This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there by any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 22, 2019

NEW ISSUES – BOOK-ENTRY ONLY **RATINGS: 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 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2019 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. 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 Series 2019 Bonds. See "TAX MATTERS."

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)

OAKLAND UNIFIED SCHOOL DISTRICT
Community Schools, Thriving Students

$160,000,000* General Obligation Bonds (Election of 2012), Series 2019A	$15,000,000* General Obligation Bonds (Election of 2012), Series 2019B (Federally Taxable)

Dated: Date of Delivery **Due: As shown on the inside front cover herein.**

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 the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2019A (the "**Series 2019A Bonds**" or the "**Tax-Exempt Bonds**"), and the Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2019B (Federally Taxable) (the "**Series 2019B Bonds**" or the "**Taxable Bonds**" and, together with the Series 2019A Bonds, the "**Series 2019 Bonds**") are being issued by the Oakland Unified School District (the "**District**") and sold by the County of Alameda (the "**County**") on behalf of the District (i) to finance specific construction and modernization projects approved by the voters, and (ii) to pay costs of issuance of the Series 2019 Bonds.

The Series 2019 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State of California (the "**State**") Constitution and other State law. 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, 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 Series 2019 Bonds, all as more fully described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS" and "RISK FACTORS."

The Series 2019 Bonds will be issued as current interest bonds. Interest on the Series 2019 Bonds is payable on each February 1 and August 1 to maturity, commencing February 1, 2020. Principal of the Series 2019 Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof.

The Series 2019 Bonds will be issued in denominations of $5,000 principal amount, or any integral multiple thereof as shown on the inside front cover hereof.

The Series 2019 Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository for the Series 2019 Bonds. Individual purchases of the Series 2019 Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Series 2019 Bonds purchased by them. See "THE SERIES 2019 BONDS – Form and Registration." Payments of principal of and interest on the Series 2019 Bonds will be made by U.S. Bank National Association, as paying agent, registrar and transfer agent with respect to the Series 2019 Bonds to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Series 2019 Bonds. See "THE SERIES 2019 BONDS – Payment of Principal and Interest."

The Tax-Exempt Bonds are subject to redemption prior to maturity as described herein.* See "THE SERIES 2019 BONDS – Redemption."

See Inside Front Cover for
Maturity Schedules

The Series 2019 Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to the approval of legality 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 to the District. Certain legal matters will be passed upon for the Underwriters by Curls Bartling P.C., Oakland, California. Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California, serves as Municipal Advisor to the District in connection with the issuance of the Series 2019 Bonds. It is anticipated that the Series 2019 Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about __________, 2019.

Siebert Cisneros Shank & Co., L.L.C. STIFEL

Dated: __________, 2019.

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* Preliminary, subject to change.

MATURITY SCHEDULES

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)

$160,000,000*
General Obligation Bonds (Election of 2012), Series 2019A

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield†	CUSIP No.‡ (672325)

$__________ ____% Term Bonds due August 1, 20__ Yield† ____% CUSIP No.‡ 672325 ___

$15,000,000*
General Obligation Bonds (Election of 2012), Series 2019B (Federally Taxable)

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield†	CUSIP No.‡ (672325)

* Preliminary, subject to change.
† 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. Copyright© 2019 CUSIP Global Services. All rights reserved. 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.

COUNTY OF ALAMEDA, CALIFORNIA

Board of Supervisors
Richard Valle, *President (District 2)*
Keith Carson, *Vice President (District 5)*
Wilma Chan, *Member (District 3)*
Scott Haggerty, *Member (District 1)*
Nate Miley, *Member (District 4)*

Administration
Henry C. Levy, *Treasurer-Tax Collector*
Melissa Wilk, *Auditor-Controller*

OAKLAND UNIFIED SCHOOL DISTRICT

Board of Education
Aimee Eng, *President (District 2)*
Jody London, *Vice President (District 1)*
Shanthi Gonzales, *Member (District 6)*
James Harris, *Member (District 7)*
Jumoke Hinton-Hodge, *Member (District 3)*
Roseann Torres, *Member (District 5)*
Gary Yee, *Member (District 4)*

Administration
Dr. Kyla Johnson-Trammell, *Superintendent*
Gina Murphy-Garrett, *Senior Executive Director, Fiscal Services*
Curtiss Sarikey, *Chief of Staff*
Jody Talkington, *Senior Director, Strategic Projects*
Tim White, *Deputy Chief, Facilities, Planning & Maintenance*

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
U.S. Bank National Association
San Francisco, California

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

Page

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2019 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 Series 2019 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 Series 2019 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 Series 2019 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 part of, their responsibility 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 contained 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 its 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 investment decisions with respect to the Series 2019 Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2019 BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2019 BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS 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.

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)

$160,000,000*	**$15,000,000***
General Obligation Bonds (Election of 2012),	**General Obligation Bonds (Election of 2012),**
Series 2019A	**Series 2019B (Federally Taxable)**

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2019 Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page and appendices hereto (this "**Official Statement**"), is provided to furnish information in connection with the sale of (i) $160,000,000* aggregate principal amount of Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2019A (the "**Series 2019A Bonds**" or the "**Tax-Exempt Bonds**") and (ii) $15,000,000* aggregate principal amount of Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2019B (Federally Taxable) (the "**Series 2019B Bonds**" or the "**Taxable Bonds**" and, together with the Series 2019A Bonds, the "**Series 2019 Bonds**"), as described more fully herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See "OTHER LEGAL MATTERS – Continuing Disclosure."

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2019 Bonds. Quotations from and summaries and explanations of the Series 2019 Bonds, the resolutions of the Board of Education of the District (the "**Board of Education**") and the Board of Supervisors of the County of Alameda (the "**County**") with respect to the Series 2019 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 purchasers or Owners of any of the Series 2019 Bonds.

Copies of documents referred to herein and information concerning the Series 2019 Bonds are available from the District by contacting: Oakland Unified School District, 1000 Broadway, Suite 680, Oakland, California 94607, Attention: Superintendent. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The District is located in and is approximately coterminous with the City of Oakland, California (the "**City**"), located on the east side of the San Francisco Bay approximately seven miles from San Francisco. The District's boundaries also include small portions of the neighboring City of Emeryville. The District encompasses

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* Preliminary, subject to change.

approximately 53.8 square miles, including a diverse economy of industry, services, health care, retail, and other commercial activity. The District was unified in 1952, combining then-existing high school and elementary school districts.

The District currently operates forty-nine elementary schools serving grades K-5, fourteen middle schools serving grades 6-8, five elementary/middle schools serving grades K-8, seven comprehensive senior high schools serving grades 9-12, three middle/high schools serving grades 6-12, and seven alternate high school programs. Forty-five charter schools currently operate within the District's boundaries. The District has projected enrollment for fiscal year 2019-20 of approximately 35,666 students in grades K-12, not including the students attending the charter schools. As of June 26, 2019, the District has budgeted to employ approximately 4,313.0 full-time equivalent ("**FTE**") employees, including 2,578.4 FTE certificated (teaching) employees, 1,268.6 FTE classified (non-teaching) employees and 466.0 management, supervisory and confidential employees. According to the adopted budget for fiscal year 2019-20, the District's budgeted fiscal year 2019-20 general fund expenditures are approximately $567.1 million.

The District operates under the jurisdiction of the Alameda County Superintendent of Schools. The District is governed by a Board of Education consisting of seven members. The members of the Board of Education are elected to four-year terms in staggered years. The Superintendent acts as the chief executive officer of the District. Dr. Kyla Johnson-Trammell has served as Superintendent since May 2017. For additional information regarding the Superintendent and the District's financial and fiscal administrative personnel, see APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – THE DISTRICT – Superintendent and Key Personnel."

In fiscal year 2002-03, the District received an emergency loan from the State of California (the "**State**"). As long as the emergency loan made by the State to the District remains outstanding, a trustee appointed by the State Superintendent of Public Instruction (the "**State Trustee**") will monitor and review the District's operations, with the power to stay or rescind any action of the Board of Education that may affect the District's financial condition. AB 1840 (defined below) modified the State Trustee position including retitling the position to "Fiscal Oversight Trustee." For additional information regarding the recent history of the District's finances and governance and the powers of the Fiscal Oversight Trustee, see "RISK FACTORS" and APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – THE DISTRICT – Fiscal Oversight."

For additional information regarding the District's operations and finances, see APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX C – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

THE SERIES 2019 BONDS

Authority for Issuance; Plan of Finance

The Series 2019 Bonds are being issued by the District and sold by the County on behalf of the District pursuant to the Constitution and laws of the State, including Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "**Government Code**") and Chapters 1 and 1.5 of Part 10 of Division 1 of Title 1 of the Education Code of the State (the "**Education Code**") and other applicable provisions of law. The Series 2019 Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County on May 21, 2019 (the "**County Resolution**"), at the request of the District by its resolutions, adopted by the Board of Education of the District on April 24, 2019 and June 26, 2019 (collectively, the "**District Resolution**"). The Series 2019 Bonds are issued pursuant to a paying agent agreement, dated as of August 1, 2019 (the "**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 of Alameda (the "**County Treasurer**").

The District received authorization to issue bonds of the District in an aggregate principal amount not to exceed $475,000,000 to finance specific school facility construction, repair and improvement projects pursuant to an election held on November 6, 2012 (the "**2012 Authorization**"). The measure required approval by at least 55% of the votes cast by eligible voters within the District and received an affirmative vote of approximately 84.39%. The District caused to be issued $120,000,000 of Oakland Unified School District General Obligation Bonds (Election of

2012), Series 2013 on September 21, 2013, the first series of authorized bonds issued under the 2012 Authorization; $173,500,000 of Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2015A on August 20, 2015, the second series of authorized bonds issued under the 2012 Authorization; and $6,500,000 of Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2015B (Federally Taxable) on August 20, 2015, the third series of authorized bonds issued under the 2012 Authorization. The Series 2019 Bonds represent the fourth and fifth series of the authorized bonds to be issued under the 2012 Authorization and will be issued to finance authorized projects. There will be no remaining unissued amount of the 2012 Authorization following the issuance of the Series 2019 Bonds.

Form and Registration

The Series 2019 Bonds will be issued in fully registered form only, in denominations of $5,000 principal amount or integral multiples thereof. The Series 2019 Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"), New York, New York. DTC will act as securities depository of the Series 2019 Bonds. Purchases of Series 2019 Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in each series of the Series 2019 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 Series 2019 Bonds, beneficial owners ("**Beneficial Owners**" or "**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 Series 2019 Bonds, as described herein. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

The Series 2019 Bonds will be dated the date of their delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year (each, an "**Interest Payment Date**"), commencing on February 1, 2020, computed using a year of 360 days consisting of twelve 30-day months. Each Series 2019 Bond authenticated and registered on any date prior to the close of business on January 15, 2020 will bear interest from the date of their delivery. Series 2019 Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (the "**Record Date**") and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Series 2019 Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Series 2019 Bond, interest is then in default on outstanding Series 2019 Bonds, such Series 2019 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 Series 2019 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 Record Date, such interest to be paid by check or draft 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 Series 2019 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 of the Series 2019 Bonds is payable on August 1 of each year, on the dates set forth in the maturity schedules on the inside cover page hereof, upon surrender thereof at such office of the Paying Agent as the Paying Agent shall designate. The interest, principal and premium, if any, on the Series 2019 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 accrued interest received, upon issuance of the Series 2019 Bonds.

So long as all outstanding Series 2019 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 Series 2019

Bonds and all notices with respect to such Series 2019 Bonds will be made and given, respectively, to such securities depository or its nominee and not to Beneficial Owners. So long as the Series 2019 Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer.

Redemption*

Optional Redemption of Series 2019A Bonds. The Series 2019A Bonds maturing on or before August 1, 2029, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2019A Bonds maturing on or after August 1, 2030, 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, 2029, at a redemption price equal to 100% of the principal amount of Series 2019A Bonds to be redeemed, without premium, together with interest accrued thereon to the date fixed for redemption.

Optional Redemption of Series 2019B Bonds. The Series 2019B Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption of Series 2019A Bonds. The $__________ Term Series 2019A Bond maturing on August 1, 20__, 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
†	

†

The principal amount to be redeemed in each year shown in the table above will be reduced at the option of the District, 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, if any.

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

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

Selection of Bonds for Redemption. If less than all of the Series 2019 Bonds are called for redemption, the Series 2019 Bonds will be redeemed in inverse order of maturities or as otherwise directed by the District. If less than all of the Series 2019 Bonds of any given maturity are called for redemption, the portions of such Series 2019 Bonds of a given maturity to be redeemed will be determined by lot. For purposes of such selection, each Series 2019 Bond will be deemed to consist of individual Series 2019 Bonds of denominations of $5,000 principal amount each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of the Series 2019 Bonds will be given by the Paying Agent. Notice of redemption of the Series 2019 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 thereof at the addresses

* Preliminary, subject to change.

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 E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption shall contain all of the following information: (i) the date of such notice; (ii) the name of the affected Series 2019 Bonds and the date of issue of the Series 2019 Bonds; (iii) the date fixed for redemption; (iv) the redemption price; (v) the dates of maturity of the Series 2019 Bonds to be redeemed; (vi) if less than all of the then outstanding Series 2019 Bonds are to be redeemed, the distinctive serial numbers of the Series 2019 Bonds of each maturity to be redeemed; (vii) in the case of Series 2019 Bonds redeemed in part only, the respective portions of the principal amount of the Series 2019 Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Series 2019 Bonds to be redeemed; (ix) a statement that such Series 2019 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 Series 2019 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 any Owner of any Series 2019 Bond 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 Series 2019 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 redemption price of the Series 2019 Bonds called for redemption is set aside for the purpose as described in the Paying Agent Agreement, the Series 2019 Bonds designated for redemption will become due and payable on the specified redemption date and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2019 Bonds at the place specified in the notice of redemption, such Series 2019 Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2019 Bonds so called for redemption after such redemption date will look for the payment of such Series 2019 Bonds and the redemption premium thereon, if any, only to moneys on deposit for the purpose in the Interest and Sinking Fund of the District or the escrow fund established for such purpose. All Series 2019 Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

Conditional Notice. Any notice of optional redemption delivered in accordance with the Paying Agent Agreement 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 Series 2019 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 Series 2019 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.

Rescission of Notice of Redemption. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Series 2019 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 Series 2019 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 Series 2019 Bond 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.

Defeasance of Bonds

The District may pay and discharge any or all of the Series 2019 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 of the District, 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 Series 2019 Bonds (including all principal, interest and redemption premium) at or before their respective maturity dates.

If at any time the District pays or causes to be paid or there shall otherwise be paid to the Owners of any or all outstanding Series 2019 Bonds all of the principal, interest and premium, if any, represented by such Series 2019 Bonds when due, or as described above, or as otherwise provided by law, then such Owners shall cease to be entitled to the obligation of the County to levy and collect taxes to pay the Series 2019 Bonds and such obligation and all agreements and covenants of the District and of the County to such Owners under the Paying Agent Agreement and the Series 2019 Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District will remain liable for payment of all principal, interest and redemption premium, if any, represented by the Series 2019 Bonds, but only out of moneys on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment, provided, that the unclaimed moneys provisions described below shall apply in all events.

Unclaimed Moneys

Any money held in any fund created pursuant to the 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 and remaining unclaimed for two years after the principal of all of the Series 2019 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 shall be transferred to the general fund of the District (the "**General Fund**") as provided and permitted by law.

Application of Series 2019 Bond Proceeds

The proceeds from the sale of 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.

All funds held by the County Treasurer under the District Resolution, the County Resolution and the Paying Agent Agreement will be invested in the County Treasurer's investment pool, the State Treasurer's Local Agency Investment Fund, or any investment authorized pursuant to Sections 53601 and 53635 of the Government Code, all pursuant to law and the investment policy of the County. At the written direction of the District, all or any portion of the Building Fund may be invested in the Local Agency Investment Fund in the treasury of the State, and all or any portion of the Building Fund may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of Section 148 of the Internal Revenue Code of 1986 (the "**Code**") and the requirements of each rating agency then rating the Series 2019 Bonds (if any) necessary to maintain the then-current rating on the Series 2019 Bonds. See APPENDIX F – "COUNTY OF ALAMEDA ANNUAL INVESTMENT POLICY AND INVESTMENT REPORT."

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2019 Bonds are expected to be applied as follows:

	Series 2019A Bonds	Series 2019B Bonds	Total
Sources of Funds			
Par Amount			
[Net] Original Issue Premium			
Total Sources of Funds:			
Uses of Funds			
Deposit to Building Fund			
Deposit to Interest and Sinking Fund			
Costs of Issuance [1]			
Underwriters' Discount			
Total Uses of Funds:			

[1] Includes fees for Bond Counsel, Disclosure Counsel, Municipal Advisor, Paying Agent, printing, rating agencies, and other miscellaneous expenses.

