its effect on the District. The District's budget is a planning tool, and does not represent a prediction as to the actual achievement of any budgeted revenues or fund balances.

HAYWARD UNIFIED SCHOOL DISTRICT
Budgeted General Fund Summary for Fiscal Year 2018-19[(1)]

	2018-19 Budgeted[(2)]
REVENUES	
LCFF/Revenue Limit Sources:	$203,626,117
Federal Revenue	18,817,278
Other State Revenue	25,417,197
Other Local Revenue	19,740,592
TOTAL	**$267,601,183**
EXPENDITURES	
Certificated Salaries	$127,027,808
Classified Salaries	49,187,443
Employee Benefits	52,709,576
Books and Supplies	7,534,041
Services/Other Operating Expenditures	28,404,431
Other Outgo - Transfers of Indirect Costs	(1,073,399)
Other Outgo (excluding Transfers of Indirect Costs)	3,993,898
Capital Outlay	1,284,525
TOTAL	**$269,068,323**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$(1,467,140)
OTHER FINANCING SOURCES (USES)	
Transfers In	-
Transfers Out	$(135,000)
TOTAL OTHER FINANCING SOURCES (USES)	**$(135,000)**
NET CHANGE IN FUND BALANCE	$(1,602,140)
Fund Balance – Beginning	**$21,123,427**
Fund Balance – Ending	**$19,521,288**

(1) First interim budget of the District, approved as of December 12, 2018.
(2) Totals may not add due to rounding.
Source: The District.

District Budget Process and County Review

State law requires school districts to adopt a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of Alameda Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than August 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget, and file it with the county superintendent no later than September 8. Pursuant to State law, the county superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

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

A State law adopted in 1991 (known as "**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent 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 is deemed unable to meet its financial obligations for the remainder of the 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 two subsequent fiscal years. A school district that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the county superintendent. The District has not received a qualified or negative certification in the last five years.

District Debt Structure

General Obligation Bonds. On June 3, 2008, the voters of the District approved a bond proposition authorizing the issuance and sale of $205,000,000 principal amount of general obligation bonds of the District. On August 14, 2008, the District issued its General Obligation Bonds, Election of 2008, Series 2008 (the "**Series 2008 Bonds**") in the aggregate principal amount of $100,000,000. On July 1, 2010, the District issued its General Obligation Bonds, Election of 2008, Series 2010A (Tax-Exempt) (the "**Series 2010A Bonds**") in the aggregate principal amount of $20,969,876.60 and its General Obligation Bonds, Election of 2008, Series 2010B Build America Bonds – Direct Subsidy (Federally Taxable) (the "**Series 2010B Bonds**") in the aggregate principal amount of $84,030,000. The outstanding Series 2010B Bonds are expected to be refunded in full with proceeds of the Refunding Bonds.

On August 12, 2015, the District issued its 2015 General Obligation Refunding Bonds (the "**2015 Refunding Bonds**") in the aggregate principal amount of $113,185,000 to refund all of the District's outstanding Series 2008 Bonds and a portion of the District's outstanding Series 2010A Bonds.

On November 4, 2014, the voters of the District approved a bond proposition authorizing the issuance and sale of $229,000,000 principal amount of general obligation bonds of the District. On August 12, 2015, the District issued its General Obligation Bonds, Election of 2014, Series 2015 (the "**Series 2015 Bonds**") in the aggregate principal amount of $95,000,000. On May 11, 2017, the District issued its General Obligation Bonds, Election of 2014, Series 2017 (the "**Series 2017 Bonds**") in the aggregate principal amount of $134,000,000.

The following table summarizes the District's bonds that were outstanding as of February 1, 2019:

Issue	Issue Date	Original Principal Amount	Outstanding Principal Amount as of February 1, 2019
Series 2010A Bonds	07/01/2010	$ 20,969,876.60	$ 4,796,924.45
Series 2010B Bonds*	07/01/2010	84,030,000.00	84,030,000.00
2015 Refunding Bonds	08/12/2015	113,185,000.00	113,185,000.00
Series 2015 Bonds	08/12/2015	95,000,000.00	80,505,000.00
Series 2017 Bonds	05/11/2017	134,000,000.00	129,700,000.00
Total:		$447,184,876.60	$412,216,924.45

* Expected to be refunded in full with proceeds of the Refunding Bonds.

Tax and Revenue Anticipation Notes. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys. The District evaluates each year whether or not temporary borrowing will be necessary or economically beneficial. The District does not expect to issue TRANs in fiscal year 2018-19.

Certificates of Participation. On August 14, 2012, the District executed and delivered its 2012 Certificates of Participation ("**COPs**") in the aggregate par amount of $15,565,000. The COPs bear interest at rates ranging from 3.0% to 4.1% and mature on June 30, 2032. Proceeds of the COPs were used to prepay the District's 2009 Lease Financing and 2001 Certificates of Participation. Scheduled payments for the COPs are as follows:

Year Ending June 30	Total
2019	$1,237,804
2020	1,235,304
2021	1,237,204
2022	1,233,354
2023	1,237,885
2024-2028	6,177,994
2029-2032	5,310,940
Total	$17,670,485

Source: The District's annual Financial Statements for fiscal year 2017-18.

Capitalized Lease Obligations. The District leases computers, office equipment, buses and facilities under long-term lease purchase agreements, including in connection with its 2016 Equipment Lease/Purchase Financing Qualified Zone Academy Bonds, executed and delivered in the aggregate par amount of $5,000,000. The District has included in Equipment, capital assets with a historical cost of $6,830,150 and accumulated depreciation of $2,338,789 for assets acquired under capitalized lease obligations. The following is a schedule of future lease payments:

Year Ending June 30	Total
2019	$ 417,776
2020	448,480
2021	462,328
2022	479,852
2023	498,076
2024-2028	1,593,337
Total	$3,899,849

Source: The District's annual Financial Statements for fiscal year 2017-18.

Labor Relations

As of December 12, 2018, the District budgeted for approximately 2,010.7 full time equivalent ("**FTE**") employees, including 1,153.7 FTE certificated (credentialed teaching) positions, 714.0 FTE classified (non-teaching) positions, and 143.0 management, supervisor and confidential FTE positions. For fiscal year 2017-18, the total certificated and classified payrolls from all funds were approximately $123.5 million and $48.0 million, respectively. For fiscal year 2018-19, the total certificated and classified payrolls from all funds are budgeted to be approximately $127.0 million and $49.2 million, respectively.

The District's certificated and classified employees are represented by formal bargaining organizations as shown in the following table:

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Labor Organizations

Labor Organization	Employees Represented (FTE)	Contract Expiration[(1)]
Hayward Education Association	1,124.1	June 30, 2019
Association of Educational Office and Technical Employees	229.1	June 30, 2019
Service Employees International Union, Local 1021 – M&O Safeco	229.8	June 30, 2019
Service Employees International Union, Local 1021 – Paraprofessional / YEP	304.1	June 30, 2019
Total	1,887.1	

(1) Currently in negotiations.
Source: The District.

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, and the State Public Employees' Retirement System ("**CalPERS**"), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, teachers contributed 8.0% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2.0% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to system-wide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.0% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. The State's total contribution also increased from approximately 3.0% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the State Teachers' Retirement Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.0% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.0% to a 2.75% price inflation factor.

As of June 30, 2017, an actuarial valuation (the "**2017 CalSTRS Actuarial Valuation**") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $107.3 billion, an increase of approximately $10.6 billion from the June 30, 2016 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 63.9%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2017 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2017 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "−*California Public Employees' Pension Reform Act of 2013*" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

As indicated above, there was no required contribution from teachers, school districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The actuarial valuation as of June 30, 2016 stated that the aggregate contribution rate as of June 30, 2017, inclusive of an equivalent rate contribution of 10.219% from members, 8.000% from employers relating to the base rate, 0.250% from employers based on the sick leave rate, 10.096% from employers based on the supplemental rate, 1.881% from the State based on the base rate and 4.021% from the State based on the supplemental rate is equivalent to 34.467%.

Pursuant to Assembly Bill 1469, school districts' contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2018	16.28%
2019	18.13
2020	19.10

Source: Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2012-13 through 2017-18, and the budgeted contribution for fiscal year 2018-19:

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Contributions to CalSTRS for Fiscal Years 2012-13 through 2018-19

Fiscal Year	Contribution
2012-13	$ 7,774,038
2013-14	8,303,468
2014-15	10,092,193
2015-16	12,702,085
2016-17	15,307,142
2017-18	17,661,385
2018-19[1]	20,729,965

[1] Projected.
Source: The District.

With the implementation of AB1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. The District also participates in CalPERS for all full-time and some part-time classified employees. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. The school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS will not significantly increase in the future above current levels.

The CalPERS Schools Actuarial Valuation as of June 30, 2016 indicates that the funded ratio as of June 30, 2016 is approximately 71.9% on a market value of assets basis. According to the CalPERS Schools Actuarial Valuation as of June 30, 2015, the CalPERS Schools plan had a funded ratio of 77.5% on a market value of assets basis. The funded ratio, on a market value basis, as of June 30, 2014, June 30, 2013, June 30, 2012, June 30, 2011 and June 30, 2010 was 86.6%, 80.5%, 75.5%, 78.7% and 69.5%. In April 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS employed a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which were delayed until fiscal year 2015-16 for the State, schools and all public agencies, have increased contribution rates in the near term but are expected to lower contribution rates in the long term. In November 2015, the CalPERS Board of Administration approved a proposal pursuant to which the discount rate would be reduced by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the then-current discount rate of 7.5% by at least four percentage points. In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19, and 7.0% beginning fiscal year 2019-20. The new discount rates will take effect beginning July 1, 2017 for the State and July 1, 2018 for school districts. The change in the assumed rate of return is expected to result in increases in the District's normal costs and unfunded actuarial liabilities.

In February 2014, the CalPERS Board of Administration adopted actuarial demographic assumptions that take into account public employees living longer. Such assumptions are expected to increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. CalPERS applied the assumptions beginning with the June 30, 2015 valuation for the schools pool, which was used to establish employer contribution rates for fiscal year 2016-17. CalPERS estimates that the new demographic assumptions could cost public agency employers up to 9.0% of payroll for safety employees and up to 5.0% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that future experiences differ from CalPERS' current assumptions, the required employer contributions may vary. In April 2016, CalPERS approved an increase to the contribution rate for school districts from 11.847% during fiscal year 2015-16 to 13.888% during fiscal year 2016-17. In April 2017, CalPERS adopted an employer contribution rate of 15.531% for the schools pool and a member contribution rate of 6.5% for school employees subject to PEPRA for the period of July 1, 2017 to June 30, 2018.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2012-13 through 2017-18, and the budgeted contribution for fiscal year 2018-19:

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Contributions to CalPERS for Fiscal Years 2012-13 through 2018-19

Fiscal Year	Contribution
2012-13	$3,887,557
2013-14	4,288,870
2014-15	4,765,296
2015-16	5,407,313
2016-17	6,699,319
2017-18	7,620,247
2018-19(1)	9,840,005

(1) Projected.
Source: The District.

The District's total employer contributions to CalPERS for fiscal years 2012-13 through 2017-18 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "*– California Public Employees' Pension Reform Act of 2013*" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "**Reform Act**" or "**PEPRA**") into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "**Implementation Date**"). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2.0% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2.0% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in social security.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced). CalSTRS and CalPERS liabilities are more fully described in APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018." The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("**Statement Number 67**"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("**Statement Number 68**"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculated and reported the costs and obligations associated with pensions. Statement Number 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 68 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes included: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

Other Post-Employment Benefits. In addition to the retirement plan benefits with CalSTRS and CalPERS (see "– Retirement Benefits" above), the District provides certain post-retirement healthcare benefits. The District administers a single-employer defined benefit healthcare plan (the "**Plan**"). The Plan provides medical coverage, as well as dental and vision plans to its participants on a self-paid basis. For a description of the Plan, see Note 7 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018." As of June 30, 2018, membership in the Plan consisted of 965 retirees and beneficiaries receiving benefits and 2,145 active plan members.

The contribution requirements of Plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2017-18, the District's contributions to the Plan totaled $4,342,250. For fiscal year 2018-19, the District has budgeted a contribution of $4,400,898 to the Plan. As of June 30, 2018, the District had a Total OPEB Liability of $117,572,468.

Joint Ventures

The District is a member of the Schools Insurance Authority ("**SIA**") which provides property and liability coverage. The District carries commercial insurance for all other risks, including workers' compensation, and employee health and accident. The District is also a member of Eden Area Regional Occupation Program ("**EAROP**"), to provide occupational education programs for youths and adults. During fiscal year 2017-18, the District made payments of $1,030,149 to SIA and $3,450,858 to EAROP. For more information, see Note 10 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Charter Schools

Charter schools operate as autonomous public schools, under charter from a school district, county office of education, or the State Board of Education, with minimal supervision by the local school district. Charter schools receive revenues from the State and from the District for each student enrolled, and thus reduce revenues available for students enrolled at District schools. The District is also required to accommodate charter school students originating in the District in facilities comparable to those provided for regular District students.

There are currently five independent charter schools operating within the District, and one pending application for an additional charter school.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

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

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

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the State Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment 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.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed at $4 per $100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the State Constitution

An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979, thereby adding Article XIIIB to the State Constitution (“**Article XIIIB**”). Under Article XIIIB state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

In fiscal year 2017-18, the District had an appropriations limit of $130,211,347 and appropriations subject to such limit of $130,211,347. The District has budgeted an appropriations limit in fiscal year 2018-19 of $133,518,712. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State’s allowable limit.

Article XIIIC and Article XIIID of the State Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the State Constitution Articles XIIIC and XIIID (“**Article XIIIC**” and “**Article XIIID**,” respectively), 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.

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute: (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 *in Santa Clara County Transportation Authority v. Guardino.* This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). 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 (collectively, "**K-14 districts**") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

The Accountability Act also changes how tax revenues in excess of the State Appropriations Limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 districts. Such transfer would be excluded from the Appropriations Limit for K-14 school districts and the K-14 school Appropriations Limits 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 districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the State Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "**first test**") or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "**second test**"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years from January 1, 2012 through the end of 2018, and (b) increased the sales and use tax by one-quarter percent for a period of four years from January 1, 2013 through the end of 2016. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "– Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the "**Education Protection Account**"), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative ("**Proposition 55**"), approved by voters on November 8, 2016, extends by twelve years the temporary personal income tax increases on incomes over $250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales tax increases imposed by Proposition 30. Revenues from the tax increase will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process."

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

Rainy Day Fund. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the "**Public School System Stabilization Account**") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858. Senate Bill 858 ("**SB 858**") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("**SB 751**"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 2, 30, 55, 62, 98, 111 and 218 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.

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APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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HAYWARD UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2018

HAYWARD UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

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HAYWARD UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
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For the Year Ended June 30, 2018
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Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Education
Hayward Unified School District
Hayward, 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 Hayward Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Hayward 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 Hayward Unified School District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This resulted in a restatement of the beginning net position of $(71,277,531). Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 11, the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 48 to 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, 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 schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2018 on our consideration of Hayward 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 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 Hayward Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 11, 2018

Hayward Unified School District
Management's Discussion and Analysis
June 30, 2018

This section of Hayward Unified School District's (HUSD) annual financial report presents the District management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018.

The District is comprised of 21 elementary schools, 5 middle schools, 3 high schools, an alternative high school, an adult education center, and a child care center for pre-school children. The District has over 20,000 students in grades Transitional Kindergarten (TK) through twelve interacting with teachers in the classroom each day, bringing with them diverse cultures, heritages, languages, academic needs, and economic conditions. The District student population is 64.2 percent Latino, 5.3 percent Caucasian, 8.7 percent African American, 7.8 percent Asian, 7.3 percent Filipino, 3.1 percent Pacific islander, 0.3 percent Native American/Alaska Native, 3.1 percent of two or more races, and 0.2 percent of students whose ethnicity is not reported.

The District offers many educational opportunities to its students: an alternative high school for students who are significantly credit deficient, an independent study program for students who prefer a non-traditional classroom setting, and home schooling programs for students who are unable to attend school due to health or other conditions. The District provides its students with a safe learning environment, opportunity and support to attain high academic achievement, and empowers students to become dynamic leaders in a global society.

FINANCIAL HIGHLIGHTS

- The General Fund, including both restricted and unrestricted funding sources, increased by approximately $1.4 million compared to prior year's increase of $100k. In aggregate, the District's Governmental Funds decreased by $42.6 million compared to prior year's increase of $105.5 million. The aggregate decrease for 2018 was primarily due to new construction projects in Building Fund using proceeds from the prior year issuance General Obligation Bonds authorized by Measure I
- Total Governmental Funds net fund balance decreased by 20% compared to prior year's increase of 70%.
- Capital assets increased by $34.7 million after considering net additions to assets and annual depreciation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts; management's discussion and analysis (this section), the basic financial statements and required supplementary information.

The basic financial statements include two types of statements:

- District-wide statements that provide both short-term and long-term information about the District's overall financial status.
- Fund Financial Statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements, but without the capital assets and long term liabilities. Governmental fund statements illustrate how basic services like regular and special education were financed in the short term, as well as what remains for future spending.

  Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Hayward Unified School District
Management's Discussion and Analysis
June 30, 2018

Figure A-1. Major Features of the District-wide and Fund Financial Statements

Fund Statements

Type of Statements	District-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as student body activities.
Required financial statements	•statement of net position •statement of activities	•balance sheet •statement of revenues, expenditures & changes in fund balances •reconciliation to government- wide financial statements	•statement of fiduciary net position •statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; standard funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Hayward Unified School District
Management's Discussion and Analysis
June 30, 2018

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 assets, deferred outflows, liabilities and deferred inflows. 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.

In the government-wide financial statements, the District's activities are combined into one category:

- Governmental Activities - The District's basic services are included, such as general and special education, transportation, food services, adult education, and administration. Property taxes, state formula aid, and fees charged finance most of these activities.

The two government-wide statements report the District's net position:

- The Statement of Net Position reports the June 30, 2018, ending balance of assets and liabilities. The difference between the District's assets, deferred outflows, liabilities and deferred inflows, referred to as "net position," is one way to measure the District's financial health or position.
- The Statement of Activities provides detail by activity of the current year expenses and a summary of the general revenue categories, the difference of which is the change in net position. The increases or decrease in the District's net position is a general indicator of whether its financial position is improving or deteriorating.

To assess the overall health of the District, additional factors such as changes in the District's property tax base, the condition of school facilities, and changes in the State of California school funding formula must be considered.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. The change in fund balance is another way to measure the District's financial health or position. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law.
- Other funds are established to control and manage money for particular purposes or to show that the District is properly using certain revenues.