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DEBT SERVICE SCHEDULES

Semi-Annual Debt Service Payments for the Series 2019 Bonds

The following table shows the semi-annual debt service requirements of the Series 2019 Bonds, assuming no early redemptions:

	Series 2019A Bonds		Series 2019B Bonds		Total Debt
Period Ending	Principal	Interest	Principal	Interest	**Service**
2/1/2020					
8/1/2020					
2/1/2021					
8/1/2021					
2/1/2022					
8/1/2022					
2/1/2023					
8/1/2023					
2/1/2024					
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8/1/2044					
2/1/2045					
8/1/2045					
2/1/2046					
8/1/2046					
2/1/2047					
8/1/2047					
2/1/2048					
8/1/2048					
Total					

Combined Annual Debt Service

In addition to the Series 2019 Bonds, the District has other outstanding series of bonds that are on parity with the Series 2019 Bonds. See APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Debt Structure." Prior to issuance of the Series 2019 Bonds, annual debt service obligations for all outstanding bonds of the District, including the Series 2019 Bonds (assuming no optional redemptions prior to maturity) are expected to be as follows:

Period Ending (August 1)	Outstanding Bonds[(1)]	Series 2019A Bonds	Series 2019B Bonds	Total Annual Debt Service
2019	$75,937,304			
2020	79,550,727			
2021	81,409,727			
2022	84,724,502			
2023	85,956,052			
2024	87,506,202			
2025	87,010,778			
2026	82,344,478			
2027	63,808,078			
2028	64,784,063			
2029	65,855,573			
2030	67,214,553			
2031	59,079,875			
2032	47,317,664			
2033	44,680,390			
2034	42,467,062			
2035	26,572,900			
2036	26,829,800			
2037	27,095,350			
2038	27,369,100			
2039	17,717,150			
2040	17,732,500			
2041	4,403,250			
Total	$1,267,367,075			

(1) Debt service on the District's Taxable General Obligation Bonds (Election of 2006, Series 2009B) (Build America Bonds) and the District's Taxable General Obligation Bonds (Election of 2006, Series 2012B) (Qualified School Construction Bonds) reflects debt service net of subsidy and based on current sequestration rates.

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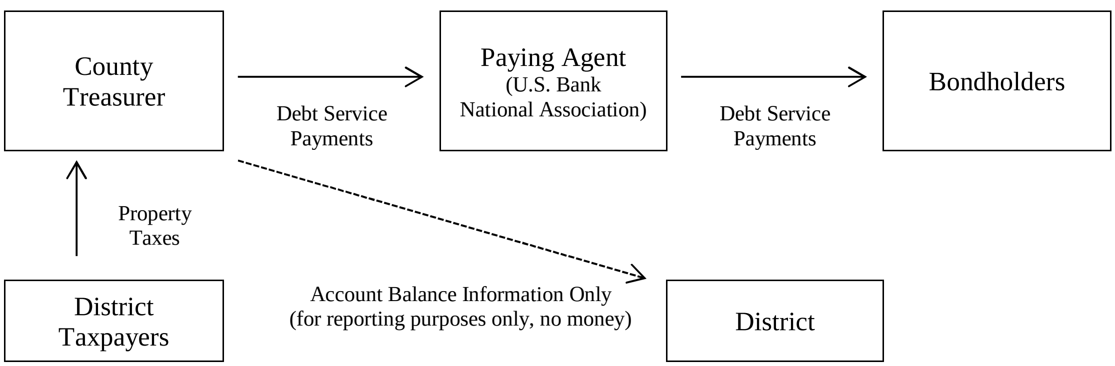
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on a school district's bonds, the board of supervisors of the county, the superintendent of schools of which has jurisdiction over such school district, is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by such school district, 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 school district. The assessor of the county in which the school district lies must annually certify to the board of supervisors the assessed value of all taxable property in the county situated in the school district. The board of supervisors must levy upon the property of the school district within its own county the rate of tax that will be sufficient to raise not less than the amount needed to pay the interest and any portion of the principal of the bonds that is to become due during the year.

Accordingly, the Board of Supervisors of the County must levy upon the property of the District the rate of tax that will be sufficient to provide sufficient funds for repayment of principal and interest when due on the Series 2019 Bonds. When collected, the tax revenues will be deposited in the District's Interest and Sinking Fund, which is required to be maintained by the County and to be used solely for the payment of bonds of the District. Moneys in the Interest and Sinking Fund will be invested on behalf of the District in any one or more investments generally permitted for school districts authorized pursuant to Section 53601 *et seq.* or Section 53635 *et seq.* of the California Government Code by the County Treasurer, and consistent with the investment policy of the County. See APPENDIX F – "COUNTY OF ALAMEDA ANNUAL INVESTMENT POLICY AND INVESTMENT REPORT."

The following diagram illustrates the flow of property taxes from District taxpayers to the Interest and Sinking Fund, and from there to bondholders.



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 Series 2019 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.

Pledge of Tax Revenues

Pursuant to the District Resolution, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors for the payment of the Series 2019 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 District Resolution for the benefit of the owners of the District Bonds and successors thereto. The District Resolution provides 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 District Resolution provides that this pledge is an agreement between the District and the bondholders to provide security for the Series 2019 Bonds in addition to any statutory lien that may exist, and the Series 2019 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 receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

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 and tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the county treasurer and tax collector, as *ex officio* treasurer of each school district located in the county, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due.

As mandated by law, the County Treasurer has sole responsibility for the levy and collection of the tax imposed to pay the principal of and interest on the District's bonds. Pursuant to State law, the proceeds of the tax levy are never in the custody of the District or available for any other purpose, and are at all times segregated from the operating revenues of the District. The District has no role in the process of taxation and payment of the District's bonds. Although the District may have legal authority to supplement the payments on its bonds by transferring operating revenues to the Interest and Sinking Fund administered by the County Treasurer, there is no statutory obligation that the District uses its operating revenues to support its bonds in this way. It should not be inferred that the principal of or interest on the Series 2019 Bonds is payable from the District's General Fund or from State revenues.

Assessed Valuation of Property Within the District

Taxable property located in the District has a 2018-19 assessed value of $57,556,383,413. 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 (the "**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.

Under the State Constitution, the 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.

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 following table shows the assessed valuation of the various classes of property in the District for recent fiscal years.

Oakland Unified School District
(County of Alameda, California)
Assessed Valuations
Fiscal Years 2004-05 through 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2004-05	$26,718,830,029	$79,048,063	$1,975,377,642	$28,773,255,734	-
2005-06	29,544,549,594	77,961,166	2,120,081,747	31,742,592,507	10.32%
2006-07	33,174,718,874	69,846,294	2,153,409,965	35,397,975,133	11.52
2007-08	36,532,402,606	38,365,380	2,217,827,560	38,788,595,546	9.58
2008-09	38,361,093,139	36,601,757	2,244,430,090	40,642,124,986	4.78
2009-10	36,970,846,568	20,111,731	2,411,540,443	39,402,498,742	(3.05)
2010-11	35,395,239,449	17,942,547	2,713,192,555	38,126,374,551	(3.24)
2011-12	35,751,945,435	19,640,604	2,727,442,229	38,499,028,268	0.98
2012-13	36,271,770,017	16,985,541	2,892,634,324	39,181,389,882	1.77
2013-14	37,502,395,457	16,319,551	2,833,029,883	40,351,744,891	2.99
2014-15	40,091,358,068	15,070,688	2,809,510,293	42,915,939,049	6.35
2015-16	44,159,989,483	20,517,048	2,822,888,936	47,003,395,467	9.52
2016-17	47,249,996,605	24,317,524	3,004,666,994	50,278,981,123	6.97
2017-18	51,172,486,419	19,326,302	2,671,638,336	53,863,451,057	7.13
2018-19	54,758,322,398	16,660,059	2,781,400,956	57,556,383,413	6.86

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 property 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 or reconstruction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in November 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. According to representatives of the Alameda County assessor's office, Alameda County has in the past, pursuant to Article XIIIA of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single-family residential properties when the value of the property has declined below the current assessed value as calculated by Alameda County.

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 B – "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 Oakland 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 Series 2019 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, such as the Camp Fire in Butte County which burned over 150,000 acres, destroyed over 18,000 structures, and caused approximately $16.5 billion in damage. 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.

In October 1991, a firestorm on the hillsides of northern Oakland and southeastern Berkeley burned 1,520 acres and destroyed over two thousand single-family homes and hundreds of apartment and condominium units. The economic loss from the fire was estimated at $1.5 billion.

Risk of Sea Level Changes and Flooding. In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council and titled "The Impacts of Sea-Level Rise on the California Coast." The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level rise if no actions are taken to protect the coast. The paper concluded that significant property in the State is at risk of flooding as a result of a 1.4 meter sea level rise. The paper further estimates that the replacement value of this property totals nearly $100 billion (in year 2000 dollars). The District may be particularly vulnerable to impacts associated with sea level rise due to development on its coastline. A wide range of critical infrastructure, such as roads, airports, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

The District is unable to predict whether sea level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the financial condition of the District and the local economy.

Bonding Capacity. As a unified school district, the District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries. The District's gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately $1.4 billion and its net bonding capacity is approximately $565.2 million, prior to the issuance of the Series 2019 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 describes the percentage and value of the total assessed valuation of property within the District's boundaries for fiscal year 2018-19.

Oakland Unified School District
(County of Alameda, California)
2018-19 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Emeryville	$ 629,329	0.00%[1]	$ 5,622,825,487	0.01%
City of Oakland	57,555,754,084	100.00[1]	58,876,019,456	97.76
Total District	$57,556,383,413	100.00%		
Alameda County	$57,556,383,413	100.00%	$289,798,647,442	19.86%

[1] Due to rounding.
Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table shows a distribution of taxable property located in the District on the fiscal year 2018-19 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

Oakland Unified School District
(County of Alameda, California)
2018-19 Local Secured Assessed Valuation and Parcels by Land Use

Non-Residential:	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total	No. of Taxable Parcels	% of Total
Commercial/Office	$ 9,930,551,540	18.14%	5,848	5.24%	5,806	5.33%
Vacant Commercial	186,818,985	0.34	418	0.37	405	0.37
Industrial	4,396,947,326	8.03	2,245	2.01	2,195	2.01
Vacant Industrial	103,040,507	0.19	428	0.38	428	0.39
Recreational	80,125,369	0.15	260	0.23	260	0.24
Government/Social/Institutional	269,041,002	0.49	3,587	3.22	1,588	1.46
Subtotal Non-Residential	$14,966,524,729	27.33%	12,786	11.47%	10,682	9.81%
Residential:						
Single Family Residence	$28,361,956,566	51.79%	67,305	60.36%	67,220	61.70%
Condominium/Townhouse	4,423,325,118	8.08	10,710	9.60	10,704	9.83
Mobile Home	28,563,147	0.05	175	0.16	175	0.16
2-4 Residential Units	2,328,852,100	4.25	13,798	12.37	13,795	12.66
5+ Residential Units/Apartments	4,406,703,665	8.05	2,949	2.64	2,925	2.68
Residential-Miscellaneous Uses	72,540,651	0.13	87	0.08	87	0.08
Vacant Residential	169,856,422	0.31	3,696	3.31	3,356	3.08
Subtotal Residential	$39,791,797,669	72.67%	98,720	88.53%	98,262	90.19%
Total	$54,758,322,398	100.00%	111,506	100.00%	108,944	100.00%

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

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Assessed Valuation of Single-Family Homes. The following table shows the assessed valuation of single-family homes in the District for fiscal year 2018-19, including the median and mean assessed valuation per parcel.

Oakland Unified School District
(County of Alameda, California)
Per Parcel 2018-19 Assessed Valuation of Single-Family Homes

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	67,220	$28,361,956,566	$421,927	$310,934

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	3,987	5.931%	5.931%	$ 151,565,997	0.534%	0.534%
$50,000 - $99,999	7,074	10.524	16.455	527,795,340	1.861	2.395
$100,000 - $149,999	6,960	10.354	26.809	870,175,046	3.068	5.463
$150,000 - $199,999	5,745	8.547	35.356	1,000,093,856	3.526	8.990
$200,000 - $249,999	4,900	7.289	42.645	1,099,692,659	3.877	12.867
$250,000 - $299,999	4,115	6.122	48.767	1,130,159,269	3.985	16.852
$300,000 - $349,999	3,899	5.800	54.567	1,265,706,677	4.463	21.314
$350,000 - $399,999	3,688	5.486	60.054	1,381,161,238	4.870	26.184
$400,000 - $449,999	3,326	4.948	65.001	1,410,395,976	4.973	31.157
$450,000 - $499,999	2,814	4.186	69.188	1,333,300,379	4.701	35.858
$500,000 - $549,999	2,302	3.425	72.612	1,206,242,383	4.253	40.111
$550,000 - $599,999	2,049	3.048	75.661	1,177,049,610	4.150	44.261
$600,000 - $649,999	1,891	2.813	78.474	1,181,731,925	4.167	48.428
$650,000 - $699,999	1,696	2.523	80.997	1,144,008,879	4.034	52.461
$700,000 - $749,999	1,629	2.423	83.420	1,178,336,041	4.155	56.616
$750,000 - $799,999	1,571	2.337	85.757	1,216,262,807	4.288	60.904
$800,000 - $849,999	1,329	1.977	87.734	1,095,552,153	3.863	64.767
$850,000 - $899,999	1,210	1.800	89.534	1,057,142,386	3.727	68.494
$900,000 - $949,999	1,025	1.525	91.059	947,026,235	3.339	71.834
$950,000 - $999,999	884	1.315	92.374	860,444,954	3.034	74.867
$1,000,000 and greater	5,126	7.626	100.000	7,128,112,756	25.133	100.000
Total	67,220	100.000%		$28,361,956,566	100.000%	

[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 in District. The twenty taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2018-19 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are shown below.

Oakland Unified School District
(County of Alameda, California)
Largest 2018-19 Local Secured Taxpayers

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total[1]
1.	CIM Oakland	Office Building	$ 503,998,378	0.92%
2.	Kaiser Foundation Health Plan Inc.	Office Building	239,549,829	0.44
3.	SIC Lakeside Drive LLC	Office Building	231,286,081	0.42
4.	CSHV 1999 Harrison LLC	Office Building	229,245,000	0.42
5.	USPA City Center LLC	Office Building	216,403,200	0.40
6.	Broadway Franklin LLC	Office Building	212,060,602	0.39
7.	1955 Broadway Oakland Owner LLC	Office Building	180,000,000	0.33
8.	1221 Broadway Investors LLC	Office Building	172,083,094	0.31
9.	KBS SOR II Oakland City Center LLC	Office Building	154,999,900	0.28
10.	1800 Harrison Foundation	Office Building	137,996,028	0.25
11.	GC Oakland Hotel LLC	Hotel	137,443,980	0.25
12.	180 Grand Owner LLC	Office Building	121,635,000	0.22
13.	Domain Residence LLC	Apartments	111,199,825	0.20
14.	Claremont Hotel Properties LP	Hotel	110,412,073	0.20
15.	BEX FMCA LLC	Apartments	108,464,860	0.20
16.	Oak Knoll Venture Acquisition LLC	Residential Development	83,625,138	0.15
17.	BA1 1330 Broadway LLC	Office Building	81,038,568	0.15
18.	WM Allegro LLC	Apartments	77,547,279	0.14
19.	Sparknight	Office Building	74,810,440	0.14
20.	Eastmont Office Owner LLC	Office Building	72,739,544	0.13
			$3,256,538,819	5.95%

(1) 2018-19 local secured assessed valuation, excluding tax-exempt property: $54,758,322,398.
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 Series 2019 Bonds in a given year depends on the assessed value of taxable property in that year. The rate of tax imposed on unsecured property for repayment of the Series 2019 Bonds is based on the prior year's secured property tax rate. Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by 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., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Series 2019 Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following table shows *ad valorem* property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 17-001). TRA 17-001 comprises approximately 47.1% of the total fiscal year 2018-19 assessed value of the District.

Oakland Unified School District
(County of Alameda, California)
Typical Tax Rates per $100 of Assessed Valuation
(TRA 17-001)

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Alameda County Bonds	0.0000	0.0000	0.0000	0.0000	0.0112
Oakland Unified School District Bonds	0.1745	0.1539	0.1384	0.1015	0.1176
Peralta Community College District Bonds	0.0412	0.0337	0.0256	0.0310	0.0269
Bay Area Rapid Transit District Bonds	0.0045	0.0026	0.0080	0.0084	0.0070
East Bay Municipal Utility District Bonds	0.0047	0.0034	0.0028	0.0011	0.0000
East Bay Regional Park District Bonds	0.0085	0.0067	0.0032	0.0021	0.0057
City of Oakland	0.2042	0.1651	0.1961	0.2045	0.1982
Total	$1.4376	$1.3654	$1.3508	$1.3486	$1.3666

Source: California Municipal Statistics, Inc.

Tax Charges 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 Series 2019 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 and 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.

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 additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer records a tax lien and may seize and/or sell personal property, improvements and possessory interests of the taxpayer. The county treasurer 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.

Oakland Unified School District
(County of Alameda, California)
Tax Collections and Delinquencies for Fiscal Years 2008-09 through 2017-18

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent (June 30)	Percent Delinquent
2008-09	$52,208,875.88	$3,537,133.99	6.77%
2009-10	66,552,286.84	3,529,755.43	5.30
2010-11	64,969,613.31	2,779,923.73	4.28
2011-12	66,438,365.38	2,206,564.05	3.32
2012-13	70,191,721.44	1,785,077.90	2.54
2013-14	86,661,775.17	1,756,630.10	2.03
2014-15	89,995,251.27	1,701,850.25	1.89
2015-16	87,406,965.12	1,750,932.72	2.00
2016-17	53,718,566.34	971,871.47	1.81
2017-18	51,545,635.05	767,339.55	1.49

(1) District's general obligation bond and parcel tax levies.
Source: California Municipal Statistics, Inc.

Teeter Plan – Not Applicable. 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 Series 2019 Bonds, the District will receive actual collections (including penalties and interest) for that purpose, rather than the amount levied. However, the Teeter Plan does apply to the District's share of the 1% Countywide property tax levy.

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.

Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective July 8, 2019 for debt issued as of July 1, 2019. 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 the date of the schedule and whose territory overlaps the District in whole or in part. Column two shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. 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.

Oakland Unified School District
(County of Alameda, California)
Direct and Overlapping Bonded Debt

2018-19 Assessed Valuation: $57,556,383,413

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 7/1/19
Alameda County	19.861%	$ 47,666,400
Bay Area Rapid Transit District	7.659	62,011,859
East Bay Regional Park District	12.128	21,673,949
Chabot-Las Positas Community College District	0.001	6,614
Peralta Community College District	55.621	203,564,517
Oakland Unified School District	**100.000**	**873,735,000**(1)
City of Oakland	97.758	294,891,895
City of Oakland 1915 Act Bonds	100.000	3,350,000
City of Emeryville 1915 Act Bonds	3.914	75,345
City of Piedmont 1915 Act Bonds	4.792	179,250
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,507,154,829
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Alameda County General Fund Obligations	19.861%	$172,447,601
Alameda-Contra Costa Transit District Certificates of Participation	23.513	2,695,765
Peralta Community College District Pension Obligation Bonds	55.621	82,084,308
Oakland Unified School District Lease Revenue Bonds	**100.000**	**23,930,000**(2)
City of Emeryville General Fund Obligations	0.011	315
City of Oakland General Fund Obligations	97.758	119,067,928
City of Oakland Pension Obligation Bonds	97.758	241,336,989
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$641,562,906
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$315,905,866
COMBINED TOTAL DEBT		$2,464,623,601(3)

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($873,735,000).. 1.52%
Total Direct and Overlapping Tax and Assessment Debt............ 2.62%
Combined Direct Debt ($897,665,000).................................... 1.56%
Combined Total Debt 4.28%

Ratios to Redevelopment Incremental Valuation ($16,213,773,898):
Total Overlapping Tax Increment Debt....................................... 1.95%

(1) Excludes the Series 2019 Bonds.
(2) State School Fund Apportionment, Refunding Series 2008 issued by California Infrastructure and Economic Development Bank.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

RISK FACTORS

The factors discussed below (among others) should be considered in evaluating the probability of payment of the Series 2019 Bonds. The considerations discussed below are not meant to be an exhaustive list of considerations associated with the purchase of the Series 2019 Bonds, and the discussion below does not necessarily reflect the relative importance of the various considerations. Potential investors should consider the following factors, among others, and review the other information in this Official Statement. Any one or more of the considerations discussed, and others, could lead to a decrease in the market value and or the liquidity of the Series 2019 Bonds. There can be no assurance that other factors and considerations will not become material in the future.

Risks to the Property Tax Base

Certain events could cause a decline in assessed value of property in the District, requiring the County to increase tax rates in order to meet the debt service obligations on the Series 2019 Bonds.

The property tax base has in the past and may in the future shrink due either to base year assessment appeals or due to blanket reductions of assessed values. For more detail concerning base year assessment appeals or blanket reductions of assessed values, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Assessed Valuation of Property Within the District." For a recent history of assessed value in the District, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Assessed Valuation of Property Within the District."

Increased unemployment and other general economic conditions in the District may also correlate with a decline in assessed value and an increase in delinquent tax payments. Also, in the case of an earthquake that materially disrupts the economy of the Bay Area, large scale defaults on property taxes could cause delays or defaults on the Series 2019 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Tax Changes and Delinquencies – *Teeter Plan – Not Applicable*." For more information regarding unemployment and general economic conditions in the District and surrounding areas, see APPENDIX A – "THE ECONOMY OF THE DISTRICT."

The property tax base in the District is located on a seismically active fault in California and could sustain a significant decline in value were a large-magnitude earthquake to occur. Property values in the District could also be adversely affected by a number of other natural or manmade disasters. For a more detailed discussion of earthquake risk, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Assessed Valuation of Property Within the District."

Although the District may have legal authority to supplement the payments on its bonds by transferring operating revenues to the Interest and Sinking Fund were amounts on deposit therein ever insufficient to pay the principal of and interest due on its bonds, the District is not legally obligated to use its operating revenues to support its bonds.

The reorganization of regulated utilities and the transfer of electricity generating property between state-assessed utilities and non-utility companies may also have an effect on the size of the District's tax base. A more in-depth discussion of how state-assessed property affects the size of the tax base is available at "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Assessed Value of Property Within the District."

District Financial Risks

Neither the principal of, nor interest on, the Series 2019 Bonds is payable from the District's General Fund or from State revenues. The Series 2019 Bonds are paid by the County solely from *ad valorem* property taxes levied by the County – moneys over which the District exerts no control. Nevertheless, the District has presented information concerning its finances and operations and has detailed the State funding of education in Appendix B as supplementary information. Because some of the events and circumstances discussed in Appendix B are anomalous, they are noted below.

Reserve for Economic Uncertainty. The District is required to maintain a reserve for economic uncertainty equal to 2.0% of annual General Fund expenditures and other financing uses (the "**Minimum Reserve**"). For the year ended June 30, 2018, the District reserve was 2% of the total expenditures, a marked improvement over the 0.56% of total expenditures available for the year ended June 30, 2017. In order to address its past difficulties in meeting the Minimum Reserve requirement, the District instituted a major review of budget assumptions with regard to enrollment trends and projections. In addition to enrollment analysis, there has been a more comprehensive analysis of employment and vacancies as part of a continual position control review. Position control has become a critical point of focus because salaries and benefits encompass the vast majority of the District's budgeted expenditures in each fiscal year. As a result of these analyses, the Board of Education adopted a budget resolution (the "**District Budget Resolution**") which requires the District to maintain a minimum reserve of 2.5% in fiscal year 2018-19 and 3.0% in fiscal years 2019-20 and 2020-21. While the District is to maintain a minimum reserve in accordance with the District Budget Resolution, the impact of increased costs of compensation, pension, health, and welfare benefits outpaced the increase in revenue. In addition, the District had a marginal decrease in enrollment due in part to competition with charter schools. A correction in the Average Daily Attendance reported in fiscal year 2017-18 resulted in a $5.4 million reduction in such fiscal year. To address this reduction, the District designated $5.4 million in the 2018-19 first interim fund balance for the resulting reduction of LCFF revenue which was applied in March 2019. The adopted budget for fiscal year 2019-20 implements approximately $14 million in budgetary cuts in order to achieve the targeted minimum reserve in fiscal year 2019-20, and the District projects it will meet the Minimum Reserve requirement set forth in the District Budget Resolution for such fiscal year.

On August 8, 2018, the District adopted a resolution implementing additional budget reductions for fiscal year 2019-20 to improve its financial position and commitment to fiscal solvency. Based on an improved budget outlook and increased LCFF revenue from the State Governor's 2019-20 Proposed Budget, the budget reduction target was adjusted to $21.75 million (inclusive of approximately $1.4 million of projected revenue enhancements), and the District is committed to such budget reductions and revenue enhancements in order to maintain a 3% minimum reserve, based on the District Budget Resolution.

Budgetary reductions come primarily from a reduction in site-specific discretionary spending and a net reduction of 143 FTEs (primarily from the administrative central office), which comprise 85% of the proposed reductions. The remaining 15% of reductions are based on a reduction in contracted services, reallocation of restricted dollars, and operational savings. While the District was contemplating applying new budgetary assumptions, the District submitted its first interim budget report, which included assumptions regarding certain investments in salary compensation and reductions of expenditures of $15 million beginning in fiscal year 2019-20, and an additional $28 million beginning in fiscal year 2020-21. The District's second interim budget report included the $21.75 million budget reduction target. Based on the assumptions included in each interim report, the District recommended a positive certification on its first and second interim budget reports for fiscal year 2018-19, however, the Alameda County Office of Education ("**ACOE**") revised such certifications from positive to qualified based on some of the underlying assumptions and inconsistency in prior-year forecasts. See "– *Budgetary Risks*" below.

On June 26, 2019, the District adopted its budget for fiscal year 2019-20, and the multiyear projections included in such budget indicated that the District would not meet the Minimum Reserve requirement in fiscal year 2021-22, with significant net decreases to the general fund balance in fiscal years 2020-21 and 2021-22. As a result, the Board of Education adopted a resolution (the "**Fiscal Solvency Resolution**") which requires the District to commit to budgetary expenditure reductions and/or revenue enhancements of approximately $10.0 million in fiscal year 2020-21 and $10.5 million in fiscal year 2021-22, to be adjusted as necessary as the multiyear assumptions and projections are updated. Detailed plans for meeting the expenditure reductions and/or revenue enhancements will be finalized in March 2020 and March 2021, respectively.

The District's financial and budgetary practices have been subject to increased oversight by the Financial Crisis Management Assistance Team ("**FCMAT**"), as well as the ACOE, in part due to the passage of Assembly Bill 1840 (which became effective on September 17, 2018) ("**AB 1840**"). See "– FCMAT Oversight and Reports." ACOE released a grand jury report on June 21, 2019 which detailed allegations of poor management and oversight as well as a problematic administrative culture.

Dependence on State Funds. Due to District dependence on the State for a substantial portion of its operating funds, reductions in State funding may have an adverse effect on the District's financial health. In past years the State has reduced its funding of the District to try to address shortfalls in the State budget, and these reductions have caused concomitant reductions in the District's budget. For a more detailed discussion of the relationship between State funding of education and the District's budget, see APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET."

Budgetary Risks. The District self-certified its first and second interim budget reports for fiscal year 2018-19 as positive, indicating that the District would be able to meet its financial obligations for the current fiscal year and two subsequent fiscal years. For each interim report, ACOE reviewed and revised the certification to qualified, indicating that ACOE was uncertain whether the District would meet its financial obligations for the current fiscal year and two subsequent fiscal years. ACOE's revised certifications were based on concern for reduced average daily attendance ("**A.D.A.**") from the prior year, liabilities related to vacation balances for separated employees, and the effect of each of these on the District's multi-year projections related to its Reserve for Economic Uncertainties. The District self-certified its third interim budget report for fiscal year 2018-19 as qualified. See APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Budget Process and County Review."

Labor Agreements. The Oakland Education Association (the "**OEA**") and the District reached a tentative collective bargaining agreement on March 1, 2019 (the "**OEA Agreement**") which was approved by the Board of Education on April 24, 2019. The OEA Agreement provides for a one-time salary payment (bonus) equal to 3.0% of annual base salary as of December 31, 2018, and ongoing salary increases including a 3.0% wage increase effective January 1, 2019, a 2.0% wage increase effective January 1, 2020, a 3.5% wage increase effective January 1, 2021, and a 2.5% wage increase effective June 30, 2021. As a result of the OEA Agreement, the District projects a total ongoing increase in employee compensation costs of $3.7 million in fiscal year 2018-19, $15.3 million in fiscal year 2019-20, $17.6 million in fiscal year 2020-21 and $24.0 million in fiscal year 2021-22.

The Service Employees International Union and the District reached a tentative collective bargaining agreement in June 2019 (the "**SEIU Agreement**") which was approved by the Board of Education on July 2, 2019. The SEIU Agreement provides for a one-time salary payment (bonus) equal to 3.0% of annual base salary as of December 31, 2018, and ongoing salary increases including a 3.0% wage increase effective January 1, 2019, and a 2.0% wage increase effective January 1, 2020, with negotiations to reopen in 2021. As a result of the SEIU Agreement, the District projects a total increase in employee compensation costs of $726,719 in fiscal year 2018-19, $3.4 million in fiscal year 2019-20, and $3.0 million in fiscal year 2020-21.

The Building and Construction Trades Council and Teamsters labor organizations are each currently in negotiations with the District and respective tentative agreements are expected to be reached in August 2019. The remaining labor organizations are expected to commence negotiations with the District in November 2019. See APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Employees and Labor Relations."

Healthcare Costs – HBGB. In 2015, as part of contract negotiations and in an attempt to contain healthcare costs, the District established the Health Benefits Governing Board ("**HBGB**") pursuant to the Health and Welfare Agreement (the "**HBGB Agreement**") by and among the District and each of the labor unions operating within the District at the time. Pursuant to the HBGB Agreement, the District was required to set aside revenue into a Health and Welfare Fund that would be used for the District's contribution to employee health and welfare benefits beginning on July 1, 2015 and in future years. Any unspent revenue for the Health and Welfare Fund pursuant to the formula must remain as a fund reserve set aside to mitigate future increases in health and welfare benefit costs. The formula by which the District determines the amounts it is required to deposit in the Health and Welfare Fund is complicated and there has been disagreement among the District, ACOE and FCMAT about the exact deposit amounts. Additionally, due to budgetary pressures and the complex accounting procedures the HBGB Agreement requires, the District has not funded the Health and Welfare Fund and did not begin accounting for the unspent Health and Welfare Fund reserves until the 2018-19 school year. The District, its auditors, ACOE and FCMAT have also disagreed about whether the amounts the District was required to make pursuant to the HBGB Agreement but has not yet made must be recorded as a current year liability in its financial statements. If the District does recognize the amounts owed as a current liability, $9 million would be owed and the District's assets would decrease commensurately. The District has proposed a plan by which it would make deposits in the Health and Welfare Fund of $2.25 million over four years to eliminate the $9 million liability, and is also in the process of negotiating to rework the formula by which deposit amounts are determined. The $2.25 million payments have not yet been incorporated into the District's multiyear budget projections. The District is in the process of discussing with its labor organizations the proposed structural changes which would impact the formula used to determine the District's annual contribution to the Health and Welfare Fund. The current HBGB Agreement remains in effect until the District or any signatory union submits a request to renegotiate. The District estimates it will need to deposit $3.5 million per year until a new formula is agreed upon. The District cannot predict what effect a new formula will have on its finances, or whether the HBGB Agreement will be extended upon its expiration.

Audit Reports; Qualified Opinion

The District's auditor has expressed a qualified opinion on the District's financial statements for fiscal years 2012-13 through 2017-18 because the financial statements did not include the ASB funds (as described below), and statements for such fund are required by generally accepted accounting principles in the United States of America. Except for the omission of the ASB funds, the District's auditor opined that the District's financial statements for fiscal years 2012-13 through 2017-18 fairly present, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of the respective date of each report, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Associated student body funds ("**ASB funds**") are the funds collected and held at school sites specifically for student activities. The District has not prepared a summary of the ASB funds in an auditable format. Therefore, the required schedule of these fiduciary funds is not presented in the financial statements, and the auditors were not able to provide an unqualified opinion on the District's financial statements.

The District began collecting information on the ASB funds, including site visits, during fiscal year 2015-16. The District plans to collect, review and monitor all ASB account information. In addition, the District plans to provide training for school site staff managing the ASB accounts and to implement accounting procedures to monitor ASB funds at the District level. Mock audits are also planned to prepare school sites for actual audits. The District expects to have a summary of ASB funds in an auditable format in future fiscal years.

The financial information presented in APPENDIX C represents the audited financial statements of the District for fiscal year ended June 30, 2018. The financial information presented in APPENDIX B is generally derived from such audited information except where audited information is unavailable. For further discussion, see APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET."

ACOE reviews the District's budget, interim and unaudited financial reports throughout the year. The ACOE also reviews and processes expenditures and receipts and performs internal reconciliation of the District's cash and budget. See APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS." See also "– District Financial Considerations" below.

Audit Liabilities. The District's finances are audited annually. The external auditors identified 14 findings for fiscal year 2017-18. Only one finding carried a potential financial liability due to noncompliance with minimum instructional time offered at one school site out of 77 District sites, for approximately $600,000, which can be waived through application to the California Department of Education. The external auditors identified 12 findings in fiscal year 2016-17: (i) four findings were related to internal matters and internal financial controls, two of which have been resolved; (ii) four findings related to federal program compliance; and (iii) four findings related to State program compliance. None of the findings resulted in financial liabilities, although there were $6.7 million in audit adjustments in the fiscal year 2017-18 audit. See APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Audit Findings."