The District has two kinds of funds:

- **Governmental funds:**

  Most of the District's basic services are included in governmental funds which generally focus on

  1. How cash and other financial assets that can readily be converted to cash flow in and out
  2. The balances left at the end of the year available for spending

The governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation statement is provided that explains the difference.

Hayward Unified School District
Management's Discussion and Analysis
June 30, 2018

- **Fiduciary funds:**

  The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship trust and student body funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of change in fiduciary net position. These activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position: The District's net position at June 30, 2018, was a negative $264.3 million. This is a net decrease of $21.9 million, or 8.2%, compared to the previous year (after restatement of prior year balance for GASB 75).

Table A-1
Hayward Unified Net Position
(in millions of dollars)

	Governmental Activities		Total Percentage
	2017*	2018	Change
Current and Other Assets	$ 284.4	$ 247.3	(13.0)%
Capital Assets	286.1	320.7	12.1%
Total Assets	**570.5**	**568.0**	**(0.4)%**
Deferred Outflow	**79.8**	**107.5**	**34.7%**
Long-Term Debt Outstanding	846.8	879.6	13.4%
Other Liabilities	34.3	42.2	23.4%
Total Liabilities	**881.1**	**921.8**	**13.8%**
Deferred Inflow	**11.6**	**18.0**	55.2%
	11.6	18.0	55.2%
Net Investment in Capital Assets	46.4	49.1	5.8%
Restricted	38.4	36.9	(3.9)%
Unrestricted	(326.9)	(350.3)	(36.9)%
Total Net Position	**($242.4)**	**(264.3)**	**(54.5)%**

*Restated for the implementation of GASB 75.

Hayward Unified School District
Management's Discussion and Analysis
June 30, 2018

CHANGES IN NET POSITION

The District's total revenues were $304.2 million, down $5.3 million compared to the prior year (Table A-2). Property taxes and federal and state aid not restricted to specific purposes accounted for 75% of the District's total revenue. Operating grants and contributions represented 22.5%, and charges for services and other revenues made up the remaining 2.5%.

The total cost of all programs and services was $326.1 million, up by $6 million compared to the prior year. (Table A-2) The District's expenses are predominantly related to instruction, at 66% of total costs. Pupil services and general administration accounted for 11% and 4.5% of total costs, respectively. Plant services were 10% of costs; interest and other expenses at 8.5%.

Table A-2
Statements of Activities
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2017	2018	
Revenues:			
Taxes and federal and state aid not restricted to specific purposes	$ 227.0	$ 228.2	(0.5)%
Operating grants and contributions	75.1	68.6	(8.7)%
Charges for services	3.5	2.8	(20.0)%
Other local revenues	3.9	4.6	17.9%
Total Revenues	**309.5**	**304.2**	**(-1.7)%**
Expenses:			
Instruction-related	207.1	216.7	4.6%
Pupil services	35.6	35.1	(1.4)%
General administration	21.1	13.8	(34.6)%
Plant services	32.6	32.7	.3%
Interest and other	23.7	27.9	17.7%
Total Expenses	**320.1**	**317.0**	**1.9%**
Increase (decrease) in net position	**($10.6)**	**($22.0)**	**(307.5%)**

- The cost of governmental activities this year was $326.1 million.
- Some of the cost was paid by the users of the District's programs ($2.8 million) through charges for services.
- The federal and state governments subsidized certain programs with grants and contributions ($68.6 million).
- Most of the District's costs ($228 million) were paid for by District taxpayers and the taxpayers of California in general, through $95 million in property taxes and $133 million of unrestricted federal and state aid.

Hayward Unified School District
Management's Discussion and Analysis
June 30, 2018

GOVERNMENTAL ACTIVITIES

Table A-3 presents the cost of major District activities, along with each activity's net cost, which is the total cost less fees generated by the activities and intergovernmental aid provided for specific programs. The net cost is the financial impact on the District from each of these activities.

Table A-3

	Total Costs of Services		Percent	Net Costs of Services		Percent
	2017	2018	Change	2017	2018	Change
Instruction	$ 207.1	$ 216.7	4.6%	$ 157.5	$ 169.1	7.3%
Student Transportation & Other Pupil Svcs	27.3	25.9	(5.1)%	22.6	19.8	(12.3)%
Food Services	8.3	9.2	10.8%	(0.2)	.7	250%
General Administration	21.1	13.8	(34.6)%	19.2	12.0	(37.5)%
Plant Services	32.6	32.7	0.3%	31.8	31.8	0%
Interest and Other	23.7	27.9	17.7%	10.5	21.2	101.9%
Totals	**$ 320.1**	**$ 326.2**	**1.91%**	**$ 241.4**	**$ 254.7**	**5.5%**

FINANCIAL ANALYSIS OF THE DISTRICT'S GENERAL FUND BALANCE

At the end of this fiscal year, the District's General Fund balance, which includes unrestricted and restricted balances, increased from $19.7 million to $21.1 million, of which $8.7 million is legally restricted.

The portions of ending fund balance which are not legally restricted decreased from $13.1 million to $12.3 million and include $0.1 million in nonspendable revolving cash and store's inventory, and $7.7 million set aside for economic uncertainties.

Hayward Unified School District
Management's Discussion and Analysis
June 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget at various times during the year to update projections to the most current information available.

As is standard in school districts, the District's operating budget does not include GASB-required adjustments that are included in the audited financial statements. This budgetary highlights section refers only to the results of the District's adopted operating budget. Additional details are included in the 2017-18 Unaudited Actuals report, which is posted on the District's website.

The District's 2017-18 Adopted Budget projected a $16.2 million ending fund balance; the final fund balance was $21.1 million. Final revenues decreased by $1.4 million compared to Adopted which was primarily driven by an increase to local revenues.

CAPITAL ASSETS

By the end of 2018, the District had invested $320.7 million, a net increase of $34.7 million after depreciation in a broad range of net capital assets. The site improvements were additional safety, Americans with Disabilities Act (ADA), and technology infrastructure projects funded with bond proceeds in the 2017-18 school year.

Table A-4
Hayward Unified Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Total Percentage Change
	2017	2018	
Land	$12.6	$12.6	0%
Work in Progress	34.2	35.8	(63.9)%
Site Improvements	3.0	2.7	(10)%
Buildings	233.3	267.3	14.6%
Furniture and Equipment	2.9	2.3	(20.1)%
Total	**$286.0**	**$320.7**	**12.1 %**

Hayward Unified School District
Management's Discussion and Analysis
June 30, 2018

LONG-TERM DEBT

At year end, the District's Outstanding Long-Term Debt increased to $879.7 million, primarily due to the implementation of Governmental Accounting Standards Board Standard No. 75, as discussed further in the financial statements that follow.

Table A-5
Hayward Unified Outstanding Long-Term Debt
(in millions of dollars)

	Governmental Activities 2017	Governmental Activities 2018	Total Percentage Change
General Obligation Bond	$ 423.9	$ 417.3	(1.5)%
Unamortized Premiums	17.7	16.9	(4.5)%
Accreted Interest	6.4	6.9	7.8%
Compensated Absences	2.1	2.2	4.7%
Capital Leases	4.5	3.6	(20)%
Certificates of Participation	14.2	13.5	(5)%
P G & E Energy Savings Loan	-	-	0%
Net Pension Liability	267.3	301.7	12.9%
Net OPEB Obligation	110.7	117.6	6.2%
Total	**$ 846.8**	**$ 879.7**	**3.9%**

FACTORS IMPACTING THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that will impact the financial forecast for 2018-19:

- As is true for all school districts, employer retirement contributions to CalSTRS and CalPERS are scheduled to increase significantly over the next several years.
- The District's enrollment is declining in 2018-19, resulting in reduced revenue from the State.
- The Board of Trustees adopted a resolution on September 13, 2017, committing the District to Fiscal Solvency for 2017-18 and the two subsequent years. A subsequent resolution was adopted on June 27, 2018 for 2018-19 budget and two subsequent years to ensure it maintains its positive certification.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at the District Office, Hayward Unified School District, 24411 Amador Street, Hayward, CA 94544.

BASIC FINANCIAL STATEMENTS

HAYWARD UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 233,649,309
Receivables	13,512,950
Prepaid expenses	
Stores inventory	167,556
Non-depreciable capital assets (Note 4)	48,410,755
Depreciable capital assets, net of accumulated depreciation (Note 4)	272,336,737
Total assets	568,077,307
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 8 and 9)	93,310,632
Deferred loss from refunding of debt	14,198,994
Total deferred outflows	107,509,626
LIABILITIES	
Accounts payable	41,339,932
Unearned revenue	888,249
Long-term liabilities (Note 5):	
Due within one year	8,074,567
Due after one year	871,494,045
Total liabilities	921,796,793
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 8 and 9)	18,039,000
NET POSITION	
Net investment in capital assets	49,142,226
Restricted:	
Legally restricted programs	14,616,283
Capital projects	2,838,783
Debt service	19,412,755
Unrestricted (deficit)	(350,258,907)
Total net position	$ (264,248,860)

See accompanying notes to financial statements.

HAYWARD UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 178,856,083	$ 640,269	$ 37,852,146	$ -	$ (140,363,668)
Instruction-related services:					
Supervision of instruction	16,333,328	284,635	6,519,120	-	(9,529,573)
Instructional library, media and technology	1,858,529	4,413	370,196	-	(1,483,920)
School site administration	19,700,557	1,568	1,955,310	-	(17,743,679)
Pupil services:					
Home-to-school transportation	7,544,511	74,780	1,279,465	-	(6,190,266)
Food services	9,199,419	485,365	7,996,345	-	(717,709)
All other pupil services	18,341,171	145,388	4,566,778	-	(13,629,005)
General administration:					
Data processing	2,616,145	3,479	16,982	-	(2,595,684)
All other general administration	11,159,154	25,027	1,752,462	-	(9,381,665)
Plant services	32,709,542	21,094	889,404	-	(31,799,044)
Ancillary services	782,281	236	15,668	-	(766,377)
Community services	12,965	-	-	-	(12,965)
Other outgo	3,495,608	1,113,172	5,371,540	-	2,989,104
Interest on long-term liabilities	23,449,962	-	-	-	(23,449,962)
Total governmental activities	$ 326,059,255	$ 2,799,426	$ 68,585,416	$ -	$ (254,674,413)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	68,440,965
Taxes levied for debt service	20,725,241
Taxes levied for other specific purposes	6,023,237
Federal and state aid not restricted to specific purposes	133,037,035
Interest and investment earnings	267,981
Interagency revenues	1,776,833
Miscellaneous	2,522,982
Total general revenues	232,794,274
Change in net position	(21,880,139)
Net position, July 1, 2017	(171,091,190)
Cumulative effect of GASB 75 Implementation	(71,277,531)
Net position, July 1, 2017, as restated	(242,368,721)
Net position, June 30, 2018	$ (264,248,860)

See accompanying notes to financial statements.

HAYWARD UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and investments:				
Cash in County Treasury	$ 30,295,515	$ 175,695,971	$ 27,128,336	$ 233,119,822
Cash on hand and in banks	22,293	-	18,727	41,020
Cash in revolving fund	100,000	-	2,450	102,450
Cash with Fiscal Agent	-	-	362,203	362,203
Local Agency Investment Fund	23,814	-	-	23,814
Receivables	10,354,283	358,936	2,799,731	13,512,950
Due from other funds	1,579,996	-	50,815	1,630,811
Stores inventory	14,592	-	152,964	167,556
Total assets	$ 42,390,493	$ 176,054,907	$ 30,515,226	$ 248,960,626
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 20,878,198	$ 10,633,715	$ 266,459	$ 31,778,372
Unearned revenue	388,868	-	499,381	888,249
Due to other funds	-	-	1,630,811	1,630,811
Total liabilities	21,267,066	10,633,715	2,396,651	34,297,432
Fund balances:				
Nonspendable	114,592	-	155,414	270,006
Restricted	8,749,246	165,421,192	27,963,161	202,133,599
Unassigned	12,259,589	-	-	12,259,589
Total fund balances	21,123,427	165,421,192	28,118,575	214,663,194
Total liabilities and fund balances	$ 42,390,493	$ 176,054,907	$ 30,515,226	$ 248,960,626

See accompanying notes to financial statements.

HAYWARD UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET - TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances - Governmental Funds		$ 214,663,194
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $478,071,250 and the accumulated depreciation is $157,323,758 (Note 4).		320,747,492
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2018 consisted of (Note 5):		
General Obligation Bonds	$ (417,257,621)	
Unamortized premiums	(16,936,055)	
Accreted interest	(6,883,873)	
Certificates of Participation	(13,450,000)	
Capitalized lease obligations	(3,581,776)	
Total OPEB liability (Note 7)	(117,572,468)	
Net pension liability (Notes 8 and 9)	(301,692,000)	
Compensated absences	(2,194,819)	
		(879,568,612)
Losses on refundings of debt are categorized as deferred outflows and are amortized over the life of the related debt.		14,198,994
In government 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 (Notes 8 and 9).		
Deferred outflows of resources relating to pensions	$ 93,310,632	
Deferred inflows of resources relating to pensions	(18,039,000)	
		75,271,632
In the governmental funds, interest on long-term liabilities 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.		(9,561,560)
Total net position - governmental activities		$ (264,248,860)

See accompanying notes to financial statements.

HAYWARD UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 131,885,005	$ -	$ -	$ 131,885,005
Local sources	62,433,139	-	-	62,433,139
Total LCFF	194,318,144	-	-	194,318,144
Federal sources	17,611,526	-	11,917,368	29,528,894
Other state sources	24,554,842	-	6,554,570	31,109,412
Other local sources	22,091,172	1,910,221	22,960,276	46,961,669
Total revenues	258,575,684	1,910,221	41,432,214	301,918,119
Expenditures:				
Current:				
Certificated salaries	123,470,219	-	2,935,443	126,405,662
Classified salaries	48,046,297	222,123	6,228,013	54,496,433
Employee benefits	46,080,735	56,258	2,381,106	48,518,099
Books and supplies	6,896,079	157,546	3,192,957	10,246,582
Contract services and operating expenditures	27,768,697	197,818	1,532,081	29,498,596
Other outgo	3,495,608	-	-	3,495,608
Capital outlay	948,372	41,568,454	454,768	42,971,594
Debt service:				
Principal retirement	905,815	-	7,383,600	8,289,415
Interest	83,072	-	20,512,331	20,595,403
Total expenditures	257,694,894	42,202,199	44,620,299	344,517,392
Excess (deficiency) of revenues over (under) expenditures	880,790	(40,291,978)	(3,188,085)	(42,599,273)
Other financing sources (uses):				
Transfers in	729,410	-	160,138	889,548
Transfers out	(160,138)	-	(729,410)	(889,548)
Total other financing sources (uses)	569,272	-	(569,272)	-
Change in fund balances	1,450,062	(40,291,978)	(3,757,357)	(42,599,273)
Fund balances, July 1, 2017	19,673,365	205,713,170	31,875,932	257,262,467
Fund balances, June 30, 2018	$ 21,123,427	$ 165,421,192	$ 28,118,575	$ 214,663,194

See accompanying notes to financial statements.

HAYWARD UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Net change in fund balances - Total Governmental Funds	$ (42,599,273)
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	42,971,593
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(8,240,371)
In the governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the government-wide statements, only the resulting gain or loss is reported (Note 4).	(48,208)
In governmental funds, deferred inflows and deferred outflows of resources are not recognized. In the government-wide statements, deferred inflows and deferred outflows of resources are amortized over the life of the debt.	(701,129)
In the governmental funds, repayment of principal on long-term liabilities is an expenditure In the government-wide statements, payments decrease long-term liabilities (Note 5).	8,289,415
In the governmental funds, premiums associated with the issuance of debt are recognized as other financing sources in the period incurred. In the government-wide statement of activities, premiums are amortized over the life of the related debt (Note 5).	741,486
In the governmental funds, accreted interest on capital appreciation bonds is recognized in the period that it becomes due. In the government-wide statement of activities, accreted interest is recognized in the period that it is incurred (Note 5).	(493,254)
In the governmental funds, OPEB expense is recognized when employer contributions are made. In the statement of activities, OPEB expense is recognized on the accrual basis (Notes 5 and 7).	(6,877,584)
In governmental funds, interest on long-term liabilities is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred.	(2,401,660)

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 8 and 9).	(12,457,832)
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	(63,322)
Change in net position of governmental activities	$ (21,880,139)

See accompanying notes to financial statements.

HAYWARD UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2018

	Student Body Fund
ASSETS	
Cash on hand and in banks (Note 2)	$ 369,926
LIABILITIES	
Due to student groups	$ 369,926

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hayward Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and retain primary accountability for fiscal matters.

The District receives funding from local, state and federal governmental sources and must comply with all the requirements of these funding source entities.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds

General Fund: The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Building Fund: The Building Fund is a capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

B - Other Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. This includes the Adult Education, Child Development, and Cafeteria Funds.

Capital Projects Funds are used to account for resources used for the acquisition of capital facilities by the District. This includes the Capital Facilities and Special Reserve for Capital Outlay Funds.

The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Agency Fund is a Fiduciary Fund for which the District acts as an agent. The District operates one Agency fund, the Student Body Fund, which accounts for all cash activity and assets of the various student bodies of the District.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: The governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California for the Local Control Funding Formula. The District has determined that no allowance for doubtful accounts was necessary as of June 30, 2018.

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stores Inventory: Inventories in the General and Cafeteria Funds are valued at average cost. Inventory recorded in the General and Cafeteria Funds consists mainly of school supplies and consumable supplies. Inventories are recorded as an expenditure at the time the individual inventory items are transferred from the warehouse to schools and offices.

Capital Assets: Capital assets purchased or acquired, with an original cost of $5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes 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 future periods, and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding of debt, which comprises the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or new debt. The District has also recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position reports 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 future periods and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability reported which is in the Statement of Net Position.

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 California State teachers' Retirement System (CalSTRS) State Teachers' Retirement Plan (STRP) and California Public Employees' Retirement System (CalPERS) Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate:

	STRP	PERF B	Total
Deferred outflows of resources	$ 64,424,385	$ 28,886,247	$ 93,310,632
Deferred inflows of resources	$ 16,178,000	$ 1,861,000	$ 18,039,000
Net pension liability	$ 211,644,000	$ 90,048,000	$ 301,692,000
Pension expense	$ 32,459,148	$ 17,723,320	$ 50,182,468

Compensated Absences: Compensated absences totaling $2,194,819 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as a operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRP and PERF B employees, when the employee retires.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1 - Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2 - Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3 - Unrestricted Net Position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

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. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary trust fund statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. 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. Formal action is required by the Board of Education to remove any commitment from any fund balance. At June 30, 2018, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. While the Board of Education has empowered members of management to suggest individual amounts to be assigned, as of June 30, 2018 no formal designation of assignment authority has occurred and the Board of Education retains ultimate authority for assigning fund balance. At June 30, 2018, the District had no assigned fund balances.