FCMAT Oversight and Reports

In April 2017, the District and FCMAT entered into an agreement to conduct a fiscal health risk analysis and determine the risk rating of the District. On August 15, 2017, FCMAT delivered its fiscal health risk analysis (the "**Fiscal Health Risk Analysis**") which recommended that the District take immediate action to avoid further erosion of the District's reserves and a possible fiscal emergency. In the Fiscal Health Risk Analysis, FCMAT identified several signs of fiscal distress for the District, including deficit spending, substantial reductions in fund balance, inadequate reserve levels, approval of a bargaining agreement beyond cost-of-living adjustments, large increases in contributions to restricted programs (especially in special education), lack of oversight allowing for positions to be created before verification of funding and approval, breakdown in leadership with excessive turnover, and the inability to hold administrators accountable who had been allowed to overspend budgets and override policy. FCMAT reviewed twenty fiscal indicators in its analysis, noting that districts that respond "No" to seven or more fiscal indicators may have cause for concern and could require some level of fiscal intervention. Based on FCMAT's analysis, the District responded "No" to eight of the twenty fiscal indicators.

On January 22, 2018, the ACOE and FCMAT entered into an agreement to provide the District with on-site technical assistance in two phases. During Phase I, FCMAT's assistance included reviewing the District's fiscal year 2017-18 General Fund budget and developing consensus among the District, ACOE, and WestEd (a consultant of the District) regarding budget assumptions. Using those validated budget assumptions, FCMAT reviewed the fiscal year 2017-18 General Fund cash forecast to determine whether the District had sufficient cash resources through June 2018 to meet its obligations. On May 31, 2018, FCMAT delivered its management letter regarding Phase I (the "**Phase I Letter**"), concluding that the District would end the then-current fiscal year with a positive cash position in the General Fund of approximately $17.4 million. FCMAT noted, however, that the ending cash balance was approximately $6.2 million less than the then-current fiscal year's beginning cash balance, and $22.5 million less than the beginning cash balance in fiscal year 2016-17. FCMAT reported that the District's cash was on a declining trajectory (a 56.5% decrease in the prior two years at the time of the analysis) and indicated that the pattern was not sustainable. Moreover, FCMAT estimated that revenues in fiscal year 2017-18 would decline by approximately $2.9 million and expenditures would decline by only approximately $520,000 from fiscal year 2016-17 levels. The analysis concluded that the District was in financial distress, and that without significant corrective action the District's fund balance and longer-term cash balance would continue to decline.

The Phase I Letter points to several factors that caused concern or hindered FCMAT's ability to conduct an open and honest assessment of the District's financial condition. Specifically, in providing reasoning for excluding proposed expenditure reductions of $9 million from its calculations, FCMAT cited a history of deficit spending and indicated that the District's recent actions called into question the political will of the District and its Board of Education to implement such expenditure reductions. Additionally, FCMAT noted that the District has previously sustained the minimally required state reserve levels through improper interfund borrowing, which positively impacted General Fund cash flow and fund balance. FCMAT observed that such interfund borrowing should be audited, quantified and repaid, and the District should establish a multiyear plan to reverse such borrowing and restore cash balances to other funds.

During Phase II, FCMAT helped to create a General Fund multi-year financial projection for fiscal years 2017-18, 2018-19, and 2019-20. On July 2, 2018, FCMAT delivered its management letter regarding Phase II (the "**Phase II Letter**") in which it found that the District had fallen into a pattern of deficit spending, a pattern described by FCMAT as a structural deficit. FCMAT indicated that the District's spending pattern eliminated its unrestricted fund balance, leaving the District in a troubling condition for its financial future. FCMAT observed that the unrestricted fund had a negative balance of approximately $15.6 million in fiscal year 2017-18 which would escalate to approximately $76.3 million in fiscal year 2019-20, and that the problems with the unrestricted fund were being masked by activities in the restricted fund. The Phase II Letter concludes with eighteen recommendations for the District, including developing short- and long-term financial plans based on reasonable economic assumptions, and implementing those plans with a commitment to attaining financial solvency, monitoring and projecting student enrollment and A.D.A. at each reporting period, updating revenue budgets throughout the fiscal year, being conservative when budgeting amounts for local revenue and updating the budget throughout the fiscal year to account for year-to-date receipts, and making a plan to use restricted dollars in the fiscal year in which they are received. See "Budgeted General Fund Summary for Fiscal Year 2018-19" table in APPENDIX B – "INFORMATION

RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTTERS – Accounting Practices."

On March 1, 2019, FCMAT delivered a letter to the Director of the State Department of Finance, the Chair of the State Assembly Committee on Budget and its Committee Members, and the Chair of the State Senate Committee on Budget and Fiscal Review and its Committee Members regarding the District, in accordance with FCMAT's responsibilities under AB 1840 (the "**AB 1840 Letter**").

The AB 1840 Letter contains FCMAT's conclusions that the District would have projected operating deficits of approximately $9 million in fiscal year 2018-19 and approximately $6.4 million in fiscal year 2019-20. FCMAT also noted that, when taking into account the cost of additional intervention by ACOE, the projected operating deficits of the District would be approximately $10.4 million in fiscal year 2018-19 and approximately $7.6 million in fiscal year 2019-20. FCMAT's conclusion, however, is subject to the caveat that there were several factors that would influence its budget projections that were unknown at the time of the analysis. Specifically, FCMAT did not include in its calculations any cost increases that would result from any bargaining unit settlement; FCMAT delivered the AB 1840 Letter the day after the District reached a tentative agreement with members of the OEA and stated that it and ACOE would need additional time to analyze the impact of the settlement on the deficit calculation. Additionally, settlements between the District and the other labor organizations representing District employees may have an impact on District finances.

On April 24, 2019, FCMAT delivered an updated letter to the Director of the State Department of Finance, the Chair of the State Assembly Committee on Budget and its Committee Members, and the Chair of the State Senate Committee on Budget and Fiscal Review and its Committee Members regarding the District, in accordance with FCMAT's responsibilities under AB 1840 (the "**Updated AB 1840 Letter**" and, together with the AB 1840 Letter, the "**AB 1840 Letters**").

The Updated AB 1840 Letter contains FCMAT's conclusions that, under the scenario including the cost of potential labor settlements for all employee units, the District would have projected operating surpluses of approximately $4.6 million in fiscal year 2018-19 and approximately $0.5 million in fiscal year 2019-20. FCMAT also noted that, when taking into account the cost of additional intervention by ACOE, the projected operating surplus of the District would be approximately $3.1 million in fiscal year 2018-19 and a projected operating deficit of approximately $0.5 million in fiscal year 2019-20. However, FCMAT's conclusions do not take into account several factors that would influence its budget projections because such factors were unknown at the time of the analysis. Specifically, FCMAT's calculations did not account for (i) the District Budget Resolution, which requires budget reductions totaling $21.75 million, or (ii) budgetary savings resulting from significant reductions in FTE positions. The elimination of over 250 FTE positions has necessitated a redesign of the organizational structure of the District. The redesign is currently ongoing. FCMAT also noted that an estimated $1 million or more in accrued vacation balances will be paid due to positions being eliminated in fiscal year 2018-19; the District has not yet fully calculated this liability, which will partially offset planned savings. Finally, FCMAT remarked that the final outcome of other bargaining unit negotiations is unknown and may have a significant impact. See " – Labor Agreements" below and APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Employees and Labor Relations."

In the course of its oversight, FCMAT reviewed the District's use of bond proceeds from prior bond issuances to pay rent for the District's temporary administrative office. FCMAT has questioned whether there is a capital project to which these costs can be capitalized. A similar question has been raised by ACOE in a recent grand jury report, the District's auditor in its fiscal year 2017-18 performance audit of its bond program, and the District's bond oversight committee. The District intends to use proceeds of the Taxable Bonds for payment of rent at the District's temporary administrative office until the completion of the new administrative site.

For further information on FCMAT's review of and conclusions regarding the District's financial condition, investors are directed to read the full version of the Financial Health Risk Analysis, the Phase I Letter, the Phase II Letter, and the AB 1840 Letters, each of which is publicly available on FCMAT's website at the following address: **http://www.fcmat.org/takenote/**. The information referred to is prepared by FCMAT and not by the District, and the District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

The District has implemented its 2018-2020 Fiscal Vitality Plan (the "**Fiscal Vitality Plan**") to provide recommendations responsive to the Fiscal Health Risk Analysis. A draft of the Fiscal Vitality Plan was released to the public for comment and input and requires ongoing engagement with the District's Board of Education, staff and community. The Fiscal Vitality Plan sets forth 23 recommendations for actions to rectify the District's poor fiscal health. These recommendations consist of: (i) stabilizing measures, such as midyear adjustments for the fiscal year 2017-18 budget and changes to monitoring and forecasting; (ii) recovery measures, such as fiscal year 2018-19 budget development that eliminates deficit spending and reorganizes the District's central office, establishment of internal controls relating to the budget and position control, implementation of a new system to manage finance and human resource information, and revenue maximization; and (iii) vitality measures, such as defining roles and responsibilities for District oversight, and finalizing and implementing the Quality Schools Action Plan and Facilities Master Plan.

Federal Subsidy Payments on Direct Subsidy Bonds and Tax Credit Bonds

As a result of payroll tax penalties owed by the District in fiscal year 2018-19, the Internal Revenue Service (the "**IRS**") intercepted federal subsidy payments of approximately $1.2 million to be paid to the District in connection with its Taxable General Obligation Bonds (Election of 2006, Series 2009B) (Build America Bonds). The District has since reimbursed the Interest and Sinking Fund for the amount of the intercepted subsidy. The District is in the process of submitting a request to the IRS seeking waiver of the full amount of the penalties and a rebate of amounts paid to date.

The District cannot predict whether and to what extent federal subsidy payments for direct subsidy bonds or tax credit bonds may be intercepted, or the extent to which sequestration may effect the District's receipt of federal subsidy payments in the future.

Cybersecurity

The District relies on a large and complex technology infrastructure to conduct its operations. The District and its departments routinely face cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. No assurances can be given that the security and operational control measures of the District will be successful in guarding against any and each cyber threat and attack. The results of any attack on the computer and information technology systems could have a material adverse impact on the operations of the District and damage the digital networks and systems. The District cannot predict the outcome of any such attack, nor the effect on the operations and finances of the District.

Enforceability of Covenant Not to Declare Bankruptcy

The District has outstanding a series of State School Apportionment Lease Revenue Bonds, and State law provides that for so long as any of such State School Fund Apportionment Lease Revenue Bonds issued by the California Infrastructure and Economic Development Bank (the "**Infrastructure Bank**") on behalf of the District are outstanding, the District cannot file for bankruptcy. See APPENDIX B – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Debt Structure – *Refunding of a Portion of the State Emergency Apportionment Loan*." The final maturity of the Infrastructure Bank bonds is in 2023. The District can make no prediction as to whether the Infrastructure Bank bonds will remain outstanding to their scheduled maturity. Thus, it is not clear how long such a prohibition would last. In addition, federal law determines whether or not the District can file for bankruptcy relief, and while the District believes that a federal bankruptcy court will enforce the State law prohibition on filing for bankruptcy, the District can give no assurance that the prohibition will be enforced. It is also possible that federal law could be amended in a manner so that the State law prohibition is no longer enforceable. Furthermore, if the State were to repeal the relevant law, then the District may be able to file for bankruptcy. While the State has pledged for the benefit of the holders of the Infrastructure Bank bonds that it will not amend or repeal this prohibition on a District bankruptcy in any manner that would materially impair the security or other interests of holders of any of the Infrastructure Bank bonds, the District can make no representation or prediction as to the enforceability of this pledge, or whether if the pledge were breached, holders of the Infrastructure Bank bonds would seek to enforce it. The pledge is not made for the benefit of holders of the Series 2019 Bonds and the holders of the Series 2019 Bonds do not have the right to enforce the pledge.

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 the 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 or the County (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission. 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 Series 2019 Bonds and other transaction documents related to the Series 2019 Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Series 2019 Bonds, if the bankruptcy court determines that the plan is fair and equitable 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 Series 2019 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 Series 2019 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 municipality of or in the state, in the exercise of its political or governmental powers, including expenditures for such exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of the debtor, unless the debtor consents to that action or the plan so provides. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Series 2019 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 Series 2019 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 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 Series 2019 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 State law, all general obligation bonds issued by local agencies, including the Series 2019 Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. State law provides that the lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the bonds are executed and delivered. 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 Series 2019 Bonds during the pendency of the Chapter 9 proceeding could be delayed.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Series 2019 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 Series 2019 Bonds. The Series 2019 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.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the Series 2019 Bonds may be prohibited from taking any action to require the District or the County to make payments on the Series 2019 Bonds without the bankruptcy court's permission. This could result in substantial delays in payments on the Series 2019 Bonds.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Series 2019 Bonds.

Bondholders may experience delays or reductions in payments on the Series 2019 Bonds, the Series 2019 Bonds may decline in value or Bondholders may experience other adverse effects should the District file for bankruptcy.

Possession of Tax Revenues; Remedies. If the District goes into bankruptcy and the District or the County has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the District or the County, as applicable, does not voluntarily pay such tax revenues to the Owners of the Series 2019 Bonds, it is not entirely clear what procedures the Owners of the Series 2019 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. A similar risk would exist if the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy).

Risk of Investment Losses. Pending delivery of *ad valorem* tax revenues to the Paying Agent, the County Treasurer may invest the *ad valorem* tax revenues in the Alameda County Investment Pool or in other investments. Should any of these investments suffer any losses, there may be delays or reductions in payments on the Series 2019 Bonds.

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

TAX MATTERS

Tax-Exempt Bonds

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 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt 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 Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State of California tax purposes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt 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 Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt 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 Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Beneficial Owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Tax-Exempt 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 Tax-Exempt Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt 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 Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt 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 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 Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt 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 Tax-Exempt Bonds for federal income tax purposes. It is not binding on the 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 Tax-Exempt Bonds ends with the issuance of the Tax-Exempt 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 Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and their 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 Tax-Exempt 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 Tax-Exempt Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Taxable Bonds

In the opinion of 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 Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix D hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

Sale or Other Taxable Disposition of the Taxable Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder’s holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Bonds. If the District defeases any Taxable Bond, the Taxable Bond may be deemed to be retired and reissued for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Taxable Bond.

Information Reporting and Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("**TIN**") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the District through stock ownership and (2) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Taxable Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Taxable Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Taxable Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA") – U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Series 2019 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel. Bond Counsel expects to deliver an opinion with respect the Series 2019 Bonds at the time of issuance of the Series 2019 Bonds substantially in the form set forth in Appendix D hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe, LLP, as Disclosure Counsel to the District.

Legality for Investment in the State of California

Under the provisions of the California Financial Code, the Series 2019 Bonds are legal investments for commercial banks in California to the extent that the Series 2019 Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors and, under provisions of the California Government Code, the Series 2019 Bonds are eligible securities for deposit of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Series 2019 Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "**EMMA System**") certain annual 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 notice of the occurrence of certain enumerated events ("**Notice Events**") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX E − "FORM OF CONTINUING DISCLOSURE CERTIFICATE." 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**").

During the five-year period preceding the date of this Official Statement, the District failed to include and failed to timely file certain financial information in its annual report for fiscal year 2013-14. The District has also failed to timely file notices of rating changes. Such information has since been filed, and the District believes it is currently in compliance with its continuing disclosure obligations. The District has retained a dissemination agent to assist with complying with its continuing disclosure obligations under the Rule.

No Litigation

No litigation is pending or threatened concerning or contesting the validity of the Series 2019 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 Series 2019 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 officers who will execute the Series 2019 Bonds or District or County officials who will sign certifications relating to the Series 2019 Bonds, or the powers of those offices. A certificate or certificates to that effect will be furnished to the Underwriters at the time of the original delivery of the Series 2019 Bonds.

The District is routinely subject to lawsuits and claims. See, e.g., "RISK FACTORS – District Financial Considerations – *Labor Agreements*." The District is currently the subject of a lawsuit relating to an alleged Title IX violation. The District cannot predict the impact, if any, which any ongoing claims or lawsuits relating to alleged Title IX violations may have on the District's finances. The District is also engaged in a lawsuit with the California Charter Schools Association ("**CCSA**") which may go to trial in fall 2019. CCSA seeks to compel the District to modify its practices in responding to charter school requests for school facilities. The District cannot predict the outcome of such lawsuit, nor its effect on the operations and finances of the District.

MISCELLANEOUS

Ratings

Moody's Investors Service has assigned its underlying rating of "A1" to the Series 2019 Bonds. Rating agencies generally base their ratings on their own investigations, studies and assumptions. The rating reflects only the view of the rating agency furnishing the same, and any explanation of the significance of such rating should be obtained only from the rating agency providing the same. Such rating is not a recommendation to buy, sell or hold the Series 2019 Bonds. 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 providing the same, if, in the judgment of such 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 Series 2019 Bonds. Neither the Underwriters nor the District has undertaken any responsibility after the offering of the Series 2019 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Series 2019 Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Series 2019 Bonds. Isom Advisors, a Division of Urban Futures, Inc. is acting as the District's Municipal Advisor with respect to the Series 2019 Bonds. Payment of the fees and expenses of the Municipal Advisor is also contingent upon the sale and delivery of the Series 2019 Bonds.