E - Unassigned Fund Balance:

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.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. 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.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2018, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Alameda bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in GASB Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Based on the implementation of GASB Statement No. 75, the District's July 1, 2017 net position was restated, resulting in a decrease of $71,277,531 as a result of the recognition of the District's total OPEB liability.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2018 consisted of the following:

	Governmental Activities	Fiduciary Activities
Pooled Funds:		
Cash in County Treasury	$ 233,119,822	$ -
Local Agency Investment Fund	23,814	-
Deposits:		
Cash in revolving fund	102,450	-
Cash on hand and in banks	41,020	369,926
Cash with Fiscal Agent	362,203	-
Total cash and investments	$ 233,649,309	$ 369,926

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Alameda County Treasury. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's prorata 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.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

Local Agency Investment Fund: Hayward Unified School District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The amortized cost of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the amortized cost as provided by LAIF, as a percentage of the entire LAIF portfolio. The funds maintained in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds may be withdrawn at any time up to the total amount on deposit with LAIF. Most withdrawals are accessible and transferable to the District's master account on the same day as the request, except for amounts greater than $10,000,000, which require at least twenty-four hours' advance notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. As of June 30, 2018, this fund was yielding approximately 1.90% interest annually. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount and bank balances of the District's accounts totaled $513,396, all of which was insured by the FDIC.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2018, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2018, the District had no concentration of credit risk.

Cash with Fiscal Agent: Cash with Fiscal Agent represents amounts held by a third party custodian in the District's name, to be used for capital projects.

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers, except for the funds which incur payroll costs. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2018 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Fund:		
General	$ 1,579,996	$ -
Non-Major Funds:		
Adult Education	50,815	870,500
Child Development	-	331,651
Cafeteria	-	428,660
Totals	$ 1,630,811	$ 1,630,811

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

Transfers for the 2017-2018 fiscal year were as follows:

Transfer from the General Fund to the Cafeteria Fund to cover uncollectible student meal accounts.	$ 160,138
Transfer from the Adult Education Fund to the General Fund for indirect cost support.	47,572
Transfer from the Child Development Fund to the General Fund for indirect cost support.	253,168
Transfer from the Cafeteria Fund to the General Fund for indirect cost support and to reverse 16/17 uncollectible accounts.	428,670
	$ 889,548

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017	Transfers and Additions	Transfers and Deductions	Balance June 30, 2018
Non-depreciable:				
Land	$ 12,623,420	$ -	$ -	$ 12,623,420
Work In Progress	34,203,445	39,460,172	(37,876,282)	35,787,335
Depreciable:				
Buildings	337,669,613	40,726,825	-	378,396,438
Site improvements	25,848,548	19,719	-	25,868,267
Equipment	24,835,219	641,159	(80,588)	25,395,790
Totals, at cost	435,180,245	80,847,875	(37,956,870)	478,071,250
Less accumulated depreciation:				
Buildings	(104,355,729)	(6,716,167)	-	(111,071,896)
Site improvements	(22,828,201)	(302,850)	-	(23,131,051)
Equipment	(21,931,837)	(1,221,354)	32,380	(23,120,811)
Total accumulated depreciation	(149,115,767)	(8,240,371)	32,380	(157,323,758)
Capital assets, net	$ 286,064,478	$ 72,607,504	$ (37,924,490)	$ 320,747,492

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 42,908
Instructional supervision and administration	3,546
Instructional library, media and technology	4,079
School site administration	867
Food services	36,773
All other pupil services	79,517
Ancillary services	1,303
All other general administration	25,678
Centralized data processing	6,910
Plant services	8,038,790
Total depreciation expense	$ 8,240,371

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds: On July 1, 2010, the District issued Election of 2008, Series 2010A General Obligation Bonds totaling $20,969,877 and were issued as capital appreciation bonds. In August 2015, the District refunded $13,404,891 of the Bonds through the issuance of 2015 General Obligation Refunding Bonds. The remaining bonds after refunding bear interest at rates from 7.23% to 12.00%, and are scheduled to mature serially through August 2034.

On July 1, 2010, the District issued Election of 2008, Series 2010B General Obligation Bonds totaling $84,030,000. The Bonds were issued as current interest bonds, bear interest at 7.35%, and are scheduled to mature through August 1, 2044.

On August 12, 2015, the District issued Election of 2014, Series 2015 General Obligation Bonds totaling $95,000,000. The Bonds were issued as current interest bonds, bear interest at rates ranging from 3.00% to 5.00%, and are scheduled to mature through August 1, 2040.

On August 12, 2015, the District issued 2015 General Obligation Refunding Bonds totaling $113,185,000. The proceeds were used to advance refund all of the Election of 2008, Series 2008 Bonds and a portion of the District's Election 2008, Series 2010A Bonds. The Refunding Bonds bear interest at rates ranging from 3.25% to 5.00%, and are scheduled to mature through August 2040. As of June 30, 2018, $13,404,891 of the Series 2010A refunded bonds were still outstanding and scheduled to be repaid on August 1, 2020. The Series 2008 refunded bonds are fully repaid.

On May 11, 2017, the District issued Election of 2014, Series 2017 General Obligation Bonds totaling $134,000,000. The Bonds were issued as current interest bonds, bear interest at rates ranging from 3.00% to 5.00%, and are scheduled to mature through August 1, 2042.

Repayment of all General Obligation Bonds issuances are made from tax collections received from the county which the District is located.

General Obligation Bonds

Series	Balance July 1, 2017	Current Year Proceeds	Current Year, Maturities	Balance June 30, 2018
Election 2008, Series 2010A	$ 6,201,221	$ -	$ 663,600	$ 5,537,621
Election 2008, Series 2010B	84,030,000	-	-	84,030,000
Election 2014, Series 2015	86,500,000	-	5,995,000	80,505,000
2015 GO Refunding Bonds	113,185,000	-	-	113,185,000
Election 2014, Series 2017	134,000,000	-	-	134,000,000
Total General Obligation Bonds	$423,916,221	$ -	$ 6,658,600	$417,257,621

Accreted Interest

Series	Beginning	Accretion	Deductions	Total
2010A	$ 6,390,619	$ 1,344,654	$ 851,400	$ 6,883,873

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The General Obligation Bonds are scheduled to mature as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 5,040,696	$ 21,626,372	$ 26,667,068
2020	952,986	21,902,258	22,855,244
2021	988,365	22,272,303	23,260,668
2022	2,530,079	20,516,838	23,046,917
2023	3,570,000	20,181,168	23,751,168
2024-2028	31,869,656	99,051,169	130,920,825
2029-2033	63,107,555	92,052,857	155,160,412
2034-2038	101,358,284	84,012,403	185,370,687
2039-2043	183,865,000	36,086,220	219,951,220
2044-2045	23,975,000	881,081	24,856,081
	$ 417,257,621	$ 418,582,669	$ 835,840,290

Certificates of Participation (COPs): On August 14, 2012, the District issued 2012 Refunding Certificates of Participation (Refunding COPs) totaling $15,565,000. The Refunding COPs bear interest at rates ranging from 3.00% to 4.10% and mature through June 1, 2032. The proceeds were used to assist in prepayment of the outstanding balance of the 2009 Lease Financing agreement, as well as the 2001 COPs.

Scheduled payments for the Refunding COPs are as follows:

Year Ending June 30,	COPs Payments
2019	$ 1,237,804
2020	1,235,304
2021	1,237,204
2022	1,233,354
2023	1,237,885
2024-2028	6,177,994
2029-2032	5,310,940
Total payments	17,670,485
Less amount representing interest	(4,220,485)
Net present value of minimum payments	$ 13,450,000

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Capitalized Lease Obligations: The District leases computers, office equipment, buses and facilities under long-term lease purchase agreements. The District has included in Equipment, capital assets with a historical cost of $6,830,150 and accumulated depreciation of $2,338,789 for assets acquired under capitalized lease obligations. The following is a schedule of future lease payments:

Year Ending June 30,	Lease Payments
2019	$ 417,776
2020	448,480
2021	462,328
2022	479,852
2023	498,076
2024-2028	1,593,337
Total payments	3,899,849
Less amount representing interest	(318,073)
Net present value of minimum payments	$ 3,581,776

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017 as Restated	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 423,916,221	$ -	$ 6,658,600	$ 417,257,621	$ 5,040,696
Unamortized premiums	17,677,541	-	741,486	16,936,055	775,851
Accreted interest	6,390,619	1,344,654	851,400	6,883,873	1,159,304
Certificates of Participation	14,175,000	-	725,000	13,450,000	750,000
Capitalized lease obligations	4,475,891	-	894,115	3,581,776	348,716
PG&E Energy savings loans	11,700	-	11,700	-	-
Other postemployment benefits (OPEB) (Note 7)	110,694,884	6,877,584	-	117,572,468	-
Net pension liability (Notes 8 & 9)	267,257,000	34,435,000	-	301,692,000	-
Compensated absences	2,131,497	63,322	-	2,194,819	-
	$ 846,730,353	$ 42,720,560	$ 9,882,301	$ 879,568,612	$ 8,074,567

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Capital Facilities Fund. Payments on the capitalized lease obligations are made from the General Fund. Payments for compensated absences, net pension liability, and OPEB are made from the fund for which the related employees worked.

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2018 consisted of the following:

	General Fund	Building Fund	All Non-Major Funds	Total
Nonspendable:				
Revolving cash fund	$ 100,000	$ -	$ 2,450	$ 102,450
Stores inventory	14,592	-	152,964	167,556
Subtotal nonspendable	114,592	-	155,414	270,006
Restricted:				
Legally restricted programs	8,749,246	-	5,711,623	14,460,869
Capital projects	-	165,421,192	2,838,783	168,259,975
Debt service	-	-	19,412,755	19,412,755
Subtotal restricted	8,749,246	165,421,192	27,963,161	202,133,599
Unassigned:				
Designated for economic uncertainty	7,713,774	-	-	7,713,774
Undesignated	4,545,815	-	-	4,545,815
Subtotal assigned	12,259,589	-	-	12,259,589
Total fund balances	$ 21,123,427	$165,421,192	$ 28,118,575	$214,663,194

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

General Information about the Other Postemployment Benefits Plan

Plan Description: In addition to the pension benefits described in Notes 8 and 9, the District provides other post-employment benefits (OPEB) to certain eligible retirees, and spouses through an implicit rate subsidy, for all retirees who elect to purchase benefits at the District's negotiated insurance premium rates. The plan does not issue separate financial statements.

The District's other post-employment benefit healthcare plan (Plan) is a single-employer defined benefit plan. The Plan, which is administered by the District, allows employees who retire and meet certain eligibility requirements to continue receiving paid medical coverage as a participant in the District's plan. Retirees may participate in the District's dental and vision plans on a self-paid basis. The District's Board of Trustees has the authority to establish or amend the benefit terms offered by the Plan. The Board of Trustees also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2018 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability.

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided: Employees who retire after reaching age 55 with at least 10 years of service, in accordance with contracts between the District and the respective employee group, are entitled to receive a monthly medical benefit through the Plan up to the Kaiser Bay Area Basic single rate, through age 65.

Certificated and Confidential Employees - Certificated employees who retire after reaching age 65 and were hired before June 30, 1998 are eligible to receive up to the Medicare premium in which they are enrolled, in addition to the Medicare Part B premium. The benefit is capped at the Kaiser Bay Area Basic single rate, until age 70. Certificated employees who retire after reaching age 65 and were hired on or after June 30, 1998, are only entitled to receive the minimum benefit available through the CalPERS Health Program.

Other Employees - After reaching age 65, non-certificated retirees may receive up to the Medicare premium in which they are enrolled, in addition to the Medicare Part B premium. The benefit is capped at the Kaiser Bay Area Basic single rate, until age 70.

After age 70, all retirees only receive the minimum benefit available through the CalPERS Health Program, which is operated under the Public Employees Medical and Hospital Care Act (PEMHCA).

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2018:

	Number of Participants
Inactive plan members, covered spouses, or beneficiaries currently receiving benefits	965
Active employees	2,145
	3,110

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the District's Board of Trustees. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost. Contributions to the Plan from the District were $4,342,250 for the year ended June 30, 2018. Employees are not required to contribute to this plan.

Total OPEB Liability

The District's total OPEB liability of $117,572,468 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, and apply to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Actuarial Method	Entry Age, Level Percent of Pay method has been used, with normal costs calculated as a level percentage of payroll.
Discount Rate	3.62%, per the Fidelity GO Bond 20-Year High Grade Rate index.
Salary Increases	3.00% per year
Retirement/Termination Rates	Retirement rates match rates developed in the most recent experience studies for California PERS (2014) and California STRS (2009)
Mortality Rates	Mortality rates are taken from the 2014 CalPERS OPEB Assumptions Model (for classified employees) and from the 2009 valuation of STRS (for certificated employees).
Medical Claims	Medical claims were estimated based on the true per person costs of coverage during the year ended June 30, 2018. The age-specific rates were developed to reproduce the same aggregate premiums that would be paid to the carriers for all current employee and retirees

Age	Cost
50	$10,600
55	$11,992
60	$13,568
64	$14,977
65	$3,440
70	$3,706
75	$3,992
80	$4,301
85+	$4,633

Retirement Rates	Retirement rates are taken from the most recent experience studies for CalPERS (2014) and CalSTRS (2010).
Healthcare Trend Rates	Healthcare costs are assumed to increase by 5.80% in fiscal 2018 and future years.

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Inflation Rates	Inflation is assumed to increase based on the Medical Care Consumer Price Index (CPI) of 2.9% for 2018 and 3.5% for future periods.
Health Plan Coverage Elections	30% of employees with less than 10 years District service were assumed to waive the minimum benefit coverage provided through the CalPERS Health Program under PEMHCA. 25% of future retirees are assumed to waive coverage provided through the CalPERS Health Program after age 70 (or age 65 for certificated employees hired on or after June 30, 1998; confidential employees hired after November 8, 1994).
Retirees with Spouses	For future retirees, 50% were assumed to have spouses, and female spouses were assumed to be three years younger than male spouses. For current retirees, spousal assumptions were based on actual data.
Disability Rate	None

Discount Rate: Given the District's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 3.62%. The municipal bond rate was based on the week closest but not later than the measurement date of the Fidelity GO Bond 20-Year High Grade Rate index as published by the Federal Reserve. The Fidelity GO Bond 20-Year High Grade Rate index consists of general obligation bonds which are scheduled mature in 20 years, with an average rating roughly equivalent to Moody's Investors Service's Aa2 rating or Standard & Poor's Corp.'s AA.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 110,694,884
Changes for the year:	
Service cost	7,290,575
Interest	3,929,259
Benefit payments	(4,342,250)
Net change	6,877,584
Balance at June 30, 2018	$ 117,572,468

(Continued)

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB liability	$ 132,823,547	$ 117,572,468	$ 104,686,119

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following table presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (4.80%)	Healthcare Cost Trend Rates Rate (5.80%)	1% Increase (6.80%)
Total OPEB Liability	$ 101,266,793	$ 117,572,468	$ 138,065,198

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $11,219,834. There are no deferred inflows or outflows to be reported for the District, for the year ended June 30, 2018.

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com/comprehensive-annual-financial-report.

Benefits Provided: The STRP Defined Benefit Program 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.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

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.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

<u>Contributions</u>: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2017-18. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2017-18.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2017, valuation adopted by the board in May 2018, the increase in normal cost was greater than 1 percent. Therefore, contribution rates for CalSTRS 2% at 62 members will increase by 1 percent effective July 1, 2018.

Employers – 14.43 percent of applicable member earnings.

In accordance with AB 1469, employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The new legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rate increases effective for fiscal year 2017-18 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

* The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed $17,661,385 to the plan for the fiscal year ended June 30, 2018.

State - 9.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below:

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

As shown in the subsequent table, the state rate will increase to 5.311 percent on July 1, 2018, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions.

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding[(1)]	Total State Appropriation to DB Program
July 01, 2018	2.017%	5.311%(2)	2.50%	9.328%
July 01, 2019 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 01, 2046 and thereafter	2.017%	(4)	2.50%	4.517%(3)

(1) This rate does not include the $72 million reduction in accordance with Education Code Section 22954.

(2) In May 2018, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.

(3) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2018, 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	$ 211,644,000
State's proportionate share of the net pension liability associated with the District	125,208,000
Total	$ 336,852,000

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2017, the District's proportion was 0.229 percent, which was a decrease of 0.009 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $32,459,148 and revenue of $12,443,006 for support provided by the State. At June 30, 2018, 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
Difference between expected and actual experience	$ 783,000	$ 3,691,000
Changes of assumptions	39,210,000	-
Net differences between projected and actual earnings on investments	-	5,637,000
Changes in proportion and differences between District contributions and proportionate share of contributions	6,770,000	6,850,000
Contributions made subsequent to measurement date	17,661,385	-
Total	$ 64,424,385	$ 16,178,000

$17,661,385 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2019	$ 1,698,200
2020	$ 9,930,200
2021	$ 6,896,200
2022	$ 1,376,866
2023	$ 5,120,867
2024	$ 5,562,667

Differences between expected and actual experience and changes of assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

During the 2016-17 measurement period, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the board in February 2017. As a result of the study, certain assumptions used in determining the NPL of the STRP changed, including the price inflation, wage growth, discount rate and the mortality tables used in the actuarial valuation of the NPL. The changes to the assumptions as a result of the experience study follow:

	Measurement Period	
Assumption	As of June 30, 2017	As of June 30, 2016
Consumer price inflation	2.75%	3.00%
Investment rate of return	7.10%	7.60%
Wage growth	3.50%	3.75%

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 as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

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

* 20-year geometric average.

Discount Rate: The discount rate used to measure the total pension liability was 7.10 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 increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP'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 7.10 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 310,761,000	$ 211,644,000	$ 131,204,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

https://www.calpers.ca.gov/docs/forms-publications/cafr-2017.pdf.

Benefits Provided: The benefits for the defined benefit plans 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 (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2018 were as follows:

Members - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2017-18.

Employers - The employer contribution rate was 15.531 percent of applicable member earnings.

The District contributed $7,620,247 to the plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $90,048,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2017, the District's proportion was 0.377 percent, which was a decrease of 0.003 percent from its proportion measured as of June 30, 2016.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

For the year ended June 30, 2018, the District recognized pension expense of $17,723,320. At June 30, 2018, 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
Difference between expected and actual experience	$ 3,226,000	$ -
Changes of assumptions	13,153,000	1,060,000
Net differences between projected and actual earnings on investments	3,115,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,772,000	801,000
Contributions made subsequent to measurement date	7,620,247	-
Total	$ 28,886,247	$ 1,861,000

$7,620,247 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2019	$ 5,879,750
2020	$ 9,309,750
2021	$ 5,921,250
2022	$ (1,705,750)

Differences between expected and actual experience and changes of assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

During the 2016-17 measurement period, the financial reporting discount rate for PERF B was lowered from 7.65 percent to 7.15 percent.

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.

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years 1 - 10(1)	Expected Real Rate of Return Years 11+(2)
Global Equity	47%	4.90%	5.38%
Fixed Income	19	0.80	2.27
Inflation Assets	6	0.60	1.39
Private Equity	12	6.60	6.63
Real Estate	11	2.80	5.21
Infrastructure & Forestland	3	3.90	5.36
Liquidity	2	(0.40)	(0.90)

* 10-year geometric average
(1) An expected inflation rate of 2.50% used for this period.
(2) An expected inflation rate of 3.00% used for this period.

Discount Rate: The discount rate used to measure the total pension liability was 7.15 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 Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. 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 Plan's 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. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 132,489,000	$ 90,048,000	$ 54,839,000

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 10 - JOINT POWERS AUTHORITIES

Schools Insurance Authority: The District is a member of Schools Insurance Authority (SIA) which provides property and liability coverage. SIA is self-sustaining through member premiums and also reinsures through commercial companies for claims in excess of $100,000 and $750,000 for each insured event for property and liability, respectively. The District carries commercial insurance for all other risks of loss, including workers' compensation, and employee health and accident. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years and there were no significant reductions in insurance coverage from the prior year.

The following is a summary of financial information for SIA at June 30, 2018:

Total assets	$	156,099,265
Total deferred outflows	$	2,183,259
Total liabilities	$	78,395,474
Total deferred inflows	$	438,183
Total net position	$	79,448,867
Total revenues	$	64,932,531
Total expenses	$	59,366,494
Change in net position	$	5,566,037

Eden Area Regional Occupational Program (EAROP): The District is a member of Eden Area Regional Occupational Program (EAROP), to provide occupational education programs for youths and adults. The following is a summary of financial information for EAROP at June 30, 2017 (the most current information available):

Total assets	$	23,145,048
Total deferred outflows	$	1,734,617
Total liabilities	$	14,351,531
Total deferred inflows	$	572,672
Total net position	$	9,955,462
Total revenues	$	12,808,982
Total expenses	$	14,485,199
Change in net position	$	(1,676,217)

The relationship between the District and the Joint Powers Authorities is such that the Joint Powers Authorities are not component units of the District for financial reporting purposes.

NOTE 11 - CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements of future revenue offsets subsequently determined will not have a material effect on the District's financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

HAYWARD UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 142,916,467	$ 141,018,277	$ 131,885,005	$ (9,133,272)
Local sources	54,297,350	53,576,183	62,433,139	8,856,956
Total LCFF	197,213,817	194,594,460	194,318,144	(276,316)
Federal sources	17,283,417	17,908,131	17,611,526	(296,605)
Other state sources	23,332,852	24,002,868	24,554,842	551,974
Other local sources	18,586,076	20,685,322	22,091,172	1,405,850
Total revenues	256,416,162	257,190,781	258,575,684	1,384,903
Expenditures:				
Current:				
Certificated salaries	123,013,728	122,678,653	123,470,219	(791,566)
Classified salaries	47,862,828	47,317,611	48,046,297	(728,686)
Employee benefits	49,280,450	46,655,445	46,080,735	574,710
Books and supplies	7,292,800	7,457,863	6,896,079	561,784
Contract services and operating expenditures	30,163,852	31,715,190	27,768,697	3,946,493
Other outgo	3,431,662	3,577,704	3,495,608	82,096
Capital outlay	340,010	1,083,417	948,372	135,045
Debt service:				
Principal retirement	904,892	839,493	905,815	(66,322)
Interest	83,995	84,002	83,072	930
Total expenditures	262,374,217	261,409,378	257,694,894	3,714,484
Deficiency of revenues under expenditures	(5,958,055)	(4,218,597)	880,790	5,099,387
Other financing sources (uses):				
Transfers in	876,793	942,652	729,410	(213,242)
Transfers out	(135,000)	(135,000)	(160,138)	(25,138)
Total other financing sources (uses)	741,793	807,652	569,272	(238,380)
Change in fund balance	(5,216,262)	(3,410,945)	1,450,062	4,861,007
Fund balance, July 1, 2017	19,673,365	19,673,365	19,673,365	-
Fund balance, June 30, 2018	$ 14,457,103	$ 16,262,420	$ 21,123,427	$ 4,861,007

See accompanying note to required supplementary information.

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2018

Last 10 Fiscal Years

	2018
Total OPEB Liability	
Service Cost	$ 7,290,575
Interest	3,929,259
Benefit Payments	(4,342,250)
Net change in total OPEB liability	6,877,584
Total OPEB liability - beginning of year	110,694,884
Total OPEB liability - end of year (a)	$ 117,572,468
Covered employee payroll	$ 180,492,472
Total OPEB liability as a percentage of covered-employee payroll	65.14%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. All years prior to 2018 are not available.

See accompanying note to required supplementary information.

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2018

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.226%	0.245%	0.238%	0.229%
District's proportionate share of the net pension liability	$132,051,000	$164,849,000	$192,118,000	$211,644,000
State's proportionate share of the net pension liability associated with the District	79,738,000	87,187,000	109,380,000	125,208,000
Total net pension liability	$211,789,000	$252,036,000	$301,498,000	$336,852,000
District's covered payroll	$100,648,000	$113,651,000	$118,379,000	$121,678,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.49%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2018

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.357%	0.366%	0.380%	0.377%
District's proportionate share of the net pension liability	$ 40,536,000	$ 53,900,000	$ 75,139,000	$ 90,048,000
District's covered payroll	$ 37,484,000	$ 40,483,000	$ 45,643,000	$ 49,065,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.62%	183.53%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2018

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 10,092,193	$ 12,702,085	$ 15,307,142	$ 17,661,385
Contributions in relation to the contractually required contribution	(10,092,193)	(12,702,085)	(15,307,142)	(17,661,385)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$113,651,000	$118,379,000	$121,678,000	$121,291,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.56%

All years prior to 2015 are not available.

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2018

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 4,765,296	$ 5,407,313	$ 7,620,247	$ 7,620,247
Contributions in relation to the contractually required contribution	(4,765,296)	(5,407,313)	(7,620,247)	(7,620,247)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 40,483,000	$ 45,643,000	$ 49,065,000	$ 49,065,000
Contributions as a percentage of covered payroll	11.77%	11.85%	15.53%	15.53%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

HAYWARD UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability

The Schedule of Changes in Total OPEB Liability is presented to illustrate the elements of the District's total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability.

C - Schedule of the District's Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D – Schedule of District Contributions

The Schedule of District Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E – Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, and 7.15 percent in the June 30, 2013, 2014, 2015, and 2016 actuarial reports, respectively.

The following are the assumptions for the State Teachers' Retirement Plan:

	Measurement Period		
Assumption	As of June 30, 2017	As of June 30, 2016	As of June 30, 2016
Consumer price inflation	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.60%	7.60%
Wage growth	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

HAYWARD UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2018

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	Total
ASSETS							
Cash in County Treasury	$ 56,180	$ 28,712	$ 4,704,685	$ 2,019,461	$ 940,561	$ 19,378,737	$ 27,128,336
Cash on hand and in banks	(1,067)	-	19,794	-	-	-	18,727
Cash in revolving fund	-	-	2,450	-	-	-	2,450
Cash with fiscal agent	-	-	-	362,203	-	-	362,203
Receivables	793,007	481,050	1,473,110	16,673	1,873	34,018	2,799,731
Due from other funds	50,815	-	-	-	-	-	50,815
Stores inventory	-	-	152,964	-	-	-	152,964
Total assets	$ 898,935	$ 509,762	$ 6,353,003	$ 2,398,337	$ 942,434	$ 19,412,755	$ 30,515,226
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 22,952	$ 114,577	$ 126,323	$ 2,607	$ -	$ -	$ 266,459
Unearned Revenue	-	-	-	-	499,381	-	499,381
Due to other funds	870,500	331,651	428,660	-	-	-	1,630,811
Total liabilities	893,452	446,228	554,983	2,607	499,381	-	2,396,651
Fund balances:							
Nonspendable	-	-	155,414	-	-	-	155,414
Restricted	5,483	63,534	5,642,606	2,395,730	443,053	19,412,755	27,963,161
Total fund balances	5,483	63,534	5,798,020	2,395,730	443,053	19,412,755	28,118,575
Total liabilities and fund balances	$ 898,935	$ 509,762	$ 6,353,003	$ 2,398,337	$ 942,434	$ 19,412,755	$ 30,515,226

Exhibit G.6.
Page 62 of 128

HAYWARD UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2018

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	Total
Revenues:							
Federal sources	$ 1,010,948	$ 1,029,265	$ 7,861,396	$ -	$ -	$ 2,015,759	$ 11,917,368
Other state sources	2,209,445	3,732,162	476,711	-	-	136,252	6,554,570
Other local sources	327,472	46,571	573,467	1,246,082	12,685	20,753,999	22,960,276
Total revenues	3,547,865	4,807,998	8,911,574	1,246,082	12,685	22,906,010	41,432,214
Expenditures:							
Current:							
Certificated salaries	1,346,603	1,588,840	-	-	-	-	2,935,443
Classified salaries	906,291	1,350,555	3,971,167	-	-	-	6,228,013
Employee benefits	589,232	804,376	987,498	-	-	-	2,381,106
Books and supplies	58,596	103,699	3,030,662	-	-	-	3,192,957
Contract services and operating expenditures	594,088	765,597	172,396	-	-	-	1,532,081
Capital outlay	-	-	325,027	29,921	99,820	-	454,768
Debt service:							
Principal retirement	-	-	-	725,000	-	6,658,600	7,383,600
Interest	-	-	-	509,554	-	20,002,777	20,512,331
Total expenditures	3,494,810	4,613,067	8,486,750	1,264,475	99,820	26,661,377	44,620,299
Excess (deficiency) of revenues over (under) expenditures	53,055	194,931	424,824	(18,393)	(87,135)	(3,755,367)	(3,188,085)
Other financing uses:							
Transfers in	-	-	160,138	-	-	-	160,138
Transfers out	(47,572)	(253,168)	(428,670)	-	-	-	(729,410)
Total other financing uses	(47,572)	(253,168)	(268,532)	-	-	-	(569,272)
Net change in fund balances	5,483	(58,237)	156,292	(18,393)	(87,135)	(3,755,367)	(3,757,357)
Fund balances, July 1, 2017	-	121,771	5,641,728	2,414,123	530,188	23,168,122	31,875,932
Fund balances, June 30, 2018	$ 5,483	$ 63,534	$ 5,798,020	$ 2,395,730	$ 443,053	$ 19,412,755	$ 28,118,575

HAYWARD UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Student Body Funds				
Hayward High School				
Assets:				
Cash on hand and in banks	$ 73,306	$ 295,522	$ 291,576	$ 77,252
Liabilities:				
Due to student groups	$ 73,306	$ 295,522	$ 291,576	$ 77,252
Mt. Eden High School				
Assets:				
Cash on hand and in banks	$ 181,328	$ 394,007	$ 368,323	$ 207,012
Liabilities:				
Due to student groups	$ 181,328	$ 394,007	$ 368,323	$ 207,012
Tennyson High School				
Assets:				
Cash on hand and in banks	$ 67,288	$ 147,056	$ 139,053	$ 75,291
Liabilities:				
Due to student groups	$ 67,288	$ 147,056	$ 139,053	$ 75,291
Southgate Elementary School				
Assets:				
Cash on hand and in banks	$ 7,250	$ 15,273	$ 12,152	$ 10,371
Liabilities:				
Due to student groups	$ 7,250	$ 15,273	$ 12,152	$ 10,371
Total Agency Funds				
Assets:				
Cash on hand and in banks	$ 329,172	$ 851,858	$ 811,104	$ 369,926
Liabilities:				
Due to student groups	$ 329,172	$ 851,858	$ 811,104	$ 369,926

HAYWARD UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2018

Hayward Unified School District, a political subdivision of the State of California, was established on July 1, 1963. The mission of the District is to promote educational excellence by empowering students to become dynamic leaders in a global society. The District operates twenty-one elementary schools, five middle schools, three 9-12 high schools, one continuation school and an adult school. There were no changes in the boundaries of the District during the year.

BOARD OF EDUCATION

Name	Office	Term Expires
Dr. Annette Walker	President	December 2020
Mr. William McGee	Vice President	December 2018
Ms. Lisa Brunner	Clerk	December 2018
Dr. Luis Reynoso	Member	December 2020
Dr. Robert Carlson	Member	December 2020

ADMINISTRATION

Dr. Matt Wayne
Superintendent

Dr. Peter Parenti
Assistant Superintendent, Educational Services

Mr. Allan Garde
Assistant Superintendent, Business Services

Ms. Delia Ruiz
Assistant Superintendent, Human Resources

Ms. Chien Wu-Fernandez
Assistant Superintendent, Student and Family Support Services

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2018

	Second Period Report	Annual Report
Certificate Numbers	5EDC9A16	9077543B
Elementary:		
Transitional Kindergarten through Third	6,629	6,637
Fourth through Sixth	4,936	4,931
Seventh through Eighth	2,877	2,878
Special Education	32	31
Total Elementary	14,474	14,477
Secondary:		
Regular Classes	4,736	4,687
Continuation Education	146	142
Special Education	50	49
Total Secondary	4,932	4,878
	19,406	19,355

See accompanying notes to supplementary information.

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2018

Grade Level	Minutes Require-ment	2017-18 Actual Minutes	Number of Days Traditional Calendar	Status
DISTRICT				
Kindergarten	36,000	39,600	180	In Compliance
Grade 1	50,400	53,440	180	In Compliance
Grade 2	50,400	53,440	180	In Compliance
Grade 3	50,400	53,440	180	In Compliance
Grade 4	54,000	54,630	180	In Compliance
Grade 5	54,000	54,630	180	In Compliance
Grade 6	54,000	54,630	180	In Compliance
Grade 7	54,000	54,050	180	In Compliance
Grade 8	54,000	54,050	180	In Compliance
Grade 9	64,800	64,901	180	In Compliance
Grade 10	64,800	64,901	180	In Compliance
Grade 11	64,800	64,901	180	In Compliance
Grade 12	64,800	64,901	180	In Compliance

See accompanying notes to supplementary information.

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education		
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic Local Assistance Entitlement	13379	$ 3,482,712
84.027A	Special Ed: IDEA: Preschool Local Entitlement	13682	499,965
84.027	Special Ed: IDEA Mental Health Allocation Plan	14468	234,099
84.173	Special Ed: IDEA Preschool Grants	13430	174,390
	Subtotal Special Education Cluster		4,391,166
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education	14508	508,853
84.002	Adult Education: English Literacy	14109	80,370
84.002	Adult Education: Adult Secondary Education	13978	55,944
	Subtotal Adult Education Programs		645,167
	Title I, Part C Programs:		
84.011	ESEA: Title I, Part C, Migrant Ed (Regular and Summer Programs)	14326	348,166
84.011	ESEA: Title I, Part C, Migrant Education (MESRP)	14768	170,042
	Subtotal Title I, Part C Programs		518,208
	Title III Programs:		
84.365	ESEA: Title III, English Learner Student Program	14346	686,477
84.365	ESEA: Title III, Immigrant Student Program	15146	91,513
	Subtotal Title III Programs		777,990
84.010	ESEA: Title I, Basic Grants Low-Income and Neglected	14329	5,131,288
84.048	Carl D. Perkins Career and Technical Education: Adult, Section 132	14893	171,298
84.181	Special Ed: IDEA Early Intervention Grants	24314	114,333
84.215N	Promise Neighborhood Grant	N/A	101,903
84.287	ESEA: Title IV, 21st Century Community Learning Centers Program	14349	5,132,889
84.366	NCLB: Title II, Part B, CA Mathematics and Science Partnerships (CaMSP)	14512	23,246
84.367	ESEA: Title II, Part A, Supporting Effective Instruction Local Grants	14341	749,423
	Total U.S. Department of Education		17,756,911

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Agriculture - Passed through California Department of Education			
	Child Nutrition Cluster:		
10.555	Child Nutrition: National School Lunch	13396	$ 5,908,538
10.559	Child Nutrition: Summer Food Service Program	13004	213,334
	Subtotal Child Nutrition Cluster		6,121,872
	Child Nutrition: CCFP Programs		
10.558	Child Nutrition: Child Care Food Program Claims Centers and Family	13393	1,531,068
10.558	Child Nutrition: CCFP Cash in Lieu of Commodities	13389	110,282
	Subtotal Child Nutrition: CCFP Programs		1,641,350
	Total U.S. Department of Agriculture		7,763,222
U.S. Department of Labor - Passed through California Department of Education			
17.259	WIA: High Risk Youth Formula Grant - WIOA Cluster	10171	365,781
U.S. Department of Health and Human Services - Passed through California Department of Education			
93.596	Child Development: Fed Child Care - CCDF Cluster	13609	1,029,265
93.778	Dept. of Health Services: Medi-Cal Billing - Medicaid Cluster	10013	135,705
	Total U.S. Department of Health and Human Services		1,164,970
U.S. Corporation for National and Community Service - Passed through California Department of Education			
94.006	AmeriCorps	N/A	129,855
	Total Federal Programs		$ 27,180,739

See accompanying notes to supplementary information.

HAYWARD UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

There were no audit adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2018
(UNAUDITED)

General Fund	(Budget) 2019	2018	2017	2016
Revenues and other financing sources	$ 265,130,210	$ 259,305,094	$ 263,917,492	$ 255,059,959
Expenditures	266,428,391	257,694,894	263,683,023	243,115,623
Other uses and transfers out	135,000	160,138	136,294	412,326
Total outgo	266,563,391	257,855,032	263,819,317	243,527,949
Change in fund balance	$ (1,433,181)	$ 1,450,062	$ 98,175	$ 11,532,010
Ending fund balance	$ 19,690,246	$ 21,123,427	$ 19,673,365	$ 19,575,190
Available reserves	$ 10,363,090	$ 12,259,589	$ 12,628,564	$ 7,750,871
Designated for economic uncertainties	$ 7,966,000	$ 7,713,774	$ 12,628,564	$ 7,270,518
Undesignated fund balance	$ 2,397,090	$ 4,545,815	$ -	$ 480,353
Available reserves as percentages of total outgo	3.89%	4.75%	4.79%	3.18%
All Funds				
Total long-term liabilities	$ 871,494,045	$ 879,568,612	$ 846,730,353	$ 585,402,749
Average daily attendance at P-2, excluding Adult and ROP	19,194	19,406	19,732	19,929

The General Fund fund balance has experienced a net increase of $13,080,247 over the past three years. The fiscal year 2018-2019 budget projects a decrease of $1,433,181. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. The District met the minimum requirement for the fiscal year ended June 30, 2018.