Underwriting

The Series 2019 Bonds are being purchased for reoffering to the public by Siebert Cisneros Shank & Co. L.L.C., as representative (the "**Representative**") on behalf of itself and Stifel, Nicolaus & Company, Incorporated ("**Stifel**" and, together with the Representative, the "**Underwriters**"), pursuant to the terms of a bond purchase agreement executed on __________, 2019, by and between the Representative and the District (the "**Purchase Contract**"). The Underwriters have agreed to purchase the Series 2019 Bonds at a price of $__________. The Underwriters' discount is $________. The Purchase Contract provides that the Underwriters will purchase all of the

Series 2019 Bonds, subject to certain terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel.

While Stifel does not believe that the following represent a potential or actual material conflict of interest, it notes that:

In October 2018, Stifel donated to the Oakland Public Education Fund Youth Beat Program. Stifel's Fabric of Society program provided a scholarship to graduating seniors from Oakland Unified School District in 2015, 2016, 2017, and 2018.

The Underwriters may offer and sell the Series 2019 Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriters.

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ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Series 2019 Bonds. Quotations from and summaries and explanations of the Series 2019 Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Series 2019 Bonds.

The District has duly authorized the delivery of this Official Statement.

OAKLAND UNIFIED SCHOOL DISTRICT

By: ______________________________________

Superintendent

APPENDIX A

THE ECONOMY OF THE DISTRICT

The following economic data is presented for information purposes only. The Series 2019 Bonds are not a debt or obligation of the City of Oakland or the County of Alameda.

General

Information regarding the City of Oakland (the "**City**") is provided in this APPENDIX A because economic data specific to the exact boundaries of the Oakland Unified School District (the "**District**") is not available. Although the District encompasses slightly more land than the City, they are virtually coterminous and, therefore, the data provided herein is representative of the economy of the District. Data from the County of Alameda (the "**County**") is provided where data for the City are not available.

As of January 1, 2019, the City has a population of approximately 432,897, and the County has a population of approximately 1,669,301. The City is located in the County and comprises approximately one-quarter of the County's population. The City is located on the eastern shore of the San Francisco Bay (the "**Bay**"), approximately seven miles from San Francisco via the San Francisco-Oakland Bay Bridge. The City, approximately 53.8 square miles, is the largest and most established of the "East Bay" cities. Its geography ranges from industrialized areas in the west which border the Bay to suburban foothills in the east. The City is the hub of an extensive transportation network, which includes several interstate freeways, the western terminus of major railroad and trucking operations, and one of the largest container-ship ports in the United States. The City is also served by an international airport and the Bay Area Rapid Transit system ("**BART**"), which connects the City by commuter rail to destinations in the County as well as San Francisco, Contra Costa, San Mateo and Santa Clara counties. Formerly the industrial heart of the San Francisco Bay Area (the "**Bay Area**"), the City has developed into a diverse financial, commercial and governmental center. The City is the seat of government for the County and is the eighth most populous city in the State of California (the "**State**").

The City has a diverse mix of traditional and new economy companies. Leading industries include business services, health care services, transportation, food processing, light manufacturing, government, arts, culture and entertainment. Prominent employers or businesses headquartered in the City include Pandora Radio, Kaiser Permanente, Dreyer's Grand Ice Cream, Southwest Airlines, FedEx, Clorox Company, AT&T, U.S. Postal Service and Safeway Inc.

Culturally, the City is home to a regionally and nationally recognized symphony, many up-and-coming artistic and cultural institutions, an award-winning zoo, the Paramount Theater and the Fox Theater, a burgeoning restaurant scene, the recently remodeled Oakland Museum of California, and a vibrant nightlife. The City is also currently home to three major professional sports teams. The Oakland Athletics, the Golden State Warriors[*] and the Oakland Raiders[†] all play at stadiums within the City. At other times these venues are used for concerts, other sporting events and other purposes.

The City boasts one of the highest percentages of parks and open space per capita in the nation. The City counts lush green hills, forests, creeks, an estuary and two lakes among its natural amenities, and the extensive East Bay Regional Park District is easily accessible from the City.

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[*] The Golden State Warriors are expected to move to San Francisco in 2019.
[†] The Oakland Raiders are expected to move to Las Vegas in 2020.

Population

The following table sets forth the population of the City, the County and the State for the last 10 years. The City's population increased by 42,173, or approximately 10.8%, over this 10-year period.

City of Oakland, County of Alameda and State of California
Population
2010 - 2019[(1)]

Calendar Year	City of Oakland	County of Alameda	State of California
2010[(1)]	390,724	1,510,271	37,253,956
2011	397,235	1,525,457	37,529,913
2012	399,775	1,543,365	37,874,977
2013	406,536	1,567,167	38,234,391
2014	411,636	1,588,576	38,568,628
2015	420,269	1,611,770	38,912,464
2016	424,471	1,629,738	39,179,627
2017	427,503	1,646,405	39,500,973
2018	431,373	1,656,884	39,740,508
2019	432,897	1,669,301	39,740,508

(1) Data reflects population estimates as of April 1 for calendar year 2010.
Source: California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2001-2010, with 2000 & 2010 Census Counts for 2009-10 and E-4 Population Estimates for Cities, Counties, and the State, 2011-2019, with 2010 Census Benchmark for 2011-2019.

Employment

The following table sets forth industries in the County of Alameda in terms of employment in each respective industry, as estimated by the State of California Employment Development Department as follows:

County of Alameda
Employment by Industry Group
Annual Averages
2012 – 2016[(1)]

Industry	2012	2013	2014	2015	2016
Farm	700	600	500	500	500
Mining, Logging & Construction	33,300	35,600	37,600	40,900	43,000
Manufacturing	62,300	64,600	67,500	72,500	75,000
Trade, Transportation & Utilities	123,300	127,700	131,300	135,700	137,900
Information	14,500	14,100	14,700	16,600	18,200
Financial Activities	26,100	28,000	29,100	29,300	30,300
Professional & Business Services	117,300	118,400	120,400	125,700	128,700
Educational & Health Services	108,300	111,000	111,600	114,500	117,600
Leisure & Hospitality	58,300	61,900	65,800	68,400	70,900
Other Services	24,000	24,800	25,000	25,500	26,200
Government	114,900	115,100	117,300	120,100	123,500

(1) Most recent data available as of the date of this Official Statement.
Source: State of California, Employment Development Department, Labor Market Information Division.

Industry and Employment

The following table sets forth estimates of the labor force, civilian employment, unemployment and unemployment rates for City residents, County residents and State residents from calendar years 2011 through 2018. The California Employment Development Department reported unemployment rates for 2018 at 4.2% for the State, 3.0% for the County and 3.4% for the City (not seasonally adjusted).

City of Oakland, County of Alameda and State of California
Civilian Labor Force, Employment and Unemployment
Annual Average
2011 – 2018

	Labor Force	Civilian Employment	Unemployment	Unemployment Rate (%)
City of Oakland				
2011	205,600	180,200	25,300	12.3%
2012	207,800	185,600	22,100	10.7
2013	207,600	189,100	18,500	8.9
2014	208,600	193,600	15,000	7.2
2015	211,100	198,700	12,400	5.9
2016	215,100	204,500	10,600	4.9
2017	211,700	201,500	10,200	4.8
2018	214,500	207,100	7,400	3.4
County of Alameda				
2011	786,800	707,400	79,400	10.1%
2012	798,400	729,000	69,400	8.7
2013	802,800	744,800	58,000	7.2
2014	808,100	761,100	47,000	5.8
2015	819,700	780,800	38,900	4.7
2016	832,500	796,800	35,700	4.3
2017	848,500	817,600	30,900	3.6
2018	848,200	822,800	25,400	3.0
State of California				
2011	18,415,100	16,258,100	2,157,000	11.7%
2012	18,523,800	16,602,700	1,921,100	10.4
2013	18,625,000	16,958,400	1,666,600	8.9
2014	18,714,700	17,310,900	1,403,800	7.5
2015	18,851,100	17,681,800	1,169,200	6.2
2016	19,044,500	18,002,800	1,041,700	5.5
2017	19,205,300	18,285,500	919,800	4.8
2018	19,398,200	18,582,800	815,400	4.2

Source: State of California Employment Development Department – Unemployment Rates (Labor Force).

Major Employers

The following tables set forth the top ten major private employers in the City and the principal employers in the County.

City of Oakland
Major Private Employers

Employer	Number of Employees
Kaiser Permanente	11,734
Southwest Airlines	2,634
UCSF Benioff Children's Hospital Oakland	2,400
Alta Bates Summit Medical Center, Summit Campus	2,299
United Parcel Services	2,259
Securitas Security Services	1,564
Allied Universal	1,500
Federal Express Corp.	1,344
Pandora Music Inc.	1,000
Manos Home Care	973

Source: City of Oakland Comprehensive Annual Financial Report for the year ended June 30, 2018.

County of Alameda
Principal Employers

Employer	Number of Employees
Kaiser Permanente	34,398
Sutter Health	10,184
Tesla	10,000
County of Alameda	9,545
Safeway Inc.	9,373
John Muir Health	6,484
Chevron Corp.	5,252
PG&E Corporation	5,100
Wells Fargo Bank	5,089
United Parcel Services	4,500

Source: County of Alameda Comprehensive Annual Financial Report for the year ended June 30, 2018.

Construction Activity

The following table sets forth a summary of housing unit building permits in the City and the County.

City of Oakland and the County of Alameda
Housing Unit Building Permits
2014 – 2018

	2014	2015	2016	2017	2018
City of Oakland					
Units in Single-Family Structures	81	109	125	118	117
Units in All Multi-Family Structures	176	757	1,818	3,943	3,619
Total Units	257	866	1,943	4,061	3,736
County of Alameda					
Units in Single-Family Structures	1,613	1,905	2,111	2,175	1,831
Units in All Multi-Family Structures	1,825	3,196	3,166	6,889	6,147
Total Units	3,438	5,101	5,277	9,064	7,978

Sources: U.S. Department of Housing and Urban Development for years 2014-2015; Construction Industry Research Board (CIRB) and California Homebuilding Foundation (CHF) for 2016-2018.

The following table sets forth a summary of non-residential valuation for the City and the County.

City of Oakland and the County of Alameda
Non-Residential Building Permit Valuations
2014 – 2018(1)

	2014	2015	2016	2017	2018
City of Oakland	$ 58,015,043	$ 96,605,362	$ 386,600,476(2)	$ 601,181,895	$ 414,962,721
County of Alameda	1,026,771,499	1,146,437,073	1,270,755,210	1,587,834,270	1,727,902,192

(1) Includes non-residential valuation for hotels and motels, non-housekeeping shelter, recreational, churches, industrial, parking garages, service stations, hospitals, offices, public work, schools education, retail, other non-residential buildings, structures other than buildings, non-residential alterations and residential garages.
(2) Increase in non-residential building permit valuation for the City of Oakland in 2016 is primarily due to newly available data from the City's Planning and Building Department.
Sources: CIRB and CHF.

Median Housing Price

The median price of a single-family home in the City increased from $198,000 in 2009 to $700,000 in 2018. The median price of a single-family home in the County increased from $339,000 in 2009 to $826,000 in 2018.

City of Oakland and County of Alameda
Median Housing Prices
2009 – 2018(1)

Year	City of Oakland	County of Alameda
2009	$198,000	$339,000
2010	242,250	369,000
2011	220,000	337,000
2012	250,000	367,750
2013	377,500	483,000
2014	430,000	561,000
2015	520,000	630,000
2016	565,000	676,250
2017	635,000	750,000
2018	700,000	826,000

(1) Most recent data available as of the date of this Official Statement.
Source: CoreLogic, provided by DQNews.

Income

Personal income in the San Francisco – Oakland – Hayward Metropolitan Statistical Area (which is larger than the District, and which contains the District) increased by 6.4% from 2016 to 2017. Per capita personal income in the area grew by 5.8% in that same time period. The following table summarizes personal income for the San Francisco – Oakland – Hayward Metropolitan Statistical Area, which encompasses the District, for the calendar years 2008 through 2017.

Personal Income and Per Capita Income
San Francisco – Oakland – Hayward Metropolitan Statistical Area
2008 – 2017(1)

Year	Personal Income ($ in Thousands)	Annual Percent Change	Per Capita Income	Annual Percent Change
2008	$264,563,680	--	$63,255	--
2009	248,917,851	(5.9)%	59,442	(6.0)%
2010	255,461,345	2.6	61,194	2.9
2011	278,037,608	8.8	65,501	7.0
2012	304,722,327	9.6	70,351	7.4
2013	313,452,105	2.9	71,082	1.0
2014	332,445,103	6.1	76,230	7.2
2015	368,794,858	10.9	82,523	8.2
2016(2)	406,159,800	10.1	86,434	4.7
2017(2)	432,359,900	6.4	91,459	5.8

(1) Most recent data available as of the date of this Official Statement.
(2) Numbers reflect rounding because data only available in millions of dollars for 2016 and 2017.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income by Metropolitan Area, 2009-2017.

Retail Sales

The following tables set forth a history of taxable sales for the City and County for calendar years 2010 through 2016.

City of Oakland and County of Alameda
Taxable Sales 2010 – 2016[1]
($ in Thousands)

	Retail and Food Services		Total All Outlets	
Taxable Sales	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
City of Oakland				
2010	7,849	$2,246,454	10,981	$3,310,325
2011	7,238	2,504,327	10,284	3,733,232
2012	7,694	2,741,626	10,715	4,031,912
2013	7,713	2,871,106	10,670	4,179,349
2014	7,797	3,041,086	10,742	4,357,407
2015	8,080	3,159,286	12,264	4,455,627
2016	8,054	3,135,414	12,391	4,459,606
County of Alameda				
2010	26,241	$13,374,283	40,348	$21,541,741
2011	24,809	14,519,756	38,577	23,430,799
2012	26,027	15,781,349	39,706	25,181,571
2013	27,017	16,893,102	40,662	26,624,571
2014	27,152	17,820,857	40,746	28,377,714
2015	27,765	18,702,806	45,197	29,770,157
2016	27,273	19,386,688	44,799	30,958,480

[1] Most recent data available as of the date of this Official Statement.
Source: California State Board of Equalization, Taxable Sales in California for 2010 through 2016.

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APPENDIX B

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

*The information in this appendix concerning the operations of the Oakland 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 Series 2019 Bonds is payable from the general fund of the District or from State revenues. Each Series of the Series 2019 Bonds is payable from the proceeds of an unlimited 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 the County of Alameda (the "**County**") on property within the District in an amount sufficient for the timely payment of principal of and interest on each series of the Series 2019 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS" in the front portion of this Official Statement.*

THE DISTRICT

General

The Oakland Unified School District (the "**District**") is located in and is approximately coterminous with the City of Oakland, California (the "**City**"), located on the east side of the San Francisco Bay, approximately seven miles from San Francisco. The District's boundaries also include small portions of the neighboring City of Emeryville. The District encompasses approximately 53.8 square miles, including a diverse economy of industry, services, health care, retail and other commercial activity. The District was unified in 1952, combining then-existing high school and elementary school districts.

The District currently operates forty-nine elementary schools serving grades K-5, fourteen middle schools serving grades 6-8, five elementary/middle schools serving grades K-8, seven comprehensive senior high schools serving grades 9-12, three middle/high schools serving grades 6-12, and seven alternate high school programs. Forty-five charter schools currently operate within the District's boundaries. The District has projected enrollment for fiscal year 2019-20 of approximately 35,666 students in grades K-12, not including the students attending the charter schools. As of June 26, 2019, the District has budgeted to employ approximately 4,313.0 full-time equivalent ("**FTE**") employees, including 2,578.4 FTE certificated (teaching) employees, 1,268.6 FTE classified (non-teaching) employees and 466.0 management, supervisory and confidential employees. According to the adopted budget for fiscal year 2019-20, the District's budgeted fiscal year 2019-20 general fund expenditures are approximately $567.1 million.

Board of Education

The District operates under the jurisdiction of the Alameda County Superintendent of Schools. The governing board of the District is the Board of Education (the "**Board of Education**"). The Board of Education consists of seven members who are elected to staggered four-year terms and two student board members who participate on an advisory basis. The name, office and the month and year of the expiration of the term of the seven elected members of the Board of Education are described below.

Name	Office	District	Term Expires
Aimee Eng	President	District 2	January 2023
Jody London	Vice President	District 1	January 2021
Shanthi Gonzales	Director	District 6	January 2023
James Harris	Director	District 7	January 2021
Jumoke Hinton-Hodge	Director	District 3	January 2021
Roseann Torres	Director	District 5	January 2021
Gary Yee	Director	District 4	January 2023

Superintendent and Key Personnel

The Superintendent of the District is appointed by the Board of Education and reports to the Board of Education. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators. Information concerning the Superintendent and certain other key administrative personnel is set forth below.