The District has recognized an operating surplus in each of the past three years, however anticipates an operating deficit for the 2018-2019 fiscal year.

Total long-term liabilities have increased by $294,165,863 over the past two years, due primarily to the issuance of General Obligation Bonds and the implementation of GASB Statement Nos. 68 and 75.

Average daily attendance has decreased by 523 over the past two years. The District anticipates a decrease of 212 ADA for the 2018-2019 fiscal year.

See accompanying notes to supplementary information.

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2018

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
0684 - Leadership Public School - Hayward	Separate Report
0836 - Impact Academy of Arts & Technology	Separate Report
1067 - Golden Oak Montessori	Separate Report
1514 - Knowledge Enlightens You (KEY) Academy	Separate Report
1543 - Silver Oak High Public Montessori Charter	Separate Report

See accompanying notes to supplementary information.

HAYWARD UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. 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 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Hayward Unified School District, and is presented on the 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). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2018.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 29,528,894
Less:		
Federal interest reimbursement on Build America Bonds	N/A	(2,015,759)
Federal E-Rate telecommunications program	N/A	(181,679)
Medi-Cal Billing Options unspent	93.778	(150,717)
Total Schedule of Expenditure of Federal Awards		$ 27,180,739

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2018
(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

E - Schedule of Financial Trends and Analysis (Unaudited)

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2018-2019 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2018, the District did not adopt this program.

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Education
Hayward Unified School District
Hayward, California

Report on Compliance with State Laws and Regulations

We have audited Hayward Unified School District's compliance with the types of compliance requirements described in the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2018.

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General requirements	Yes
After school	Yes
Before school	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	No, see below
Attendance, for charter schools	No, see below
Mode of Instruction, for charter schools	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

(Continued)

The District's Independent study ADA did not meet the level requiring testing; therefore, we did not perform any procedures related to this program.

The District did not offer an Early Retirement Incentive Program; therefore, we did not perform any procedures related to this program.

The District does not operate any Juvenile Court Schools, therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not operate any Middle or Early College High Schools, therefore, we did not perform any procedures related to Middle or Early College High Schools.

The District did not report any ADA for Apprenticeship: Related and Supplemental or Independent Study-Course Based; therefore, we did not perform any procedures related to these programs.

The District does not have any Charter Schools included in this report; therefore, we did not perform any of the testing required by Article 4 of the Audit Guide.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on Hayward Unified School District's compliance with state laws and regulations as listed above 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 *2017-18 Guide for Annual Audits of K12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Hayward Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Hayward 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 state laws and regulations. However, our audit does not provide a legal determination of Hayward Unified School District's compliance.

Opinion with State Laws and Regulations

In our opinion, Hayward Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2018.

(Continued)

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 11, 2018

Crowe

Crowe LLP
Independent Member Crowe Global

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

Board of Education
Hayward Unified School District
Hayward, 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 Hayward Unified School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Hayward Unified School District's basic financial statements, and have issued our report thereon dated December 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hayward 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 Hayward Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Hayward 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.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hayward 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*.

Purpose of this Report

The purpose of this 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 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.

CROWE LLP

Crowe LLP

Sacramento, California
December 11, 2018

Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Education
Hayward Unified School District
Hayward, California

Report on Compliance for Each Major Federal Program

We have audited Hayward 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 Hayward Unified School District's major federal programs for the year ended June 30, 2018. Hayward 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 statues, 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 Hayward 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 Hayward 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 for each major federal program. However, our audit does not provide a legal determination of Hayward Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Hayward 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, 2018.

(Continued)

Report on Internal Control Over Compliance

Management of Hayward 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 Hayward 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 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 Hayward 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 *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 11, 2018

FINDINGS AND RECOMMENDATIONS

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	______ Yes __X__ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes __X__ None reported
Noncompliance material to financial statements noted?	______ Yes __X__ No

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	______ Yes __X__ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes __X__ None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes __X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555, 10.559	Child Nutrition Cluster
84.027, 84,173, 84.173A	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 815,422
Auditee qualified as low-risk auditee?	__X__ Yes ______ No

STATE AWARDS

Type of auditors' report issued on compliance for state programs:	Unmodified

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

HAYWARD UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

HAYWARD UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2018

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2017-01 Condition: The District's public hearing and subsequent determination of textbook sufficiency was not held prior to the eighth week of the first day pupils attended school for the 2016-17 school year. Recommendation: The District should implement a control to ensure the public hearing and textbook determination are completed within the time frame required by the California Education Code Section 60119.	Implemented.	

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APPENDIX C

PROPOSED FORMS OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Education
Hayward Unified School District
Hayward, California

Hayward Unified School District
General Obligation Bonds,
Election of 2018, Series 2019A

and

Hayward Unified School District
General Obligation Bonds,
Election of 2018, Series 2019B (Green Bonds)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Hayward Unified School District (the "District"), which is located in the County of Alameda, California (the "County"), in connection with the issuance by the District of $125,000,000 aggregate principal amount of bonds designated as "Hayward Unified School District General Obligation Bonds, Election of 2018, Series 2019A" and $20,000,000 aggregate principal amount of bonds designated as "Hayward Unified School District General Obligation Bonds, Election of 2018, Series 2019B (Green Bonds)" (collectively, the "Bonds"). The Bonds are authorized by a resolution adopted by the Board of Education of the District on February 13, 2019 (the "District Resolution"), and issued pursuant to a Paying Agent Agreement dated as of March 1, 2019 (the "Paying Agent Agreement"), between the District and U.S. Bank National Association (the "Paying Agent"). The Board of Supervisors of the County authorized the District to issue the Bonds on its own behalf by a resolution adopted on March 14, 2000.

In such connection, we have reviewed the District Resolution, the Paying Agent Agreement, the tax certificate of the District dated the date hereof (the "Tax Certificate"), certificates of the District, the County and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the District Resolution, the Paying Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the District Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the District Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the District.

2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the District.

3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

[Closing Date]

Board of Education
Hayward Unified School District
Hayward, California

Hayward Unified School District
2019 General Obligation Refunding Bonds
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Hayward Unified School District (the "District"), which is located in the County of Alameda, California (the "County"), in connection with the issuance by the District of $86,315,000 aggregate principal amount of bonds designated as "Hayward Unified School District 2019 General Obligation Refunding Bonds" (the "Bonds"). The Bonds are authorized by a resolution adopted by the Board of Education of the District on February 13, 2019 (the "District Resolution"), and issued pursuant to a Paying Agent Agreement dated as of March 1, 2019 (the "Paying Agent Agreement"), between the District and U.S. Bank National Association (the "Paying Agent").

In such connection, we have reviewed the District Resolution, the Paying Agent Agreement, the tax certificate of the District dated the date hereof (the "Tax Certificate"), certificates of the District, the County and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the District Resolution, the Paying Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the District Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the District Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the District.

2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the District.

3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)

GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2019A	**GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2019B (GREEN BONDS)**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Hayward Unified School District (the "District") in connection with the issuance of $125,000,000 aggregate principal amount of Hayward Unified School District General Obligation Bonds, Election of 2018, Series 2019A and $20,000,000 aggregate principal amount of Hayward Unified School District General Obligation Bonds, Election of 2018, Series 2019B (Green Bonds) (collectively, the "Bonds"). The Bonds are being issued as authorized by a resolution adopted by the Board of Education of the District on February 13, 2019 (the "Resolution"), and in accordance with the terms of a Paying Agent Agreement, dated as of March 1, 2019 (the "Paying Agent Agreement"), by and between the District and U.S. Bank National Association, as paying agent (the "Paying Agent"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, 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 who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at *http://emma.msrb.org*.

"Official Statement" shall mean the final official statement dated February 27, 2019 relating to the Bonds.

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

"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.

SECTION 3. Provision of Annual Reports.

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 June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2019 (which is due no later than April 1, 2020), provide to the Participating Underwriter and the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. 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.

Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

If the Paying Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Paying Agent shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

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

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB 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 provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statements filed on or before the Annual Report Date, the following information for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed:

(b) The District's approved annual budget;

(c) The District's average daily attendance;

(d) The District's outstanding debt;

(e) Information regarding total assessed value of taxable property in the District, if and to the extent provided by Alameda County (the "County") to the District; and

(f) As long as the County does not apply the Teeter Plan with respect to the property levied for payment of the debt service on the Bonds, information regarding total secured tax charges and delinquencies on taxable property within the District, if and to the extent provided by the County to the District.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.

(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, not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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 paying agent or the change of name of a paying agent; or

8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Paying Agent Agreement.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. <u>Termination of Reporting Obligation</u>. 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(e).

SECTION 7. <u>Dissemination Agent</u>. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. 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. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc.

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

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

(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.

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

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Alameda or in U.S. District Court in or nearest to the County. 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. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: March 20, 2019.

HAYWARD UNIFIED SCHOOL DISTRICT

By: ____

Assistant Superintendent of Business Services

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of District:	HAYWARD UNIFIED SCHOOL DISTRICT
Name of Bond Issues:	HAYWARD UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2019A HAYWARD UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES 2019B (GREEN BONDS)
Date of Issuance:	March 20, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by ______________.]

Dated: ________________

HAYWARD UNIFIED SCHOOL DISTRICT

By: ____________[to be signed only if filed]____________

HAYWARD UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2019 GENERAL OBLIGATION REFUNDING BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Hayward Unified School District (the "District") in connection with the issuance of $86,315,000 aggregate principal amount of Hayward Unified School District 2019 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued as authorized by a resolution adopted by the Board of Education of the District on February 13, 2019 (the "Resolution"), and in accordance with the terms of a Paying Agent Agreement, dated as of March 1, 2019 (the "Paying Agent Agreement"), by and between the District and U.S. Bank National Association, as paying agent (the "Paying Agent"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, 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 who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at *http://emma.msrb.org*.

"Official Statement" shall mean the final official statement dated February 27, 2019 relating to the Bonds.

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

"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.

SECTION 3. Provision of Annual Reports.

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 June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2019 (which is due no later than April 1, 2020), provide to the Participating Underwriter and the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. 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.

Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

If the Paying Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Paying Agent shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

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

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB 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 provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statements filed on or before the Annual Report Date, the following information for the most recently completed fiscal year, or, if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed:

(b) The District's approved annual budget;

(c) The District's average daily attendance;

(d) The District's outstanding debt;

(e) Information regarding total assessed value of taxable property in the District, if and to the extent provided by Alameda County (the "County") to the District; and

(f) As long as the County does not apply the Teeter Plan with respect to the property levied for payment of the debt service on the Bonds, information regarding total secured tax charges and delinquencies on taxable property within the District, if and to the extent provided by the County to the District.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.

(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, not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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 paying agent or the change of name of a paying agent; or

8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Paying Agent Agreement.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in its Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. <u>Termination of Reporting Obligation</u>. 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(e).

SECTION 7. <u>Dissemination Agent</u>. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. 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. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc.

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

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

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

(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.

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

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Alameda or in U.S. District Court in or nearest to the County. 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. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: March 20, 2019.

HAYWARD UNIFIED SCHOOL DISTRICT

By: ____

Assistant Superintendent of Business Services

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of District:	HAYWARD UNIFIED SCHOOL DISTRICT
Name of Bond Issue:	HAYWARD UNIFIED SCHOOL DISTRICT 2019 GENERAL OBLIGATION REFUNDING BONDS
Date of Issuance:	March 20, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by ______________.]

Dated: ________________

HAYWARD UNIFIED SCHOOL DISTRICT

By: ____________[to be signed only if filed]____________

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APPENDIX E

COUNTY OF ALAMEDA
INVESTMENT POLICY AND INVESTMENT REPORT

The following information has been furnished by the Office of the Treasurer-Tax Collector, County of Alameda. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer-Tax Collector and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer-Tax Collector, 1221 Oak Street, Room 131, Oakland, CA 94612.

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ALAMEDA COUNTY
Annual Investment Policy
Calendar Year 2019

Introduction

The Alameda County Board of Supervisors, by Ordinance # O-2018-66 has renewed the annual delegation of its investment authority and responsibility to invest and/or to reinvest the funds in the Alameda County treasury to the Alameda County Treasurer. Accordingly, to provide a framework for the oversight of the Treasurer's investment responsibilities and activities, the *Government Code of the State of California through Section 27133* requires the County Treasurer to prepare an annual investment policy that provides the specific guidelines, pursuant to which, the Treasurer should carry-out investment-related functions. Participation in the Alameda County investment pool is limited to entities that are required by mandate to deposit their revenues in the county treasury.

Investment Philosophy

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

1. **Safety** – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. **Liquidity** – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
3. **Return** - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints of safety.

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

The investment portfolio shall strive to attain an average maturity not to exceed 36 months. Investments shall be made with the general intention of holding to maturity and not for trading. However, the Treasurer may, from time to time, swap or sell securities to re-position investment holdings to current coupon issues or to take advantage of market value appreciation by realizing profits on securities held by the portfolio.

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

1. To raise cash to meet unanticipated cash-flow need.
2. To swap old securities for current coupon securities.
3. To avoid further erosion and loss of investment principal due to deterioration in credit-worthiness or if interest rates are anticipated to continually rise.

Investment Guidelines and Eligible Securities

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

Alameda County investments shall conform to the legal provisions set forth in the Government Code, except that, the County further prescribes the following requirements:
(Please refer to ATTACHMENT I)

I. Bankers' Acceptance

- Maximum limit: 30% of the portfolio.
- Ratings requirement: "A" rated by S & P or its equivalent by other rating agencies for domestic banks. "AA" rated by S & P or its equivalent by other rating agencies for US Branch of Foreign Banks.
- Maximum maturity: May not exceed 180 days from purchase date to final maturity.

II. Commercial Paper

- Maximum limit: 25% of the portfolio.
- Ratings requirement: "P-1" rated by S & P or its equivalent by other rating agencies.
- Maximum maturity: May not exceed 270 days from purchase date to final maturity.

III. Medium-Term Corporate Notes

- Maximum limit: 30% of the portfolio.

- Ratings requirement: “A” rated by S & P or the equivalent by other rating agencies if maturity is less than 3 years. “AA” rated by S & P or the equivalent by other rating if maturity is more than 3 years from purchase date.
- Maximum maturity: May not exceed 5 years from purchase date to final maturity.

IV. <u>Negotiable Certificates of Deposits</u>

- Maximum limit: 30% of the portfolio.
- Ratings requirement: “A” rated by S & P or the equivalent by other rating agencies if issued by a domestic bank. “AA” rated by S & P or the equivalent by other rating agencies if issued by a U.S. branch of a foreign bank.
- Maximum maturity: May not exceed one year in maturity from purchase date.

V. <u>Money Market Mutual Funds</u>

- Maximum limit: 20% of the portfolio. Investments in any one fund may not exceed 5% of the portfolio
- NAV requirement: A money-market fund must maintain a constant NAV (Net Asset Value) of $1.00.
- Rating requirement: In order to be eligible for purchase for the Treasurer’s investment pool, a money market fund, must meet either of the following requirements.

    - The fund must be invested in securities and obligations permitted by subdivisions (a) to (1) inclusive, of Section 53601 of the Government Code of the State of California. The fund must attain “AAA” ratings from 2 of the 3 nationally recognized rating services.

      OR

    - The fund must be invested in securities and obligations permitted by subdivisions (a) to (1) inclusive, of Section 53601 of the Government Code of the State of California, and **if not rated**, must retain an investment adviser registered with the SEC with more than five years of experience investing in the securities and obligations as authorized by subdivisions (a) to (m), inclusive, and with assets under management in excess of $500,000,000.

VI. <u>U.S. Treasury Bills, U.S. Government Notes and Bonds, Federal Agency</u>

Notes, debt issues of the State of California and debt issues of local agencies within the State of California

- Maximum limit: 100% of the portfolio.
- Purchase of debt issues of the U.S. Government, Federal Agencies, State of California and other local agencies in the State of California are eligible for purchase without limit, subject to requirements and restrictions of Section 53601 et seq. of the Government Code, except that floating rate notes, structured notes and other derivative securities permitted for purchase under the Code shall be limited to an aggregate cap of 15% of the total portfolio. Plain callable securities are not subject to the 15% limit.
- Maximum maturity: 5 years

VII. Washington Supranational Obligations

- Maximum limit: 30% of the portfolio.
- Purchase of U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank of Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) that are eligible for purchase or sale in the United States.
- Ratings requirement: AA or better by S & P or equivalent by other rating agencies.
- Maximum maturity: 5 years

VIII. Asset-Backed Securities

- Maximum limit: 20% of the portfolio.
- Equipment lease-backed certificates, consumer receivable pass-through certificates or consumer receivable-backed bonds are eligible for purchase.
- Ratings requirement: The security must carry a ‘AA’ or better by S&P or equivalent by other rating agencies.
- Maximum maturity: 5 years

IX. Repurchase Agreements

1. Repurchase Agreements
   - Maximum limit: 20% of the portfolio.
   - Counter-party requirements: A financial institution that will deliver the securities versus payment, either to the Treasurer’s custodian bank or to a third-party custodian.
   - Collateral requirements: U.S. Government Securities or Federal Agency Securities with final maturity not exceeding 5 years from commencement of repurchase agreement.

- Collateral value requirements: Minimum of 102% of the funds borrowed and marked-to-market daily during the term of agreement.
- Maximum term of agreement: 180 days.

2. Reverse Repurchase Agreements
   - Maximum limit: 20% of the portfolio.
   - Borrowing for leveraging purposes shall conform in all aspects to the governing provisions of the Government Code Section 53601, et. seq. Reverse repurchase agreements which have been entered into for purposes of either raising temporary cash needs or for the purpose of leveraging to attain favorable investment spreads, must be approved by the Board of Supervisors, pursuant to Government Code guidelines.

X. <u>LAIF (Local Agency Investment Fund)</u>

- Maximum amount: As permitted by the State Treasurer

XI. <u>CalTRUST (Joint Powers Authority Investment Trust for California Public Agencies)</u>

- Maximum limit: Twice the limit of LAIF deposits

XII. <u>CAMP (Joint Powers Authority created to provide a statewide local government investment pool)</u>

- Maximum limit: Twice the limit of LAIF deposits

XIII. <u>Collateralized/FDIC - Insured Time Deposits</u>

The Treasurer may place interest-bearing inactive public time deposits with banks and savings and loan associations located within the State of California, collateralized in accordance with requirements of the Government Code. Further, pursuant to the requirement of Government Code Section 53635.2, in order to be eligible as a depository of local agency monies, the depository institution must have a CRA (Community Reinvestment Act) rating of at least “Satisfactory”, received in its most recent evaluation by the appropriate federal rating agency. Pursuant to Government Code section 53601.8, the depository bank may use an eligible private sector entity to help place deposits with one or more commercial banks, savings and loan associations, or credit unions located in the United States. The Treasurer may also place with an eligible bank, savings and loan association, and credit union uncollateralized interest-bearing inactive time deposits for the FDIC or the NCUA insured amount of up to $250,000, provided that the depository institution requests, and the Treasurer grants, a waiver of security in writing.

XIV. **Collateralized Money Market Bank Accounts**

The Treasurer may open and deposit funds in interest-bearing active collateralized money market bank accounts in the banks that qualify under the eligibility requirements required for collateralized inactive time deposits, under **item XII** of this policy. Deposits in money market bank accounts are made to provide better short-term yield, as well as to provide another source of immediate liquidity.

XV. **Others – any other legally permitted investments by specific authorizing resolutions of the Alameda County Board of Supervisors shall be eligible investments.**

Credit rating requirements for eligible securities referred-to in this policy shall mean the numeric, alpha, and/or alpha-numeric designations assigned by the following rating agencies:

Moody's Investor Service
Standard & Poor's Rating Services
Fitch IBCA, Inc.
Thompson Bank Watch

The list of possible ratings for Standard and Poor's, Moody's and Fitch are Attachment II.

Directed Investments and Withdrawal Policy

Self-directed investments made by any school district or any special district, including deposits by same districts into the State's Local Agency Investment Fund (LAIF) are considered withdrawal of funds from the County treasury. Each district withdrawing funds for the purpose of investing outside of the Treasurer's investment pool may only do so once each month, upon a 3-day written notice to the Treasurer in an amount not exceeding $20,000,000**.** Such withdrawal is hereafter referred to as a "Permissible Withdrawal". Permissible withdrawals are further subject to the following requirements:

- Each district wishing to invest bond proceeds and/or bond funds outside of the Treasurer's investment pool, must notify the Treasurer no later than on the day of the bond closing, so that the Treasurer could place such bond proceeds in short-term investment/s whose maturity would coincide with the settlement/purchase date of the directed investment.
- Securities representing district- directed investments shall be held solely for the purpose of safekeeping by the County Treasurer at the County's custodial bank.
- Directed investments shall be the direct responsibility of each respective district with respect to their accounting and accountability.
- Any school district or special district that has obtained a temporary loan from the Alameda County Treasurer may not invest operating funds outside of the Treasurer's investment pool until the temporary loan is fully liquidated.

Securities Lending

Pursuant to Section 53601 (i) (3) of the Government Code, the Alameda County Treasurer may engage in securities lending through a third-party custodian and lending administrator. Revenues derived from securities lending will be considered incremental interest income to be shared among participating funds in the investment pool.

Other Provisions

Further, the Treasurer of Alameda County sets forth the following:

1. The Treasurer shall maintain sufficient funds in the County Treasury, to meet the estimated normal daily operating cash demands of the County and investment pool participants by investing funds to maturities that anticipate major cash needs. Investments shall, whenever possible, be made in securities that have active secondary or resale markets in order to provide maximum portfolio liquidity.

2. The treasurer's investment pool practices a "buy and hold" strategy, thus, funds are invested in securities that mature on dates coincident with the anticipated operating cash requirements of all participating entities. Consequently, withdrawal of funds for purposes other than to pay operating expenditures is unanticipated and could risk the pool's liquidity and stability. Nevertheless, subject to the **Directed Investments and Withdrawal Policy**, the Treasurer may liquidate securities in order to meet unanticipated cash withdrawals or disbursements made by the County or any pool participant, whether the purpose of such withdrawal or disbursement is to make payment for a legitimate obligation or to pull-out funds to reinvest outside the Treasurer's pool. Except for permissible withdrawals as described in the previous section, in the event the Treasurer is obligated to liquidate investments in an adverse market, the resulting loss, if any (calculated on the basis of comparing the accrued interest earned at the original purchase rate vs. the actual interest earned and/or loss at the current sale rate), due to an unanticipated school or special district withdrawal that normal pool liquidity cannot meet, and if the purpose of such withdrawal is to invest the funds outside of the Treasurer's investment pool, shall be borne by the withdrawing district/s alone. Losses due to the sale of securities to meet unanticipated cash needs other than for the purpose of investing funds outside the treasurer's pool shall be considered as normal cost of providing unanticipated liquidity needs.

3. The Treasurer shall hold all securities including collateral on repurchase agreements, in safekeeping with the County's custodial bank or with a national bank located in a Federal Reserve City which has provided the County with a safekeeping agreement.

4. The Alameda County Treasurer's investment pool does not accept non-mandatory depositors.

Investment Report

The Treasurer shall submit a report on the monthly status of the investment pool to the Alameda County Board of Supervisors, the Treasurer's Oversight Committee and the participating districts. The investment report must include the total market value of securities held, as reported by the custodial bank in its custodial report to the County, in each of the following calendar-quarter monthly reports, September, December, March, and June.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of Alameda County Treasurer's investment pool.

Further, any securities broker or dealer who has made a political contribution to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices, in an amount that exceeds the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board within any consecutive 48-month period following January 1, 1996, shall be disqualified from transacting securities trades (purchase, sale and/or exchange) with the County Treasurer.

Safekeeping and Custody

The following process shall be maintained for safekeeping and custody of securities:

1. Delivery vs. payment
   All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the Alameda County's safekeeping institution prior to the release of funds.
2. Third-Party Safekeeping
   All marketable securities except for money market funds registered in the County's name shall be deposited for safekeeping with banks contracted to provide the County Treasurer with custodial security clearance services. Securities are **NOT** to be held in investment firm/broker-dealer account.

Authorized Financial Institutions, Depositories, and Broker/Dealers

The Treasurer shall maintain a list of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of broker/dealers that are approved to conduct investment security transactions with the Alameda County Treasurer. These may include primary dealers, regional broker/dealers, minority-owned broker/dealers and direct issuers of securities.

All financial institutions and depositories, including broker-dealers, must provide certification of having read and understood and agreeing to comply with Alameda County Treasurer's investment policy on an annual basis.

All broker/dealers who desire to become qualified for investment transactions must supply the following (as appropriate):

1. Audited financial statements

2. Proof of FINRA registration
3. Proof of state registration
4. Completed broker/dealer questionnaire
5. Certification of having read and understood and agreeing to comply with Alameda County Treasurer's investment policy

Allocation of Interest Income and Costs

The Treasurer shall account for interest income on a cash basis to be apportioned based on average daily cash balances of participating funds during the quarterly allocation period. Government Code Section 27013 permits the Treasurer to charge the cost of the treasury operations and administration to the interest income prior to distribution. The cost of operating the County treasury which includes tax and revenue receipt processing, county-wide central cashiering, investment banking, management, operations, safekeeping and accounting, daily redemption of county warrants/checks and other direct and indirect treasury operations costs, shall be netted on a quarterly basis against the un-apportioned interest prior to its allocation to the pool participants. The treasury operations costs are determined each fiscal year as part of the budgeting process, during which the departmental budget is allocated among the various functioning units of the Treasurer-Tax Collector's department.

Treasury Oversight Committee

The Treasury Oversight Committee shall meet at least once annually, preferably the third week of November. The responsibilities of the Treasury Oversight Committee are:

1. To ensure that an annual audit of the investment portfolio is performed;
2. To review the Treasurer's Annual Investment Policy before it is submitted to the Board of Supervisors for authorization; and
3. To ensure that the Treasurer's investments conform to the requirements of the annual investment policy.

Limit on Receipt of Honoraria, Gifts and Gratuities

No individual responsible for the management of the County's investment portfolio or any member of the Treasury Oversight Committee shall accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker or other person with whom the county treasury conducts business, that aggregate in value in excess of $250.00 in any calendar year.

Conclusion

Any provision in this, the investment policy of Alameda County, which may later be disallowed by the governing sections of the Government Code of the State of California, shall also be so disallowed. Conversely, any new permissive provisions under the governing sections of the Government Code shall be allowed without necessarily amending the investment policy during the year that the law takes effect. However, such new provision shall be adopted by policy in the next annual investment policy. This investment policy shall be in effect until revised or replaced by the investment policy of the following calendar year.

SUMMARY OF ALLOWABLE INVESTMENTS

AUTHORIZED INVESTMENTS	MAXIMUM % HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY
Banker's Acceptance	30%	N/A	180 days	"A" rated by S&P or equivalent for domestic banks
Commercial Paper	25%	N/A	270 days	"AA" rated by S&P or equivalent for US branch of foreign banks "A-1/P-1" rated by S&P and Moody's or equivalent
Medium Term Notes or Corporate Notes	30%	N/A	5 years	"A" rated by S&P or equivalent for maturity less than 3 years "AA" rated by S&P or equivalent for maturity over 3 years
Negotiable CD	30%	N/A	1 year	"A" rated by S&P or equivalent for domestic banks "AA" rated by S&P or equivalent for US branch of foreign banks
Money-Market Mutual Funds	20%	Max. 5% Must maintain constant NAV of $1.00	Daily Liquidity	"AAA" from 2 of the 3 nationally recognized rating services
US Treasury Bills, US Government Notes and Bonds, Federal Agency bonds (FHLB, FFCB, FNMA, FHLMC or FAMCA), debt issues by St. of CA and local agencies within the state	100%	N/A	5 years	N/A
Washington Supranational Obligations	30%	Senior unsecured unsubordinated or unconditionally guaranteed by IBRD, IFC, or IADB	5 years	"AA" by S&P or equivalent by other rating agencies
Asset-Backed Securities	20%	Equipment leased-backed certificate, consumer receivable pass-through certificates, consumer receivables-backed bonds	5 years	Security: 'AA' or better by S&P or equivalent by other rating agencies
Repurchase Agreements (REPO)	20%	Counter-party that will deliver securities DVP. Collateral to be US Government or Federal Agency securities with maximum maturity of 5 years. 102% of funds borrowed and marked-tomarket daily.	180 days	N/A
Reverse Repurchase Agreements (Reverse REPO)	20%	Prior Approval of Board of Supervisors	As per code	N/A
LAIF	N/A	As per limit set by LAIF	Daily Liquidity	N/A
CAMP	N/A	2 x LAIF	Daily Liquidity	N/A
CalTRUST	N/A	2 x LAIF	Daily Liquidity	N/A
Fully Collateralized/FDIC - Insured Time Deposits	no limit	Refer to page 5	5 years	N/A
Fully Collateralized Money Market Bank Account	no limit	Refer to page 5	Daily Liquidity	N/A

RATINGS INTERPRETATION

LONG TERM DEBT RATINGS			
MOODY'S	**S&P**	**FITCH**	**RATINGS INTERPRETATION FOR CREDIT**
Aaa	AAA	AAA	STRONGEST QUALITY
Aa1	AA+	AA+	STRONG QUALITY
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	GOOD QUALITY
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	MEDIUM QUALITY
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	SPECULATIVE
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	LOW
B2	B	B	
B3	B-	B-	
Caa	CCC+	CCC	POOR
-	CCC	-	HIGHLY SPECULATIVE TO DEFAULT
-	CCC-	-	
Ca	CC	CCC	
C	-	-	
-	-	DDD	
-	-	DD	
-	D	D	

SHORT TERM DEBT RATINGS			
MOODY'S	**S&P**	**FITCH**	**RATINGS INTERPRETATION FOR CREDIT**
P-1	A-1+	F1+	STRONGEST QUALITY
	A-1	F1	STRONG QUALITY
P-2	A-2	F2	GOOD QUALITY
P-3	A-3	F3	MEDIUM QUALITY

Agenda ______ January 29 , 2019

TREASURER - TAX COLLECTOR

HENRY C. LEVY
TREASURER - TAX COLLECTOR

December 28, 2018

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

Dear Board Members:

RE: Investment Report – November 2018

In accordance with the Treasurer's investment policy, submitted herewith is a report of the cash pool investments for the month of November 2018. Enclosed with this report is a detailed composition of all outstanding investments by securities category as of November 30, 2018 (1). This report reflects the cost of purchase. All investments in the Treasurer's investment portfolio conform to the statutory requirements of Government Code Section 53601 et. seq., authorities delegated by the County Board of Supervisors and the Treasurer's investment policy.

As Of November 2018

Treasurer's Cash and Pool Investments – Book Value (2)	$ 6,054,294,500
Average Daily Balance during the month	5,644,663,633
Total interest received during the month	6,497,348
Average Maturity of the portfolio	319 days
Annualized cash basis rate of return for the month	1.400%

Total Securities Purchased During the Month

• In 12-month maturity	$ 551,999,817	
• In over 12-month maturity	65,084,797	
Total purchased		615,084,615

Total Activity during the Month

Securities matured	336,194,594
Net money market mutual funds purchased	250,000,000
Net collateralized money market bank accounts purchased	5,000,000

1221 OAK STREET • OAKLAND, CALIFORNIA 94612 • (510) 272-6801 • FAX (510) 268-5377

Liquidity Summary of the Portfolio as Of November 30, 2018 (3)

Maturity	Amount	Percentage Held
1 to 90 days*	$ 2,108,484,593	34.83%
91 to 180 days	1,092,252,391	18.04%
181 to 365 days	1,088,286,783	17.98%
2 years	1,048,577,411	17.32%
3 years	395,048,992	6.53%
4 years,	129,898,108	2.15%
5 years	191,746,223	3.17%
Total	**$ 6,054,294,500**	**100.00%**

*Of the total cash and investment holdings listed above $2,108,484,593 or 34.83% consisted of cash and investments maturing within 90 days of this report.

Significant Market Activity in November 2018

The US economy displayed robust growth during the month as unemployment was recorded at 3.7% and the hourly earnings rose 0.2%. The FED is on track to raise their short-term interest rates for the 4th time in 2018 in December. Stocks and bonds were volatile due to the uncertainty of the trade war between US and China. Oil closed at $51 per barrel and the 10-year Treasury bond traded at 2.99% at the end of November.

Conclusion

Based on investment activity during the month of November 2018, 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 November 2018 is on file with the Office of the Clerk of the Board of Supervisors.

Vision 2026 Goal

The Investment Report meets the 10x goal of **Accessible Infrastructure** in support of our shared vision of **Prosperous and Vibrant Economy**.

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
November 30, 2018

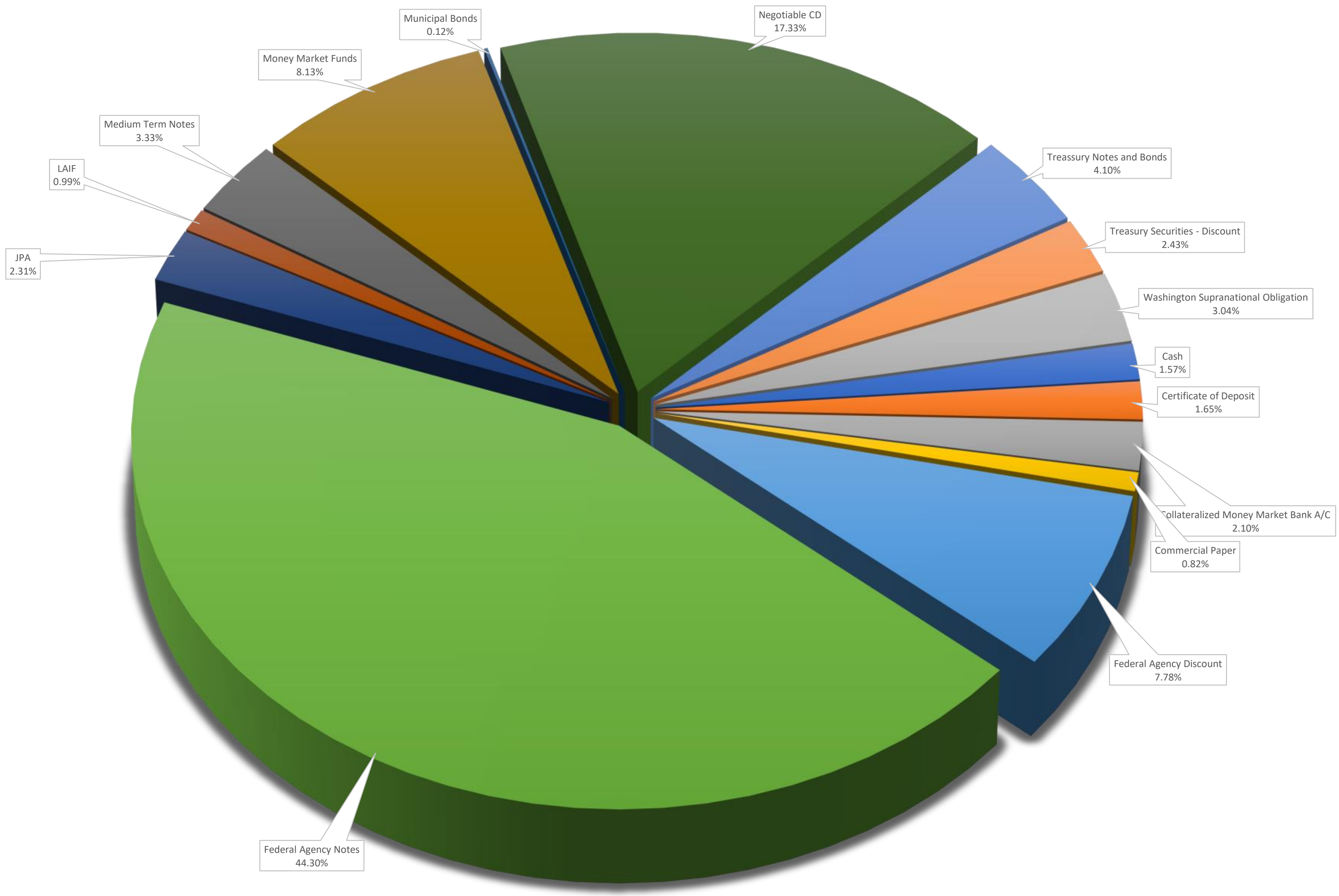
The following summarizes the profile of the investment portfolio by category as of November30, 2018