Dr. Kyla Johnson-Trammell, Superintendent. On May 10, 2017, the Board of Education announced that Dr. Johnson-Trammell was selected to serve as Superintendent of the District and she began serving in the role in July 2017. Prior to being appointed Superintendent, Dr. Johnson-Trammell served as the District's Interim Deputy Superintendent, Academic and Social Emotional Learning from February 2017 to July 2017. Prior to her role as Interim Deputy Superintendent, Dr. Johnson-Trammell served the District in a variety of roles, including as Network Superintendent of Elementary Schools, Associate Superintendent of Leadership, Curriculum and Instruction, and Administrator on Special Assignment. Prior to those roles, she served the District as Principal of an elementary school, Assistant Principal of a middle school, and as an elementary school teacher. Dr. Johnson-Trammell has a bachelor's degree in communications from the University of Pennsylvania as well as a Master's degree in Educational Leadership and a Doctor of Education degree in Educational Leadership from the University of California, Berkeley.

Curtiss Sarikey, Chief of Staff. Mr. Sarikey joined the District as Chief of Staff in November 2017, bringing over 30 years of human services and education experience. Prior to joining the District, he served as Senior Director at the Stuart Foundation, leading in the areas of educator leadership, labor management collaboration, and State-level policy on continuous improvement and capacity building. Prior to that, Mr. Sarikey served as the Deputy Chief of Community Schools and Student Services at the District. Mr. Sarikey has also served as adjunct faculty for University of San Francisco School Counseling Program, teaching courses in family engagement and school improvement. He previously worked for 10 years with San Francisco Unified School District as a school social worker and supervisor, five years as Executive Director of Big Brothers Big Sisters of the East Bay, Inc., and five years with the United States Navy as head of Oakland Naval Medical Center's Family Advocacy Program. He has consulted with cities and school districts across the country in areas of collective impact, community schools and social emotional learning. Mr. Sarikey earned a Bachelor's degree from the State University of New York at Geneseo and a Master's of Social Welfare degree from the University of California, Berkeley. He is also a Licensed Clinical Social Worker (LCSW) and has education pupil services and administrative credentials from San Francisco State University and Sonoma State University.

Gina Murphy-Garrett, Senior Executive Director, Fiscal Services. Ms. Murphy-Garrett joined the District as Senior Executive Director, Fiscal Services on October 1, 2018. She brings 28 years of public school business operations experience to her role at the District leading work on budget development, financial reporting, and transition to an integrated business platform, oversight of the Fiscal Analyst team, and partnership with ACOE's Intensive Technical Assistance and Support team. She started her career in public education at Fresno Unified School District as an accountant and then worked at Clovis School District as a financial analyst. Subsequently, she worked as the Director of Fiscal Services at Central Unified School District, and then as Assistant Superintendent of Business Services at Golden Plains Unified School District. Ms. Murphy-Garrett then served as Chief Business Officer to Linden Unified School District and, just prior to working for the District, she served as the Executive Director of Fiscal Services with Pleasanton Unified School District. She has a bachelor's degree in business administration and accountancy and a Master's degree in educational administration and supervision, both from California State University, Fresno. She has also earned the California Association of School Business Officials (CASBO) Chief Business Officer Certification.

The District has faced significant turnover in management as well as budget and fiscal services staff, including actual and announced resignations in the last few months by its Senior Business Officer, Chief Financial Officer, General Counsel and Interim General Counsel. Recent resignations in budget and fiscal services personnel are a reflection of challenges in finding candidates that are well-suited to District demands and pressures as well as Districtwide reorganization efforts. The District conducted a reorganization process this year that significantly reduced staff in almost every central office and department. Additionally, the District has entered into a working relationship with ACOE for ACOE to provide Intensive Technical Assistance and Support to the District's fiscal services team. As of July 1, 2019, outside counsel is providing legal support during the pending search period for a new General Counsel. The District has also hired an Interim Chief Financial Officer and is in the process of filling the role of Chief Financial Officer on a permanent basis.

Fiscal Oversight

In connection with the emergency financial assistance provided to the District by the State in fiscal year 2002-03, the State Superintendent of Public Instruction (the "**State Superintendent**") appointed a trustee for the District (the "**Fiscal Oversight Trustee**"). The Fiscal Oversight Trustee serves at the pleasure of, and reports directly to, the County Superintendent of Schools, until (i) the emergency loan (the "**Emergency Apportionment Loan**") is repaid, (ii) the District has adequate fiscal systems and controls in place and (iii) the County Superintendent of Schools has determined that the District's future compliance with the Recovery Plan (as defined below) is probable. During his or her tenure, the Fiscal Oversight Trustee is empowered to stay or rescind any action of the Board of Education that, in the judgment of the Fiscal Oversight Trustee, may affect the District's financial condition.

Assembly Bill 1840 (which became effective on September 17, 2018) ("**AB 1840**") required the District to take certain actions by March 1, 2019, for fiscal year 2018-19, regarding its financial plans and construction plans, in collaboration with and with the concurrence of the Alameda County Superintendent of Schools and the Fiscal Crisis and Management Assistance Team. AB 1840 provides that, beginning in fiscal year 2019-20 and ending in fiscal year 2021–22, the Budget Act of the State for those fiscal years shall include certain appropriations for the District, with the disbursement of moneys from those appropriations contingent upon the completion of activities specified in the prior year Budget Act to improve the District's fiscal solvency. In connection with AB 1840, Chris Learned was appointed the Fiscal Oversight Trustee for the District on July 1, 2017, by the State Superintendent. Prior to his appointment as Fiscal Oversight Trustee, Mr. Learned had over 40 years of experience in California K-12 business and operations. In 2015, Mr. Learned retired as Associate Superintendent of Business Services for Acalanes Union High School District after 18 years of service. Mr. Learned has a Bachelor's degree in business administration and a Master's degree in business administration.

Mr. Learned has informed the District that he will not rescind the Board of Education's authorization of the Series 2019 Bonds because the issuance of the Series 2019 Bonds will not impact the District's financial condition.

Strategic Plan; School Closures

In November 2014, the District released a five-year strategic plan (the "**Strategic Plan**") for 2015-2020 with five goals: (i) providing every student with access to a high-quality school; (ii) ensuring each student is prepared for college, career and community success; (iii) staffing every school with talented individuals committed to working in service of children; (iv) creating a school district that holds itself and its partners accountable for superior outcomes; and (v) guaranteeing rigorous instruction in every classroom. The Strategic Plan also identified three major priorities: (i) creating effective talent programs; (ii) creating an accountable school district; and (iii) creating quality community schools. The District has also adopted a Local Control and Accountability Plan ("**LCAP**") that identifies specific goals and actions in line with the Strategic Plan. In addition, in 2017 the Superintendent outlined three Districtwide priorities: Fiscal Vitality, Quality Community Schools and Organizational Wellness.

The District has also developed the Board-approved Community of Schools Citywide Plan (the "**Citywide Plan**") that maps out a sustainable District footprint based on several data points related to enrollment projections, city demographic projections, and geographic data relating to where students live and attend schools. The data show that the District's projected student population would be served more efficiently with up to 24 fewer buildings than are currently being utilized. Simultaneously, the District is evaluating revenue generation opportunities with its available surplus property. Accordingly, the Board of Education has appointed a 7-11 Committee which is involved in making recommendations to the Board of Education about whether vacant properties should be considered surplus properties and to provide recommendations about the potential uses for any surplus property, including the use of surplus property to generate revenue. In April 2019, the Board of Education appointed 11 members to the 7-11 Committee and directed the 7-11 Committee to start meeting in August 2019. In May 2019, the Board of Education approved a contract for facilitators of the 7-11 Committee; and in June 2019 the Board of Education passed a resolution providing direction to the 7-11 Committee to focus on five currently vacant properties and consider such properties for surplus as part of the 7-11 Committee's initial phase of review. Additional vacated properties will be considered by the 7-11 Committee in future phases, and may result in recommendations that such properties be considered surplus as well as potential use of such properties.

The Citywide Plan is expected to be implemented over five years, with cohorts of new consolidations, mergers, closures and redesigned schools identified annually in each selection year, a planning phase and subsequent implementation. Cohort I merged two elementary schools and two middle schools, closed one middle school, and expanded a successful high school program, resulting in a net of three fewer schools. Cohort II selection will be voted on by the Board of Education in September 2019 and will enter its planning phase in fiscal year 2019-20 and tentatively includes at least two more mergers (which will result in a net of two fewer schools). The District will also begin the selection year for Cohort III during fiscal year 2019-20.

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 projects receipt of approximately 59.5% 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 $338.0 million in fiscal year 2019-20. 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.

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 ("**LEA**") 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 2019-20 State budget on June 27, 2019.

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 the 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 Series 2019 Bonds, and the District takes no responsibility for informing owners of the Series 2019 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. Senate Bill 751 (2017) ("**SB 751**") altered the reserve requirements imposed by SB 858. 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.

2019-20 State Budget. The Governor signed the fiscal year 2019-20 State Budget (the "**2019-20 State Budget**") on June 27, 2019. The 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20 that projects approximately $143.8 billion in revenues, and $91.9 billion in non-Proposition 98 expenditures and $55.9 billion in Proposition 98 expenditures. The 2019-20 State Budget includes a $1.4 billion reserve in the Special Fund for Economic Uncertainties. To provide immediate and long-term relief to school districts facing rising pension costs, the 2019-20 State Budget includes a $3.15 billion non-Proposition 98 General Fund payment to the California State Teachers' Retirement System ("**CalSTRS**") and the California Public Employees' Retirement System ("**CalPERS**") Schools Pool. Of this amount, an estimated $850 million will buy down the employer contribution rates in fiscal years 2019-20 and 2020-21. The 2019-20 State Budget includes total funding of $103.4 billion ($58.8 billion General Fund and $44.6 billion other funds) for all K-12 education programs. The 2019-20 State Budget provides $1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26% cost of living adjustment.

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

- <u>Special Education</u>. The 2019-20 State Budget includes $645.3 million ongoing Proposition 98 General Fund resources for special education, including $152.6 million to provide for all Special Education Local Plan Areas with at least the statewide target rate for base special education funding, and $492.7 million allocated based on the number of children ages 3 to 5 years with exceptional needs that the school district is serving.

- <u>After School Education and Safety Program</u>. The 2019-20 State Budget includes $50 million ongoing Proposition 98 General Fund resources to provide an increase of approximately 8.3% to the per-pupil daily rate for the After School Education and Safety Program.

- <u>Longitudinal Data System</u>. The 2019-20 State Budget includes $10 million one-time non-Proposition 98 General Fund resources to plan and develop a longitudinal data system to improve coordination across data systems and better track the impacts of State investments on achieving educational goals.

- Retaining and Supporting Well-Prepared Educators. The 2019-20 State Budget includes $89.8 million one-time non-Proposition 98 General Fund resources to provide up to 4,487 grants of $20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school for at least four years. The 2019-20 State Budget also includes $43.8 million one-time non-Proposition 98 General Fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, to build capacity around key state priorities. Finally, the 2019-20 State Budget includes $13.8 million ongoing federal funds to establish the 21st Century California Leadership Academy, to provide professional learning opportunities for public K-12 administrators and school leaders to acquire the knowledge, skills, and competencies necessary to successfully support the diverse student population served in California public schools.

- Broadband Infrastructure. The 2019-20 State Budget includes $7.5 million one-time non-Proposition 98 General Fund resources to assist school districts in need of infrastructure and updates to meet the growing bandwidth needs of digital learning.

- School Facilities Bond Funds. The 2019-20 State Budget assumes $1.5 billion Proposition 51 bond funds, an increase of $906 million over the prior year, to support school construction projects.

- Full-Day Kindergarten. The 2019-20 State Budget includes $300 million one-time non-Proposition 98 General Fund resources to construct new or retrofit existing facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.

- Proposition 98 Settle-Up. The 2019-20 State Budget includes an increase of $686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through fiscal year 2017-18.

- Classified School Employees Summer Assistance Program. The 2019-20 State Budget includes an increase of $36 million one-time Proposition 98 General Fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a State match for classified employee savings used to provide income during summer months.

- AB 1840 Adjustments. The 2019-20 State Budget includes an increase of $3.6 million one-time Proposition 98 General Fund resources for Inglewood Unified School District and $514,000 one-time Proposition 98 General Fund resources for Oakland Unified School District, amounting to 75% of the operating deficit of these districts, pursuant to AB 1840.

- Wildfire-Related Cost Adjustments. The 2019-20 State Budget includes an increase of $2 million one-time Proposition 98 General Fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, the 2019-20 State Budget includes an increase of $727,000 one-time Proposition 98 General Fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses. Further, the 2019-20 State Budget holds both school districts and charter schools impacted by the wildfires harmless for State funding for two years.

The complete 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.

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 2019-20 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 Series 2019 Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Series 2019 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 did not receive any pass-through payments in fiscal year 2017-18 and projects it will not receive any pass-through payments in fiscal years 2018-19 and 2019-20.

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 average daily attendance ("**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 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 would have authority to make changes to a local educational agency's LCAP.

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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. The State has reached full funding of the Base Grant in fiscal year 2018-19. The A.D.A. and enrollment numbers reflected in the following table include special education and exclude enrollment at any independent charter schools.

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Average Daily Attendance/Base Grant and Enrollment
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.	Total Enrollment	Unduplicated % of EL/LI Students
2013-14	A.D.A.[2]:	13,431.30	8,450.94	4,725.57	8,245.15	34,852.96	36,869	77.59%
	Targeted Base Grant[3]:	$6,952	$7,056	$7,266	$8,419	-	-	-
2014-15	A.D.A.[2]:	13,574.62	8,321.54	4,766.64	8,523.18	35,185.98	37,096	78.07%
	Targeted Base Grant[3][4]:	$7,011	$7,116	$7,328	$8,491	-	-	-
2015-16	A.D.A.[2]:	13,439.47	8,487.31	4,577.37	8,979.37	35,483.52	37,122	78.07%
	Targeted Base Grant[3][5]:	$7,083	$7,189	$7,403	$8,578	-	-	-
2016-17	A.D.A.[2]:	12,977.63	8,391.58	4,502.63	9,168.33	35,040.17	36,761	78.07%
	Targeted Base Grant[3][6]:	$7,083	$7,189	$7,403	$8,578	-	-	-
2017-18	A.D.A. [2]:	12,959.20	8,394.71	4,485.82	9,117.93	34,957.66	37,049	77.38%
	Targeted Base Grant[3][7]:	$7,193	$7,301	$7,518	$8,712	-	-	-
2018-19[1]	A.D.A. [2]:	11,973.47	7,730.93	4,306.84	8,527.42	32,538.66	36,485	76.73%
	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 fully funded in any of the fiscal years listed above except for fiscal year 2018-19.
(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 amounts reflect a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.
(8) Targeted fiscal year 2018-19 Base Grant amounts reflect 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, a school district's 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 estimates it received approximately $377.6 million in aggregate revenues reported under LCFF sources in fiscal year 2018-19, and projects to receive approximately $387.9 million in aggregate revenues under the LCFF in fiscal year 2019-20 (or approximately 68.3% of its general fund revenues in fiscal year 2019-20). Such amount includes combined supplemental and concentration grants budgeted to be approximately $76.7 million in fiscal year 2019-20.

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 California Revenue and Taxation Code. Section 42238(h) of the California 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 California Constitution. Such districts were known as "basic aid districts" and, under the LCFF, are known as "community funded 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" below for more information.

Local property tax revenues are estimated to account for approximately 28.2% of the District's aggregate revenues reported under LCFF sources in fiscal year 2018-19, and are projected to be $144.0 million, or 25.4% of its total general fund revenues in fiscal year 2019-20.

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 7.5% (or approximately $42.8 million) of the District's general fund projected revenues for fiscal year 2019-20.

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 10.3% (or approximately $58.5 million) of the District's general fund projected revenues for fiscal year 2019-20. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, 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 projected at approximately $6.5 million for fiscal year 2019-20.

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 13.8% (or approximately $78.5 million) of the District's general fund projected revenues for fiscal year 2019-20.

Parcel Taxes. The District previously approved a qualified special tax (parcel tax) in 1996, which was extended in 2001 and 2004, and which is now expired.

In February 2008, voters in the District approved a permanent parcel tax measure, authorizing a $195 per parcel tax with no sunset provision. The permanent parcel tax generates approximately $20 million annually, and is used in part to attract and retain highly qualified teachers, maintain courses that help students qualify for college, maintain up-to-date textbooks and instructional materials, keep class sizes small, continue after-school academic programs, maintain school libraries, and provide programs, including arts and music, that enhance student achievement.