Securities	Book Value*	Percentage Held	Percentage Allowed by Section 53601 - Investment Policy
Certificate of Deposit	$ 100,000,000.00	1.65%	no limit
LAIF	60,000,000.00	0.99%	N.A.
Joint Powers Authority	140,000,000.00	2.31%	N.A.
Money Market Funds	492,000,000.00	8.13%	20%
Collateralized Money Market Bank A/C	127,000,000.00	2.10%	no limit
Negotiable CD	1,049,322,833.33	17.33%	30%
Medium Term Notes	201,638,379.17	3.33%	30%
Washington Supranational Obligation	183,783,989.27	3.04%	30%
Commercial Paper	49,363,541.67	0.82%	25%
Federal Agency Notes & Bonds	2,681,829,508.86	44.30%	no limit
Federal Agency Discount Notes	471,278,472.06	7.78%	no limit
Treasury Notes & Bonds	248,442,334.26	4.10%	no limit
Treasury Securities Discount	147,325,229.17	2.43%	no limit
Municipal Bonds	7,500,000.00	0.12%	no limit
Total Investments	**5,959,484,287.79**	**98.43%**	
Cash in Bank and on Hand	94,810,212.43	1.57%	
Total Treasurer's Pool	**6,054,294,500.22**	**100.00%**	

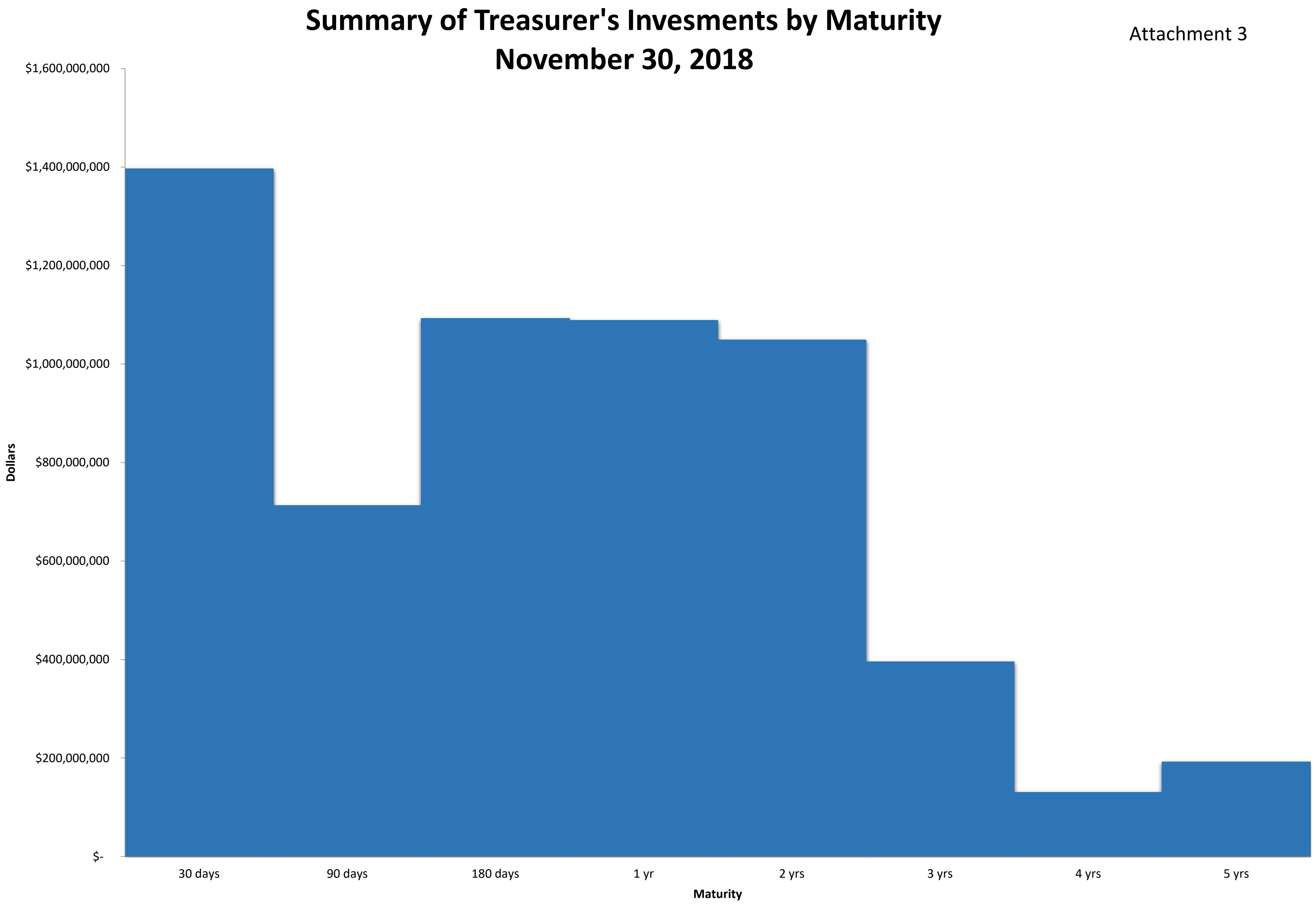
*The Book Value is obtained from the Union Bank Custodial Report

Summary of Treasurer's Investment Pool By Major Categories
November 30, 2018

Attachment 2



*Total may not add up to 100% due to rounding


Summary of Treasurer's Invesments by Maturity
November 30, 2018
Attachment 3
$1,600,000,000
$1,400,000,000
$1,200,000,000
$1,000,000,000
$800,000,000
$600,000,000
$400,000,000
$200,000,000
$-
Dollars
30 days
90 days
180 days
1 yr
2 yrs
3 yrs
4 yrs
5 yrs
Maturity

Alameda County Investment Pool
Portfolio Management
Investment Status Report - Investments
November 30, 2018

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												
SYS11589	11589	5STAR	10,000,000.00	2.510	05/09/2019	11/09/2018	2.510	2.545	12/09 - Monthly		10,000,000.00	10,000,000.00
SYS11573	11573	BRIDGE	40,000,000.00	2.000	07/01/2019	10/02/2018	2.000	2.028	11/02 - Monthly		40,000,000.00	40,000,000.00
SYS11563	11563	CBB	5,000,000.00	2.310	03/07/2019	09/07/2018	2.310	2.342	10/07 - Monthly		5,000,000.00	5,000,000.00
SYS11600	11600	CBC	10,000,000.00	2.510	05/21/2019	11/21/2018	2.510	2.545	12/21 - Monthly		10,000,000.00	10,000,000.00
SYS11601	11601	EWEST	25,000,000.00	2.800	05/14/2019	11/15/2018	2.800	2.839	12/15 - Monthly		25,000,000.00	25,000,000.00
SYS11491	11491	UB-LOC	5,000,000.00	2.000	04/17/2019	04/19/2018	2.000	2.028	05/17 - Monthly		5,000,000.00	5,000,000.00
SYS11542	11542	UBB	5,000,000.00	1.950	01/16/2019	07/17/2018	1.950	1.977	08/16 - Monthly		5,000,000.00	5,000,000.00
	Non-Negotiable CDs Totals		**100,000,000.00**				**2.315**	**2.347**		**0.00**	**100,000,000.00**	**100,000,000.00**
Local Agency Investment Funds												
SYS10285	10285	LAIF	60,000,000.00	2.240		07/01/2013	2.209	2.240	07/01 - Quarterly		60,000,000.00	60,000,000.00
	Local Agency Investment Funds Totals		**60,000,000.00**				**2.209**	**2.240**		**0.00**	**60,000,000.00**	**60,000,000.00**
Joint Powers Authority												
SYS10470	10470	CAMP	100,000,000.00	2.360		06/28/2012	2.328	2.360	06/30 - Quarterly		100,000,000.00	100,000,000.00
SYS10472	10472	CTRSTF	40,000,000.00	2.380		07/01/2013	2.347	2.380	04/30 - Quarterly		40,000,000.00	40,000,000.00
	Joint Powers Authority Totals		**140,000,000.00**				**2.333**	**2.366**		**0.00**	**140,000,000.00**	**140,000,000.00**
Money Market Mutual Funds												
608919718	11093	FED117	200,000,000.00	2.150		09/30/2016	2.121	2.150	10/31 - Monthly		200,000,000.00	200,000,000.00
316175504	10274	FID2	135,000,000.00	2.140		06/28/2012	2.111	2.140	06/30 - Monthly		135,000,000.00	135,000,000.00
316175108	11090	FID4	49,000,000.00	2.120		09/30/2016	2.091	2.120	10/31 - Monthly		49,000,000.00	49,000,000.00
61747C707	10280	MS2	18,000,000.00	2.110		06/28/2013	2.081	2.110	06/30 - Monthly		18,000,000.00	18,000,000.00
61747C582	11089	MS4	75,000,000.00	2.140		09/30/2016	2.111	2.140	10/31 - Monthly		75,000,000.00	75,000,000.00
52470G791	10318	WA2	15,000,000.00	2.070		08/15/2013	2.042	2.070	08/31 - Monthly		15,000,000.00	15,000,000.00
	Money Market Mutual Funds Totals		**492,000,000.00**				**2.110**	**2.139**		**0.00**	**492,000,000.00**	**492,000,000.00**
Money Market Bank Accounts												
SYS10286	10286	CALBT	55,000,000.00	1.000		06/28/2013	0.986	1.000	06/30 - Monthly		55,000,000.00	55,000,000.00
SYS10290	10290	UBOC1	41,000,000.00	1.000		06/28/2013	0.986	1.000	06/30 - Monthly		41,000,000.00	41,000,000.00
SYS10291	10291	UBOC2	31,000,000.00	1.000		06/28/2013	0.986	1.000	06/30 - Monthly		31,000,000.00	31,000,000.00
	Money Market Bank Accounts Totals		**127,000,000.00**				**0.986**	**1.000**		**0.00**	**127,000,000.00**	**127,000,000.00**

Alameda County Investment Pool
Portfolio Management
Investment Status Report - Investments
November 30, 2018

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
Negotiable CDs												
06370RAK5	11522	BMO	50,000,000.00	2.540	02/06/2019	06/12/2018	2.540	2.575	02/06 - At Maturity		50,000,000.00	50,000,000.00
25215FDA9	11501	DEXCRD	50,000,000.00	2.470	01/02/2019	04/25/2018	2.470	2.504	01/02 - At Maturity		50,000,000.00	50,000,000.00
25215FDM3	11527	DEXCRD	50,000,000.00	2.460	02/20/2019	06/25/2018	2.460	2.494	02/20 - At Maturity		50,000,000.00	50,000,000.00
55379WFT8	11526	MUFG	50,000,000.00	2.510	03/06/2019	06/25/2018	2.510	2.545	03/06 - At Maturity		50,000,000.00	50,000,000.00
55379WFV3	11528	MUFG	50,000,000.00	2.400	12/12/2018	06/25/2018	2.400	2.433	12/12 - At Maturity		50,000,000.00	50,000,000.00
55379WQJ8	11579	MUFG	50,000,000.00	2.670	04/03/2019	10/25/2018	2.670	2.707	04/03 - At Maturity		50,000,000.00	50,000,000.00
55379WRA6	11587	MUFG	50,000,000.00	2.830	05/31/2019	10/31/2018	2.830	2.869	05/31 - At Maturity		50,000,000.00	50,000,000.00
63873NUR0	11518	NATXNY	50,000,000.00	2.570	01/31/2019	06/06/2018	2.570	2.606	01/31 - At Maturity		50,000,000.00	50,000,000.00
63873NYV7	11580	NATXNY	50,000,000.00	2.680	03/25/2019	10/25/2018	2.680	2.717	03/25 - At Maturity		50,000,000.00	50,000,000.00
63873NZM6	11599	NATXNY	50,000,000.00	2.930	06/26/2019	11/21/2018	2.930	2.971	06/26 - At Maturity		50,000,000.00	50,000,000.00
65590AVK9	11499	NDAFNY	50,000,000.00	2.450	01/09/2019	04/24/2018	2.450	2.484	01/09 - At Maturity		50,000,000.00	50,000,000.00
65590AF68	11553	NDAFNY	50,000,000.00	2.420	03/06/2019	08/28/2018	2.420	2.454	03/06 - At Maturity		50,000,000.00	50,000,000.00
65558TAK1	11592	NDAFNY	50,000,000.00	2.780	05/10/2019	11/15/2018	2.780	2.819	05/10 - At Maturity		50,000,000.00	50,000,000.00
65558TAJ4	11593	NDAFNY	50,000,000.00	2.810	06/12/2019	11/15/2018	2.810	2.849	06/12 - At Maturity		50,000,000.00	50,000,000.00
87019VLS4	11525	SWEDBK	50,000,000.00	2.390	12/26/2018	06/25/2018	2.390	2.423	12/26 - At Maturity		50,000,000.00	50,000,000.00
87019VTD9	11584	SWEDBK	50,000,000.00	2.640	04/17/2019	10/30/2018	2.640	2.677	04/17 - At Maturity		50,000,000.00	50,000,000.00
87019VTE7	11585	SWEDBK	50,000,000.00	2.640	05/01/2019	10/30/2018	2.640	2.677	05/01 - At Maturity		50,000,000.00	50,000,000.00
89113XJ62	11497	TD	50,000,000.00	2.460	01/23/2019	04/23/2018	2.460	2.494	01/23 - At Maturity		50,000,000.00	50,000,000.00
89113X2V5	11523	TD	50,000,000.00	2.480	01/02/2019	06/12/2018	2.480	2.514	01/02 - At Maturity		50,000,000.00	50,000,000.00
89119BQL3	11552	TD	50,000,000.00	2.390	03/20/2019	08/28/2018	4.846	4.913	03/20 - At Maturity		49,322,833.33	49,322,833.33
89114MCZ8	11560	TD	50,000,000.00	2.450	02/20/2019	08/30/2018	2.450	2.484	02/20 - At Maturity		50,000,000.00	50,000,000.00
	Negotiable CDs Totals		**1,050,000,000.00**				**2.686**	**2.723**		**0.00**	**1,049,322,833.33**	**1,049,322,833.33**
Corporate Notes												
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
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
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
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
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
17275RBD3	11575	CISCO	10,000,000.00	2.200	02/28/2021	10/11/2018	3.137	3.180	02/28 - 08/31	26,277.78	9,779,300.00	9,805,577.78
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
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

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Corporate Notes												
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
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
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
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
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
575718AC5	11597	MASSIN	10,000,000.00	2.051	07/01/2019	11/20/2018	1.794	1.819	03/29 - 07/01	79,191.39	9,964,000.00	10,043,191.39
88579YBA8	11567	MMM	4,000,000.00	3.000	09/14/2021	09/14/2018	3.030	3.072	03/14 - 09/14		3,991,800.00	3,991,800.00
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
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
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
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
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
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
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
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
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
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
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
89236TBP9	11478	TOYOTA	12,000,000.00	2.125	07/18/2019	04/13/2018	2.469	2.503	07/18 - 01/18	Received	11,943,720.00	11,943,720.00
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
931142DY6	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
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
931142EJ8	11535	WMT	3,000,000.00	3.125	06/23/2021	06/27/2018	3.084	3.127	12/23 - 06/23		2,999,850.00	2,999,850.00
931142EK5	11536	WMT	2,000,000.00	3.400	06/26/2023	06/27/2018	3.359	3.406	12/26 - 06/26		1,999,460.00	1,999,460.00
931142EG4	11537	WMT	2,000,000.00	2.850	06/23/2020	06/27/2018	2.827	2.866	12/23 - 06/23		1,999,380.00	1,999,380.00
	Corporate Notes Totals		**202,000,000.00**				**1.912**	**1.938**		**105,469.17**	**201,532,910.00**	**201,638,379.17**
Washington Supranational Obligation												
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
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
459058FS7	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
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
45905UQ56	11353	IBRD	25,000,000.00	1.650	08/01/2019	10/25/2017	1.628	1.650	02/01 - 04/25		25,000,000.00	25,000,000.00

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Washington Supranational Obligation												
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
459058FQ1	11381	IBRD	15,000,000.00	1.200	09/30/2019	11/30/2017	1.855	1.881	03/31 - 09/30	Received	14,816,700.00	14,816,700.00
459058FQ1	11386	IBRD	15,000,000.00	1.200	09/30/2019	12/01/2017	1.859	1.885	03/31 - 09/30	Received	14,815,200.00	14,815,200.00
45905UQ80	11464	IBRD	10,000,000.00	1.950	11/09/2020	03/27/2018	2.260	2.292	09/27 - 03/27	Received	9,839,000.00	9,839,000.00
45905UQ80	11538	IBRD	10,000,000.00	1.950	11/09/2020	06/28/2018	2.673	2.710	11/09 - 05/09	Received	9,826,900.00	9,826,900.00
459058GH0	11544	IBRD	10,000,000.00	2.750	07/23/2021	07/25/2018	2.793	2.832	01/25 - 07/25		9,976,600.00	9,976,600.00
45905UQ80	11555	IBRD	10,000,000.00	1.950	11/09/2020	08/30/2018	2.793	2.832	11/09 - 05/09	Received	9,813,622.60	9,813,622.60
45905UW67	11574	IBRD	10,000,000.00	3.125	09/28/2021	10/10/2018	3.113	3.156	04/10 - 10/10	10,416.67	9,981,000.00	9,991,416.67
Washington Supranational Obligation Totals			**185,000,000.00**				**1.926**	**1.952**		**10,416.67**	**183,773,572.60**	**183,783,989.27**
Commercial Paper Disc. -Amortizing												
89233HMC5	11514	TOYOTA	50,000,000.00	2.350	12/12/2018	05/31/2018	2.418	2.452	12/12 - At Maturity		49,363,541.67	49,363,541.67
Commercial Paper Disc. -Amortizing Totals			**50,000,000.00**				**2.418**	**2.452**		**0.00**	**49,363,541.67**	**49,363,541.67**
Agency Bullets (Aaa/AA+)												
3132X0Q53	11469	FAMCA	10,000,000.00	2.600	03/21/2021	03/29/2018	2.581	2.617	09/29 - 03/29		9,995,100.00	9,995,100.00
3132X0U25	11486	FAMCA	30,000,000.00	2.800	04/19/2023	04/19/2018	2.774	2.813	10/19 - 04/19		29,982,000.00	29,982,000.00
3132X0U25	11487	FAMCA	40,000,000.00	2.800	04/19/2023	04/19/2018	2.774	2.813	10/19 - 04/19		39,976,000.00	39,976,000.00
3132X0U25	11488	FAMCA	30,000,000.00	2.800	04/19/2023	04/19/2018	2.774	2.813	10/19 - 04/19		29,982,000.00	29,982,000.00
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
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
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
3133EJHL6	11459	FFCB	10,000,000.00	2.375	03/27/2020	03/27/2018	2.379	2.412	09/27 - 03/27		9,992,800.00	9,992,800.00
3133EJHL6	11460	FFCB	10,000,000.00	2.375	03/27/2020	03/27/2018	2.424	2.457	09/27 - 03/27		9,984,000.00	9,984,000.00
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
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
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
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