On November 4, 2014, voters in the District approved a parcel tax of $120 per parcel for ten years, commencing July 1, 2015 and expiring June 30, 2025. The parcel tax is expected to generate approximately $12 million annually. Proceeds from the parcel tax may be used (i) to increase support for high school students in college preparatory courses, (ii) to provide work-based learning in every high school, including career exploration, career technical education courses, job shadowing, internships and job certifications, (iii) to reduce the drop-out rate and (iv) to provide programs to students transitioning to high school and college.

On November 8, 2016, voters in the District approved a parcel tax of $120 per parcel for twelve years, commencing July 1, 2017 and expiring June 30, 2029. The parcel tax is expected to generate approximately $12.4 million annually, $4.0 million of which is expected to be allocated to charter schools within the District in fiscal year 2019-20. Proceeds from the parcel tax may be used (i) to provide a districtwide educator salary increase designed to attract/retain teachers, (ii) to provide enhanced middle school art, music, languages/other programs in addition to core educational programs, (iii) to improve academic achievement and (iv) to provide safe, positive schools, and prepare students for college/careers.

District Budget Process and County Review

State law requires school districts to maintain 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 Alameda County Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 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. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the State Superintendent may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If at any time during the fiscal year the county superintendent determines that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years or if a school district has a qualified or negative certification (as described below), the county superintendent will notify the governing board of the school district and the State Superintendent of that determination and report to the State Superintendent the financial condition of the school district. The county superintendent will also report proposed remedial actions and take at least one of the following and all actions that are necessary to ensure that the school district meets its financial obligations: (a) assign a fiscal expert, (b) conduct a study of the financial and budgetary conditions of the school district that includes, but is not limited to, a review of internal controls, (c) direct the school district to submit a financial projection of all fund and cash balances of the school district as of June 30 of the current year and subsequent fiscal years, (d) require the school district to encumber all contracts and other obligations, to prepare appropriate cashflow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables, (e) direct the school district to submit a proposal for addressing the fiscal conditions that resulted in the determination that the school district may not be able to meet its financial obligations, (f) withhold compensation of the members of the governing board of the school district and the school district superintendent for failure to provide requested financial information, and (g) assign the County Office Fiscal Crisis and Management Assistance Team to review and provide recommendations related to teacher hiring practices, teacher retention rate, percentage of provision of highly qualified teachers, and the extent of teacher misassignment in the school district. See also "RISK FACTORS – District Financial Considerations" and "THE DISTRICT – Fiscal Oversight" above.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the State Superintendent and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the State Superintendent and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the State Superintendent and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. 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**") (as amended by AB 1840) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 *et seq.*), each school district is required to file two 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, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be 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, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the State Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. The District's first and second interim reports received a qualified certification.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State general fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State general fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State general fund that must be repaid in 20 years. Each year, the Superintendent of Public Instruction will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State general fund will be based upon the availability of funds within the State general fund.

Accounting Practices

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 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.

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Fiscal Years 2013-14 through 2017-18
General Fund Revenues, Expenditures and Fund Balances[1][2]

	2013-14 Audited	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited
REVENUE					
LCFF Sources	$266,369,764	$296,107,658	$339,083,640	$355,820,735[7]	$361,901,082
Federal Revenue	47,630,290	43,726,879	43,929,012	44,636,387	45,364,332
Other State Sources	53,628,476	57,701,799	80,879,959[4]	68,551,346[8]	67,537,787
Other Local Sources	41,991,114	46,466,301	59,830,477	69,672,303	82,649,655
Total Revenue:	$409,619,644	$444,002,637	$523,723,088	$538,680,771	$557,452,856
EXPENDITURES					
Certificated Salaries	$153,700,801	$163,259,777	$186,977,491[5]	$201,644,455[5]	$194,797,326
Classified Salaries	66,035,708	71,616,975	89,091,972[5]	99,365,020[5]	93,396,948
Employee Benefits	89,591,902	104,874,788	122,566,571[5]	133,822,986[5]	136,527,883
Books and Supplies	25,076,461	16,782,529	20,967,378	14,375,203	14,030,706
Services/Other Operating Expenditures	76,865,489	79,164,535	88,844,867	86,732,030	85,847,492
Other Outgo	1,438,383	(380,907)	1,250,430	2,836,110	1,529,816
Capital Outlay	710,171	662,328	997,926	2,912,076	1,125,173
Debt Service	8,424,233	5,980,139	5,978,699	5,972,611	5,963,945
Total Expenditures:	$419,443,148	$441,960,164	$516,675,334	$547,660,491	$533,219,289
Excess (Deficiency) of Revenues Over Expenditures	$(9,823,504)	$2,042,473	$7,047,754	$(8,979,720)	$24,233,567[9]
OTHER FINANCING SOURCES (USES)					
Transfers In[3]	$2,574,570	$ 542,275	$ 1,082,591[6]	$ 6,506,215	$ 207,817
Transfers Out[3]	(2,488,770)	(806,946)	(3,097,178)	(5,157,909)	(1,722,460)
Net Financing Sources (Uses):	$ 85,800	$(264,671)	$(1,294,587)	$1,348,306	$(1,514,643)
NET CHANGE IN FUND BALANCE	$(9,737,704)	$1,777,802	$5,753,167	$(7,631,414)	$22,718,924[9]
Fund Balance – Beginning	$37,102,295	$27,364,591	$29,142,393	$34,895,560	$27,264,146
Fund Balance – End	$27,364,591	$29,142,393	$34,895,560	$27,264,146	$49,983,070

(1) Columns may not sum to totals due to rounding.
(2) Audited financials are presented for fiscal years 2013-14 through 2017-18.
(3) Transfers in represent reimbursements for costs paid on behalf of other funds, and transfers out represent contributions from the general fund to other funds. Variances shown between each fiscal year are based on the actual costs paid or contribution needs.
(4) Increase in Other State Sources in fiscal year 2015-16 was primarily due to one-time revenues from the State.
(5) Increases in salaries and benefits in fiscal years 2015-16 and 2016-17 are due to collective bargaining resulting in salary increases.
(6) Includes one-time expenditure for self-insurance payment of moving costs.
(7) Increase in LCFF Sources for fiscal year 2016-17 is primarily due to higher enrollment and A.D.A. projections for fiscal year 2016-17.
(8) Decreases in Other State Sources for fiscal year 2016-17 are primarily due to less State one-time revenues in fiscal year 2016-17.
(9) Increase in revenues over expenditures and net change in fund balance for fiscal year 2017-18 was primarily due to increases in LCFF funding and parcel tax revenues. The decrease in expenditures in fiscal year 2017-18 is due to mid-year budget reductions.

Sources: Oakland Unified School District Annual Financial Report for the fiscal years ending June 30, 2014, 2015, 2016, 2017 and 2018.

The following table sets forth the budgeted revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2018-19 and 2019-20 and estimated actuals for 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.

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
Budgeted General Fund Summary for Fiscal Years 2018-19 and 2019-20
and Estimated Actuals for Fiscal Year 2018-19[1]

	2018-19 Budgeted[2][3]	2018-19 Estimated Actuals[3][4]	2019-20 Budgeted[4]
REVENUES			
LCFF/Revenue Limit Sources	$384,427,659	$377,593,903	$387,868,765
Federal Revenue	51,011,468	52,189,378	42,815,057
Other State Revenue	71,609,599	71,807,746	58,453,532
Other Local Revenue	79,522,415	80,552,012	78,496,196
TOTAL	$586,571,141	$582,143,039	$567,633,550
EXPENDITURES			
Certificated Salaries	$197,567,847	$197,152,286	$205,002,586
Classified Salaries	94,556,847	94,592,614	87,407,482
Employee Benefits	149,843,878	148,594,957	156,039,794
Books and Supplies	42,229,856	38,798,928	32,302,078
Services/Other Operating Expenditures	96,280,914	99,747,701	75,171,896
Other Outgo - Transfers of Indirect Costs	(1,377,246)	(1,345,547)	(1,156,260)
Other Outgo (excluding Transfers of Indirect Costs)	18,611,496	15,274,546	12,247,281
Capital Outlay	7,576,781	8,086,695	127,474
TOTAL	$605,290,373	$600,902,180	$567,142,331
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$(18,719,232)	$(18,759,141)	$491,219
OTHER FINANCING SOURCES (USES)			
Transfers In	$ 564,067	$ 564,067	$ 564,067
Transfers Out	(1,790,000)	(1,790,000)	(1,790,000)
TOTAL OTHER FINANCING SOURCES (USES)	$(1,225,933)	$(1,225,933)	$(1,225,933)
NET CHANGE IN FUND BALANCE	$(19,945,165)	$(19,985,074)	$(734,714)
Fund Balance – Beginning	$49,983,067	$49,983,067	$29,997,993
Fund Balance – Ending	$30,037,902	$29,997,993	$29,263,279

(1) Columns may not sum to totals due to rounding.
(2) Third interim budget of the District, approved as of May 22, 2019, reflecting Board-approved budget.
(3) The variances between expenditures and ending fund balance in fiscal years 2017-18 and 2018-19 are due primarily to one-time spending of carryover funds from fiscal year 2017-18, significant spend down of the restricted fund balance, payment of audit adjustments, and accounting changes relating to parcel tax revenues and expenses.
(4) Adopted budget for fiscal year 2019-20, approved as of June 26, 2019. The adopted budget does not reflect the impact of recent salary negotiations with the District's labor organizations, including the resulting SEIU Agreement (defined herein).
Source: The District.

Audit Findings

The District is in the process of resolving findings from past audits. For fiscal year 2017-18, the District's general fund is subject to approximately $6.7 million in audit adjustments.

District Debt Structure

State of California Emergency Apportionment Loan. Prior to 2003, the County Superintendent appointed the Fiscal Crisis and Management Assistance Team ("**FCMAT**") as the financial advisor to the District. Upon review of the District's financial condition, FCMAT declared a fiscal emergency in the District and, in response to this declaration, the District requested an emergency apportionment loan. On May 30, 2003, the Governor approved SB 39, which provided an emergency apportionment loan to the District of up to $100,000,000 as a floating line of credit to be drawn as the State Administrator and FCMAT jointly determined was needed to meet District obligations, including the District's operating costs. The District drew down $65,000,000 in 2003 (the "**2003 Draw**") and drew down the remaining $35,000,000 in 2007 (the "**2007 Draw**"). SB 39 requires the District to repay the loan over a 20-year term, commencing at the time of origination of the loan, with interest determined at a rate of 1.778%. The District began repayment of the Emergency Apportionment Loan in fiscal year 2003-04 using funds from the District's general fund.

Refunding of a Portion of the State Emergency Apportionment Loan. In December 2005, the Infrastructure Bank issued its State School Fund Apportionment Lease Revenue Bonds, Series 2005 (the "**2005 Emergency Apportionment Refunding Bonds**"). A portion of the proceeds of the 2005 Emergency Apportionment Refunding Bonds were used to repay to the State's general fund the then-outstanding amount of the 2003 Draw and convert the 2003 Draw into a lease-financing obligation of the District. The 2005 Emergency Apportionment Refunding Bonds were then refunded through the issuance of the Infrastructure Bank's State School Fund Apportionment Lease Revenue Refunding Bonds, Series 2008 in April 2008, in the amount of $59,565,000 (the "**2008 Emergency Apportionment Refunding Bonds**"). The District is required to make rental payments to the Infrastructure Bank on identified property of the District. The District's rental payments secure and are used to pay the District's portion of the Infrastructure Bank's bonds. The District's obligation to make the rental payments is identical to the scheduled debt service payments on the refunded portion of the 2003 Draw. Payments are made directly by the State from funds intercepted from the State's monthly apportionments to the District. The net annual payment is $3,890,534. The 2007 Draw has not been converted to a lease revenue bond and continues to be repaid directly to the State. The amount outstanding of the 2007 Draw is $15,494,061 as of June 30, 2018 and the annual payment is $2,094,903.

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General Obligation Bonds. The District currently has 14 series of bonds outstanding, which are secured by *ad valorem* taxes upon all property subject to taxation by the District.

On November 8, 1994, the District received authorization to issue bonds of the District in an aggregate principal amount not to exceed $169,730,000 (the "**1994 Measure C Authorization**"). All of the bonds from the 1994 Measure C Authorization have been issued.

On March 7, 2000, the District received authorization to issue bonds of the District in an aggregate principal amount not to exceed $303,000,000 (the "**2000 Measure A Authorization**"). All of the bonds from the 2000 Measure A Authorization have been issued. The following table shows bonds associated with the 1994 Measure C Authorization and the 2000 Measure A Authorization outstanding as of June 30, 2019.

Series Name	Issue Date	Outstanding Principal Amount
2015 General Obligation Refunding Bonds(1)	August 20, 2015	$145,820,000
General Obligation Refunding Bonds, 2017 Series A(2)	May 25, 2017	99,830,000
Total:		$245,650,000

(1) The District's 2015 General Obligation Refunding Bonds refunded bonds issued under the 2000 Measure A Authorization.
(2) The District's General Obligation Refunding Bonds, 2017 Series A refunded bonds issued under the 1994 Measure C Authorization and 2000 Measure A Authorization.

On June 6, 2006, the District received authorization to issue bonds of the District in an aggregate principal amount not to exceed $435,000,000 (the "**2006 Measure B Authorization**"). The following table shows bonds issued under the 2006 Measure B Authorization and the respective issue dates and initial principal amounts:

Series Name	Issue Date	Initial Principal Amount
General Obligation Bonds (Election of 2006, Series 2006)(1)	November 28, 2006	$130,000,000
General Obligation Bonds (Election of 2006, Series 2009A)(2)	August 12, 2009	87,885,000
Taxable General Obligation Bonds (Election of 2006, Series 2009B) (Build America Bonds)(3)	August 12, 2009	70,795,000
Taxable General Obligation Bonds (Election of 2006, Series 2009C) Qualified School Construction Bonds (Tax Credit Bonds)	August 12, 2009	26,320,000
General Obligation Bonds (Election of 2006, Series 2012A)(4)	March 21, 2012	31,040,000
General Obligation Bonds (Election of 2006, Series 2012B) (Qualified School Construction Bonds)	March 21, 2012	23,960,000
General Obligation Bonds (Election of 2006, Series 2016A)	August 17, 2016	65,000,000
Total:		$305,000,000

(1) The District's 2016 General Obligation Refunding Bonds refunded, on a current basis, all of the District's outstanding General Obligation Bonds (Election of 2006, Series 2006).
(2) The District's 2016 General Obligation Refunding Bonds refunded, on an advance basis, a portion of the District's outstanding General Obligation Bonds (Election of 2006, Series 2009A).
(3) The District's General Obligation Crossover Refunding Bonds, (Measure B) 2017 Series D (Taxable) refunded, on an advance basis, a portion of the District's outstanding Taxable General Obligation Bonds (Election of 2006, Series 2009B) (Build America Bonds).
(4) The District's General Obligation Refunding Bonds, (Measure B) 2017 Series B refunded, on an advance basis, a portion of the District's outstanding General Obligation Bonds (Election of 2006, Series 2012A).

The following table shows bonds associated with the 2006 Measure B Authorization outstanding as of June 30, 2019.

Series Name	Issue Date	Outstanding Principal Amount
General Obligation Bonds (Election of 2006, Series 2009A)	August 12, 2009	$ 3,275,000
Taxable General Obligation Bonds (Election of 2006, Series 2009B) (Build America Bonds)(1)	August 12, 2009	70,795,000
Taxable General Obligation Bonds (Election of 2006, Series 2009C) Qualified School Construction Bonds (Tax Credit Bonds)	August 12, 2009	26,320,000
General Obligation Bonds (Election of 2006, Series 2012A)	March 21, 2012	3,680,000
General Obligation Bonds (Election of 2006, Series 2012B) (Qualified School Construction Bonds)	March 21, 2012	23,960,000
2016 General Obligation Refunding Bonds	August 17, 2016	152,775,000
General Obligation Bonds (Election of 2006, Series 2016A)	August 17, 2016	65,000,000
General Obligation Refunding Bonds, (Measure B) 2017 Series B	May 25, 2017	24,145,000
General Obligation Crossover Refunding Bonds, (Measure B) 2017 Series D (Taxable)(1)	May 25, 2017	0
Total:		$369,950,000

(1) The District's General Obligation Crossover Refunding Bonds, (Measure B) 2017 Series D will refund and defease all of the District's outstanding Taxable General Obligation Bonds (Election of 2006, Series 2009B) (Build America Bonds) on the crossover date of August 1, 2019.

On November 6, 2012, the District received authorization to issue bonds of the District in an aggregate principal amount not to exceed $475,000,000 (the "**2012 Measure J Authorization**"). The following table shows bonds issued under the 2012 Measure J Authorization and the respective issue dates and initial principal amounts. After the issuance of the Series 2019 Bonds, all bonds will have been issued under the 2012 Measure J Authorization and no authorization will remain.

Series Name	Issue Date	Initial Principal Amount
General Obligation Bonds (Election of 2012, Series 2013)(1)	September 4, 2013	$120,000,000
General Obligation Bonds (Election of 2012), Series 2015A	August 20, 2015	173,500,000
General Obligation Bonds (Election of 2012), Series 2015B	August 20, 2015	6,500,000
Total:		$300,000,000

(1) The District's General Obligation Refunding Bonds, (Measure J) 2017 Series C refunded, on an advance basis, a portion of the District's outstanding General Obligation Bonds (Election of 2012, Series 2013).