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Agency Bullets (Aaa/AA+)												
3130ADUJ9	11455	FHLB	15,000,000.00	2.375	03/30/2020	03/16/2018	2.351	2.384	09/30 - 03/30		14,997,300.00	14,997,300.00
3130ADUJ9	11456	FHLB	15,000,000.00	2.375	03/30/2020	03/16/2018	2.351	2.384	09/30 - 03/30		14,997,300.00	14,997,300.00
3130ADR53	11458	FHLB	10,000,000.00	2.350	03/20/2020	03/20/2018	2.318	2.350	09/20 - 03/20		10,000,000.00	10,000,000.00
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
	Agency Bullets (Aaa/AA+) Totals		**320,000,000.00**				**2.049**	**2.078**		**0.00**	**319,648,900.00**	**319,648,900.00**
Federal Agency Disc. -Amortizing												
313385S80	11515	FHLBDN	50,000,000.00	2.020	12/12/2018	05/31/2018	2.069	2.098	12/12 - At Maturity		49,452,916.50	49,452,916.50
313385S80	11519	FHLBDN	50,000,000.00	2.100	12/12/2018	06/06/2018	2.152	2.182	12/12 - At Maturity		49,448,750.00	49,448,750.00
313385S80	11539	FHLBDN	25,000,000.00	2.050	12/12/2018	06/29/2018	2.098	2.127	12/12 - At Maturity		24,763,680.56	24,763,680.56
313385S80	11550	FHLBDN	50,000,000.00	2.080	12/12/2018	08/27/2018	2.122	2.151	12/12 - At Maturity		49,690,888.89	49,690,888.89
313385S80	11578	FHLBDN	50,000,000.00	2.190	12/12/2018	10/25/2018	2.227	2.258	12/12 - At Maturity		49,854,000.00	49,854,000.00
313385S80	11582	FHLBDN	50,000,000.00	2.185	12/12/2018	10/29/2018	2.221	2.252	12/12 - At Maturity		49,866,472.22	49,866,472.22
313384HJ1	11594	FHLBDN	50,000,000.00	2.500	06/26/2019	11/16/2018	2.569	2.604	06/26 - At Maturity		49,229,166.67	49,229,166.67
313385U61	11598	FHLBDN	50,000,000.00	2.160	12/26/2018	11/21/2018	2.195	2.225	12/26 - At Maturity		49,895,000.00	49,895,000.00
313384AX7	11605	FHLBDN	50,000,000.00	2.330	01/22/2019	11/30/2018	2.370	2.403	01/22 - At Maturity		49,828,486.11	49,828,486.11
313396HD8	11591	FMCDN	50,000,000.00	2.480	06/21/2019	11/15/2018	2.547	2.583	06/21 - At Maturity		49,249,111.11	49,249,111.11
	Federal Agency Disc. -Amortizing Totals		**475,000,000.00**				**2.265**	**2.297**		**0.00**	**471,278,472.06**	**471,278,472.06**
Treasury Notes and Bonds												
9128282T6	11324	UST	50,000,000.00	1.250	08/31/2019	09/21/2017	1.423	1.442	02/28 - 08/31	Received	49,816,406.25	49,816,406.25
912828V56	11498	UST	50,000,000.00	1.125	01/31/2019	04/24/2018	2.163	2.193	07/31 - 01/31	Received	49,593,750.00	49,593,750.00
912828P95	11551	UST	50,000,000.00	1.000	03/15/2019	08/28/2018	2.222	2.252	09/15 - 03/15	Received	49,660,156.25	49,660,156.25
912828R44	11596	UST	50,000,000.00	0.875	05/15/2019	11/19/2018	2.434	2.468	05/15 - Final Pmt.	4,834.25	49,615,234.38	49,620,068.63
912828WL0	11606	UST	50,000,000.00	1.500	05/31/2019	11/30/2018	2.470	2.505	05/31 - Final Pmt.		49,751,953.13	49,751,953.13
	Treasury Notes and Bonds Totals		**250,000,000.00**				**2.142**	**2.172**		**4,834.25**	**248,437,500.01**	**248,442,334.26**
Treasury Discounts -Amortizing												
912796PX1	11467	TBILL	50,000,000.00	2.040	03/28/2019	03/29/2018	2.101	2.130	03/28 - At Maturity		48,968,666.67	48,968,666.67
912796PX1	11468	TBILL	50,000,000.00	2.030	03/28/2019	03/29/2018	2.090	2.119	03/28 - At Maturity		48,973,722.22	48,973,722.22
912796RR2	11607	TBILL	50,000,000.00	2.455	05/30/2019	11/30/2018	2.520	2.555	05/30 - At Maturity		49,382,840.28	49,382,840.28
	Treasury Discounts -Amortizing Totals		**150,000,000.00**				**2.238**	**2.269**		**0.00**	**147,325,229.17**	**147,325,229.17**

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Agency Callables (Aaa/AA+)												
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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

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Agency Callables (Aaa/AA+)												
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
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
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
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
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
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
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
3133EHW58	11374	FFCB	10,000,000.00	1.900	11/27/2020	11/27/2017	1.910	1.936	05/27 - Quarterly		9,997,100.00	9,997,100.00
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
3133EFKY2	11385	FFCB	17,000,000.00	1.360	10/28/2019	12/01/2017	1.828	1.854	04/28 - 10/28	Received	16,843,260.00	16,843,260.00
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
3133EGQQ1	11407	FFCB	10,000,000.00	1.300	05/15/2020	12/22/2017	2.022	2.050	05/15 - 11/15	Received	9,825,370.00	9,825,370.00
3133EJKY4	11475	FFCB	10,000,000.00	2.375	04/13/2020	04/13/2018	2.365	2.398	10/13 - 04/13		9,995,500.00	9,995,500.00
3133EJKY4	11476	FFCB	10,000,000.00	2.375	04/13/2020	04/13/2018	2.372	2.405	10/13 - 04/13		9,994,180.00	9,994,180.00
3133EJLT4	11483	FFCB	10,000,000.00	3.000	04/18/2023	04/18/2018	2.959	3.000	10/18 - 04/18		10,000,000.00	10,000,000.00
3133EJLZ0	11493	FFCB	10,000,000.00	2.625	04/23/2021	04/23/2018	2.638	2.674	10/23 - 04/23		9,985,900.00	9,985,900.00
3133EJMC0	11500	FFCB	20,000,000.00	3.000	04/25/2023	04/25/2018	2.989	3.030	10/25 - 04/25		19,972,200.00	19,972,200.00
3133EJLA5	11508	FFCB	10,000,000.00	2.830	04/18/2022	05/11/2018	2.884	2.924	10/18 - 04/18	Received	9,965,000.00	9,965,000.00
3133EJGJ2	11521	FFCB	10,000,000.00	2.470	09/15/2020	06/12/2018	2.594	2.630	09/15 - 03/15	Received	9,965,000.00	9,965,000.00
3133EJVF3	11545	FFCB	10,000,000.00	3.280	07/25/2023	07/25/2018	3.254	3.299	01/25 - 07/25		9,991,230.00	9,991,230.00
3133EJVE6	11546	FFCB	10,000,000.00	3.120	07/25/2022	07/25/2018	3.077	3.120	01/25 - 07/25		10,000,000.00	10,000,000.00
3133EJZZ5	11569	FFCB	10,000,000.00	3.030	09/20/2021	09/20/2018	2.988	3.030	03/20 - 09/20		10,000,000.00	10,000,000.00
3133EJZD4	11571	FFCB	10,000,000.00	2.960	09/13/2021	09/25/2018	2.989	3.031	03/13 - 09/13	9,866.67	9,980,000.00	9,989,866.67
3133EJPE3	11586	FFCB	10,000,000.00	2.950	02/15/2022	10/31/2018	3.055	3.097	02/15 - 08/15	62,277.78	9,954,000.00	10,016,277.78
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
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
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
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
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
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
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
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

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Agency Callables (Aaa/AA+)												
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
3130A8HX4	11370	FHLB	5,000,000.00	1.625	06/30/2021	11/16/2017	2.181	2.211	12/30 - 06/30	Received	4,972,500.00	4,972,500.00
3130ACN83	11396	FHLB	10,000,000.00	1.700	05/15/2020	12/13/2017	1.877	1.903	05/15 - 11/15	Received	9,952,000.00	9,952,000.00
3130ACN83	11406	FHLB	15,000,000.00	1.700	05/15/2020	12/21/2017	1.968	1.995	05/15 - 11/15	Received	14,896,500.00	14,896,500.00
3130ACN83	11408	FHLB	20,000,000.00	1.700	05/15/2020	12/26/2017	1.942	1.969	05/15 - 11/15	Received	19,875,000.00	19,875,000.00
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
3130ADBE1	11418	FHLB	5,000,000.00	1.750	01/02/2019	01/05/2018	1.813	1.838	07/02 - 01/02	Received	4,995,700.00	4,995,700.00
3130ADC26	11433	FHLB	10,000,000.00	2.200	01/29/2021	01/29/2018	2.170	2.200	07/29 - 01/29		10,000,000.00	10,000,000.00
3130ADN32	11437	FHLB	10,000,000.00	2.125	02/11/2020	02/09/2018	2.188	2.219	08/11 - 02/11		9,981,700.00	9,981,700.00
3130ADN32	11438	FHLB	10,000,000.00	2.125	02/11/2020	02/09/2018	2.188	2.219	08/11 - 02/11		9,981,700.00	9,981,700.00
3130ADN32	11439	FHLB	10,000,000.00	2.125	02/11/2020	02/09/2018	2.188	2.219	08/11 - 02/11		9,981,700.00	9,981,700.00
3130ADN32	11440	FHLB	8,000,000.00	2.125	02/11/2020	02/09/2018	2.188	2.219	08/11 - 02/11		7,985,360.00	7,985,360.00
3130ADG30	11441	FHLB	10,000,000.00	2.300	01/26/2021	02/14/2018	2.341	2.374	07/26 - 01/26	Received	9,979,000.00	9,979,000.00
3130ADG30	11453	FHLB	10,000,000.00	2.300	01/26/2021	03/12/2018	2.483	2.517	07/26 - 01/26	Received	9,940,000.00	9,940,000.00

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Agency Callables (Aaa/AA+)												
3130ADU34	11462	FHLB	10,000,000.00	2.420	03/27/2020	03/27/2018	2.387	2.420	09/27 - 03/27		10,000,000.00	10,000,000.00
3130AE7C8	11505	FHLB	10,000,000.00	3.000	05/03/2022	05/03/2018	2.959	3.000	11/03 - 05/03		10,000,000.00	10,000,000.00
3130AECJ7	11512	FHLB	15,000,000.00	2.625	05/28/2020	05/21/2018	2.607	2.643	11/28 - 05/28		14,994,600.00	14,994,600.00
3130ADFV9	11524	FHLB	10,000,000.00	2.250	01/29/2021	06/19/2018	2.612	2.648	07/29 - 01/29	Received	9,900,000.00	9,900,000.00
3130ADG22	11549	FHLB	10,000,000.00	2.090	01/23/2020	08/23/2018	2.569	2.605	01/23 - 07/23	17,416.67	9,928,800.00	9,946,216.67
3130AEWA4	11564	FHLB	15,000,000.00	2.625	10/01/2020	09/07/2018	2.696	2.733	10/01 - 04/01		14,967,750.00	14,967,750.00
3130AEWA4	11565	FHLB	15,000,000.00	2.625	10/01/2020	09/07/2018	2.696	2.733	10/01 - 04/01		14,967,750.00	14,967,750.00
3130AEVB3	11570	FHLB	10,000,000.00	3.000	09/14/2021	09/17/2018	2.976	3.018	03/14 - 09/14	2,500.00	9,995,000.00	9,997,500.00
3130AEUY4	11572	FHLB	10,000,000.00	3.000	09/24/2021	09/25/2018	3.003	3.045	03/24 - 09/24	833.33	9,987,200.00	9,988,033.33
3130AF5B9	11576	FHLB	10,000,000.00	3.000	10/12/2021	10/12/2018	2.981	3.023	04/12 - 10/12		9,993,500.00	9,993,500.00
3130AF5B9	11577	FHLB	10,000,000.00	3.000	10/12/2021	10/12/2018	2.981	3.023	04/12 - 10/12		9,993,500.00	9,993,500.00
3130AFC54	11583	FHLB	10,000,000.00	3.250	11/08/2021	10/30/2018	3.205	3.250	05/08 - 11/08		10,000,000.00	10,000,000.00
3130AFB71	11590	FHLB	20,000,000.00	3.050	11/02/2020	11/14/2018	3.010	3.052	05/02 - 11/02	23,722.22	19,999,000.00	20,022,722.22
3130AFFA0	11603	FHLB	15,000,000.00	3.200	11/29/2021	11/29/2018	3.156	3.200	05/29 - 11/29		15,000,000.00	15,000,000.00
3130AFB715	11604	FHLB	10,000,000.00	3.050	11/02/2020	11/29/2018	3.007	3.049	04/30 - 10/31	24,569.44	10,000,000.00	10,024,569.44
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
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
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
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
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
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
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
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
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
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
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
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

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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
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
3134GBHY1	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
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
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
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
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
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
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
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
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
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
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
3134G9HY6	11376	FHLMC	14,000,000.00	1.200	05/09/2019	11/27/2017	1.746	1.770	05/09 - 11/09	Received	13,886,250.00	13,886,250.00
3134G9NB9	11400	FHLMC	15,000,000.00	1.230	05/24/2019	12/19/2017	1.780	1.804	05/24 - 11/24	Received	14,878,800.00	14,878,800.00
3134G9NB9	11419	FHLMC	10,000,000.00	1.230	05/24/2019	01/10/2018	1.918	1.945	05/24 - 11/24	Received	9,903,600.00	9,903,600.00
3134G95P8	11426	FHLMC	10,000,000.00	1.875	08/25/2021	01/17/2018	2.348	2.380	02/25 - 08/25	Received	9,905,000.00	9,905,000.00
3137EAEL9	11446	FHLMC	10,000,000.00	2.375	02/16/2021	02/16/2018	2.433	2.467	08/16 - 02/16		9,973,600.00	9,973,600.00
3137EAEM7	11489	FHLMC	15,000,000.00	2.500	04/23/2020	04/19/2018	2.477	2.511	10/23 - 04/23		14,996,700.00	14,996,700.00
3137EAEM7	11490	FHLMC	15,000,000.00	2.500	04/23/2020	04/19/2018	2.477	2.511	10/23 - 04/23		14,996,700.00	14,996,700.00
3137EAEN5	11520	FHLMC	15,000,000.00	2.750	06/19/2023	06/11/2018	2.828	2.867	12/19 - 06/19		14,918,400.00	14,918,400.00
3134GSRD9	11543	FHLMC	10,000,000.00	3.300	07/12/2023	07/20/2018	3.255	3.300	01/12 - 07/12	7,333.33	10,000,000.00	10,007,333.33
3134GSSB2	11548	FHLMC	15,000,000.00	2.850	07/26/2021	07/26/2018	2.811	2.850	01/26 - 07/26		15,000,000.00	15,000,000.00
3134GSSK2	11556	FHLMC	10,000,000.00	2.875	07/30/2021	08/30/2018	2.835	2.874	01/30 - 07/30	23,958.33	10,000,000.00	10,023,958.33
3134GSVY8	11557	FHLMC	10,000,000.00	2.850	05/28/2021	08/30/2018	2.836	2.876	02/28 - 08/28	1,583.33	9,993,500.00	9,995,083.33
3134GSZP3	11581	FHLMC	9,000,000.00	3.250	07/29/2022	10/29/2018	3.237	3.282	01/29 - 07/29		8,990,100.00	8,990,100.00
3134GSWC52	11602	FHLMC	10,000,000.00	2.900	08/27/2021	11/28/2018	2.699	2.736	05/28 - 11/28	73,305.56	9,970,000.00	10,043,305.56
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
3135G0H63	10891	FNMA	10,000,000.00	1.375	01/28/2019	01/08/2016	1.377	1.396	01/28 - 07/08		9,993,800.00	9,993,800.00

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Agency Callables (Aaa/AA+)												
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
3136G4PK3	11398	FNMA	15,000,000.00	1.750	09/28/2020	12/14/2017	1.973	2.000	03/28 - 09/28	Received	14,898,600.00	14,898,600.00
3136G4QB2	11422	FNMA	15,000,000.00	1.850	10/13/2020	01/16/2018	2.111	2.140	04/13 - 10/13	Received	14,884,500.00	14,884,500.00
3136G4RB1	11463	FNMA	8,000,000.00	2.150	01/26/2021	03/27/2018	2.516	2.551	07/26 - 01/26	Received	7,912,800.00	7,912,800.00
3135G0U27	11479	FNMA	10,000,000.00	2.500	04/13/2021	04/13/2018	2.517	2.552	10/13 - 04/13		9,985,100.00	9,985,100.00
3136G4SD6	11502	FNMA	15,000,000.00	2.750	01/26/2022	04/26/2018	2.713	2.751	10/26 - 04/26		15,000,000.00	15,000,000.00

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Agency Callables (Aaa/AA+)												
3135G0U43	11568	FNMA	20,000,000.00	2.875	09/12/2023	09/14/2018	2.923	2.964	03/12 - 09/12		19,918,000.00	19,918,000.00
3135G0U84	11588	FNMA	10,000,000.00	2.875	10/30/2020	11/01/2018	2.865	2.905	04/30 - 10/30		9,994,200.00	9,994,200.00
	Agency Callables (Aaa/AA+) Totals		**2,365,900,000.00**				**1.758**	**1.783**		**247,366.66**	**2,361,933,242.20**	**2,362,180,608.86**
Municipal Bonds												
798189PB6	11516	SJSHGR	5,000,000.00	2.657	09/01/2019	06/05/2018	2.622	2.659	12/05 - 06/05		5,000,000.00	5,000,000.00
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		**7,500,000.00**				**2.278**	**2.309**		**0.00**	**7,500,000.00**	**7,500,000.00**
	Investment Totals		**5,974,400,000.00**				**2.062**	**2.090**		**368,086.75**	**5,959,116,201.04**	**5,959,484,287.79**

APPENDIX F

BOOK-ENTRY SYSTEM

The information in this APPENDIX F has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this 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 DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the District, and "Agent" means the Paying Agent. The District notes that it will issue one fully registered certificate for each maturity of the Bonds in the principal amount of such maturity, and suggests that this is what the first numbered paragraph below intends to convey.

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

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

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

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

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

CALIFORNIA

ENDORSEMENT TO

MUNICIPAL BOND INSURANCE POLICY

NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

____

Authorized Officer