The following table shows bonds associated with the 2012 Measure J Authorization outstanding as of June 30, 2019.

Series Name	Issue Date	Outstanding Principal Amount
General Obligation Bonds (Election of 2012, Series 2013)(1)	September 4, 2013	$ 6,275,000
General Obligation Bonds (Election of 2012), Series 2015A	August 20, 2015	169,165,000
General Obligation Refunding Bonds, (Measure J) 2017 Series C	May 25, 2017	82,695,000
Total:		$258,135,000

The District may seek additional bond authorization at a future election.

Voter-approved bonds are payable from an *ad valorem* property tax authorized to be levied by the County as necessary to repay the amounts coming due in each year. The District's general fund is not pledged to repayment of these bonds. See "– Aggregate Debt Service Schedule" table below for the debt service requirements on all bonds outstanding, assuming no redemptions prior to maturity.

Tax and Revenue Anticipation Notes. Tax and revenue anticipation notes (TRANs) issued by the District are a general obligation of the District, payable from the general fund and any other lawfully available moneys. The District does not plan to issue TRANs in fiscal year 2019-20.

District Lease Income

Lease Revenues. Lease agreements have been entered into by the District with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30	Total
2019	$ 574,746
2020	349,174
2021	363,766
2022	120,000
2023	120,000
Thereafter	1,470,000
Total	$2,997,686

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

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The following table shows scheduled debt service obligations for all outstanding general obligation bonds of the District upon the issuance of the Series 2019 Bonds:

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds, Aggregate Debt Service Schedule

Bond Year	Election of 2006, Series 2009A	Election of 2006, Series 2009B[(1)(2)]	Election of 2006, Series 2009C[(2)(3)]	Election of 2006, Series 2012A	Election of 2006, Series 2012B[(1)(2)(3)]	Election of 2006, Series 2016A	2016 Refunding	Election of 2012, Series 2013[(1)]
2019	$3,479,688	$4,517,535	$2,622,224	$ 819,000	$1,721,932	$2,501,450	$ 9,658,750	$2,981,875
2020	-	-	2,622,224	922,250	1,721,932	4,441,450	13,687,750	199,375
2021	-	-	2,622,224	1,123,750	1,721,932	4,403,850	14,335,250	274,375
2022	-	-	2,622,224	1,328,250	1,721,932	4,404,650	15,000,000	1,835,250
2023	-	-	2,622,224	-	1,721,932	4,407,250	15,768,750	2,015,050
2024	-	-	3,257,224	-	1,721,932	4,406,450	15,738,750	-
2025	-	-	-	-	1,721,932	4,407,250	20,012,000	-
2026	-	-	-	-	1,721,932	4,404,450	20,852,250	-
2027	-	-	-	-	1,721,932	4,403,050	21,499,250	-
2028	-	-	-	-	1,721,932	4,407,850	22,168,750	-
2029	-	-	-	-	1,721,932	4,407,350	22,881,000	-
2030	-	-	-	-	1,721,932	3,645,350	12,055,000	-
2031	-	-	-	-	1,721,932	4,274,600	12,148,500	-
2032	-	-	-	-	1,721,932	4,407,100	-	-
2033	-	-	-	-	2,397,633	4,407,100	-	-
2034	-	-	-	-	-	4,407,100	-	-
2035	-	-	-	-	-	4,406,900	-	-
2036	-	-	-	-	-	4,406,300	-	-
2037	-	-	-	-	-	4,405,100	-	-
2038	-	-	-	-	-	4,406,100	-	-
2039	-	-	-	-	-	4,403,650	-	-
2040	-	-	-	-	-	4,402,750	-	-
2041	-	-	-	-	-	4,403,250	-	-
Total	**$3,479,688**	**$4,517,535**	**$16,368,344**	**$4,193,250**	**$26,504,679**	**$98,570,350**	**$215,806,000**	**$7,305,925**

(1) Net of federal subsidies, as reduced.
(2) Columns may not sum to totals due to rounding.
(3) Reflects Qualified School Construction Bonds sinking fund deposits by District rather than payments to bondholders.
Source: Isom Advisors, a Division of Urban Futures, Inc.

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds
Aggregate Debt Service Schedule (Continued)

Bond Year	Election of 2012, Series 2015A	2015 Refunding	Refunding Bonds, 2017 Series A	Refunding Bonds, (Measure B) 2017 Series B	Refunding Bonds, (Measure J) 2017 Series C(1)	Crossover Refunding Bonds, (Measure B) 2017 Series D (Taxable)(1)(2)
2019	$ 8,458,250	$16,356,000	$17,226,500	$1,216,800	$4,377,300	-
2020	13,128,250	16,842,750	17,489,750	1,216,400	4,377,500	$ 2,901,096
2021	13,134,750	17,147,500	18,154,250	1,216,000	4,374,750	2,901,096
2022	13,139,250	17,507,000	18,667,750	1,220,600	4,376,500	2,901,096
2023	13,146,250	18,501,500	17,814,500	2,680,000	4,377,500	2,901,096
2024	13,150,000	19,267,000	17,499,750	2,986,250	6,577,750	2,901,096
2025	13,160,000	21,756,000	13,371,750	2,923,500	6,757,250	2,901,096
2026	13,165,250	29,288,750	-	3,059,250	6,951,500	2,901,096
2027	13,175,250	8,925,000	-	3,128,500	7,149,000	3,806,096
2028	13,184,000	8,943,500	-	3,204,000	7,348,750	3,805,281
2029	13,190,750	9,022,750	-	3,275,000	7,554,750	3,802,042
2030	13,204,750	9,108,750	-	3,351,250	7,765,750	16,361,771
2031	13,209,750	-	-	3,427,000	7,985,500	16,312,593
2032	13,220,250	-	-	3,501,750	8,207,500	16,259,132
2033	13,235,000	-	-	-	8,435,500	16,205,157
2034	13,242,750	-	-	-	8,673,000	16,144,212
2035	13,257,750	-	-	-	8,908,250	-
2036	13,268,500	-	-	-	9,155,000	-
2037	13,284,000	-	-	-	9,406,250	-
2038	13,297,750	-	-	-	9,665,250	-
2039	13,313,500	-	-	-	-	-
2040	13,329,750	-	-	-	-	-
2041	-	-	-	-	-	-
Total	**$285,895,750**	**$192,666,500**	**$120,224,250**	**$36,406,300**	**$142,424,550**	**$113,003,954**

(1) Columns may not sum to totals due to rounding.
(2) Excludes debt service to be paid from the Escrow Fund.
Source: Isom Advisors, a Division of Urban Futures, Inc.

OAKLAND UNIFIED SCHOOL DISTRICT
(County of Alameda, California)
General Obligation Bonds
Aggregate Debt Service Schedule (Continued)

Bond Year	Election of 2012, Series 2019A	Election of 2012, Series 2019B (Taxable)	Aggregate Debt Service Schedule
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
Total			

Source: Isom Advisors, a Division of Urban Futures, Inc.

Employees and Labor Relations

The District has budgeted for approximately 4,313.0 FTE employees, including 2,578.4 FTE certificated (teaching) employees, 1,268.6 FTE classified (non-teaching) employees and 466.0 management, supervisor and confidential employees for fiscal year 2019-20. For fiscal year 2018-19, the total certificated and classified payrolls for the general fund are estimated to be approximately $197.2 million and $94.6 million, respectively. For fiscal year 2019-20, the total certificated and classified payrolls for the general fund are projected to be approximately $205.0 million and $87.4 million, respectively.

The District works with seven bargaining groups and unrepresented management/supervisory employees as follows:

Employee Group	Organization/Bargaining Unit	Number of FTE Employees	Contract Expiration
Certificated	Oakland Education Association	2,402	June 30, 2021[(1)]
Classified	Service Employees International Union	788	June 30, 2021[(2)]
Classified	American Federation of State, County and Municipal Employees	617	June 30, 2018[(3)]
Classified	California School Employees Association	10	June 30, 2019[(3)]
Classified	Building and Construction Trades Council	93	June 30, 2018[(3)]
Classified	Teamsters	14	June 30, 2019[(3)]
Supervisory	United Administrators of Oakland Schools	420	June 30, 2018[(3)]

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[(1)] The District reached a tentative agreement with the Service Employees International Union in June 2019. Such agreement was adopted by the Board of Education on July 2, 2019.
[(2)] The District reached a tentative agreement with the Oakland Education Association on March 1, 2019. Such agreement was adopted by the Board of Education on April 24, 2019.
[(3)] Currently in negotiations.
Source: The District.

Negotiations Regarding Labor Contracts. Members of the Oakland Education Association (the "**OEA**") conducted a seven-day strike from February 21, 2019, to March 1, 2019. OEA's strike concluded when the District and OEA reached a tentative collective bargaining agreement on March 1, 2019, that was approved by the Board of Education on April 24, 2019 (the "**OEA Agreement**"). The OEA Agreement provides for a one-time salary payment (bonus) equal to 3.0% of annual base salary as of December 31, 2018, and ongoing salary increases including a 3.0% wage increase for fiscal year 2018-19 effective January 1, 2019, and retroactive to the date of ratification of the OEA Agreement, a 2.0% wage increase for fiscal year 2019-20 effective January 1, 2020, a 3.5% wage increase for fiscal year 2020-21 effective January 1, 2021, and a 2.5% wage increase for fiscal year 2020-21 effective June 30, 2021. The OEA Agreement also requires the District to make every effort regarding staffing and resource allocation to achieve reasonably balanced caseloads and class sizes. As a result of the OEA Agreement, the District projects a total ongoing increase in employee compensation costs of $3.7 million in fiscal year 2018-19, $15.3 million in fiscal year 2019-20, and $17.6 million in fiscal year 2020-21. See also "RISK FACTORS – District Financial Considerations – *Labor Agreements*" and " – *Healthcare Costs – HBGB*."

The Service Employees International Union and the District reached a tentative collective bargaining agreement in June 2019 (the "**SEIU Agreement**") which was approved by the Board of Education on July 2, 2019. The SEIU Agreement provides for a one-time salary payment (bonus) equal to 3.0% of annual base salary as of December 31, 2018, and ongoing salary increases including a 3.0% wage increase effective January 1, 2019, and a 2.0% wage increase effective January 1, 2020, with negotiations to reopen in 2021. As a result of the SEIU Agreement, the District projects a total increase in employee compensation costs of $726,719 in fiscal year 2018-19, $3.4 million in fiscal year 2019-20, and $3.0 million in fiscal year 2020-21.

The Building and Construction Trades Council and Teamsters labor organizations are each currently in negotiations with the District and respective tentative agreements are expected to be reached in August 2019. The remaining labor organizations are expected to commence negotiations with the District commencing in November

2019. The OEA Agreement and SEIU Agreement do not provide for the extension of similar benefits to employees represented by other bargaining units. However, the District currently intends to extend similar salary increases to employees in other bargaining units during the 2019-20 and 2020-21 school years. It is anticipated that any salary increases will be coupled with corresponding budget cuts, as needed, to maintain the District's reserves at State and District-mandated levels, as applicable. If additional increases are negotiated with other bargaining units effective with the 2021-22 school year, it is currently anticipated that budget adjustments will be necessary in fiscal years 2020-21 and 2021-22, amounting in the aggregate to approximately $18 million.

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 District's total general fund employer contributions to CalSTRS for fiscal years 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 were $12,402,057, $12,749,778, $14,342,738, $19,986,974, $25,568,915 and $27,776,318 respectively, and were equal to 100% of the required contributions for each year. The District estimates employer contributions from its general fund to CalSTRS for fiscal year 2018-19 of approximately $31,571,026 and projects employer contributions from its general fund to CalSTRS for fiscal year 2019-20 of approximately $35,656,668. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The increase in 2018-19 is due to the accounting treatment of the state contribution, which is recorded as a pass-through in the District's financials.

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.

School districts are currently required to contribute to CalPERS at an actuarially determined rate, which was 11.847%, 13.888% and 15.531% of eligible salary expenditures for fiscal years 2015-16, 2016-17, and 2017-18, respectively, and 18.062% of eligible salary expenditures for fiscal year 2018-19. Plan participants enrolled in CalPERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which was 6% of their respective salaries in fiscal years 2015-16 and 2016-17, 6.50% in fiscal year 2017-18 and 7.00% in fiscal year 2018-19.

On April 17, 2013, the CalPERS board of administration (the "PERS Board") approved new actuarial policies aimed at returning CalPERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses and a five-year ramp-up of rates at the start and a five year ramp-down of rates at the end. The CalPERS Board delayed the implementation of the new policies until fiscal year 2015-16 for the State, schools and all other public agencies. In December 2016, the CalPERS Board 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 in fiscal year 2019-20. The new discount rate for the State went into effect beginning July 1, 2017 and the new discount rate for school districts became effective July 1, 2018. With regards to districts that contract with CalPERS to administer their pension plans, the change in the assumed rate of return is expected to result in increases in such districts' normal costs and unfunded actuarial liabilities.

Also, on February 20, 2014, the CalPERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the CalPERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The cost of the revised assumptions shall be amortized over a 20-year period and related increases in public agency contribution rates shall be affected over a three-year period, beginning in fiscal year 2014-15. The new demographic assumptions affect the State, school districts and all other public agencies.

The CalPERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the CalPERS Board approved new actuarial assumptions, including (i) lowering the inflation assumption rate from 2.75% to 2.625% for the June 30, 2018, actuarial valuation and to 2.50% for the June 30, 2019, actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018, actuarial valuation and 2.75% for the June 30, 2019, actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the mortality, retirement, and disability retirement rates.

On February 14, 2018, the CalPERS Board approved modifying the CalPERS amortization policy for investment gains/losses from 30 years to 20 years, requiring that the amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, and eliminating the five-year ramp-up/ramp-down policy for all gains/losses except for the ramp-up policy for investment gains/losses. Such policy changes will be reflected in actuarial valuations beginning June 30, 2019, and will be implemented starting with fiscal year 2021-22 contributions. Such policy applies only to prospective accumulation of amortization and will not affect current accrued unfunded liabilities, with the exception that, with regards to the CalPERS Schools Pool Actuarial Valuation, the impact of the discount rate change from 7.25% to 7.00% in the June 30, 2019, valuation will be amortized under the old policy. Shortening the amortization period will increase employer contributions and help pay down the pension fund's unfunded liability faster, which may result in interest cost savings.

On April 18, 2018, the CalPERS Board established the employer contribution rates for fiscal year 2018-19 and released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2017, ahead of its summer 2018 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution for fiscal year 2019-20 is projected to be 20.8%, with annual increases thereafter, resulting in a projected 25.7% employer contribution rate for fiscal year 2025-26.

The District's total general fund employer contributions to CalPERS for fiscal years 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 were $7,412,661, $8,042,397, $8,975,785, $10,461,331, $13,731,155 and $14,728,715 respectively, and were equal to 100% of the required contributions for each year. The District estimates employer contributions from its general fund to CalPERS for fiscal year 2018-19 of approximately $17,852,108, and projects employer contributions from its general fund to CalPERS for fiscal year 2019-20 of approximately $17,528,935. 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.

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 C − "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.

HBGB. The Health Benefits Governing Board ("**HBGB**") was established in 2015 in order to contain District healthcare costs and is governed by the Health and Welfare Agreement (the "**HBGB Agreement**"), negotiated and signed as a tentative agreement among the HBGB members in May 2015 and approved by the Board of Education in October 2015 with an effective date of July 1, 2015. For further information, see "RISK FACTORS – District Financial Risks – *Healthcare Costs – HBGB*."

Other Post-Employment Benefits (OPEBs). The District does not have any post-employment benefit obligations.

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.

Risk Management

Property and Liability. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year, the District contracted with Northern California ReLiEF for property and liability insurance coverage. Northern California ReLiEF liability and property insurance coverage maintains a self-insurance retention of $100,000 per occurrence, with $10,000,000 and $250,250,000 limits of excess coverage, respectively, purchased from various insurance carriers. The District pays an annual contribution of $2,000,000 to Northern California ReLiEF for its excess property and liability coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage to date.

Workers' Compensation. The District is permissibly self-insured for workers' compensation, and maintains a $1,000,000 per occurrence self-insurance retention. Above that level, the District purchases excess insurance to the statutory maximums for an annual combined premium of $600,000. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

For more information regarding the District's risk management, see Note 10 to the District's financial statements attached hereto as APPENDIX C − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Participation in Joint Powers Authorities and Other Related Party Transactions

Chabot Space & Science Center Joint Powers Authority. The District participates in the Chabot Space & Science Center Joint Powers Authority (the "**Chabot JPA**"). The Chabot JPA was established to provide quality science education to members of the community. Chabot JPA has an outstanding loan balance owed to the District, which is reduced in part by an offset for facility rental by the District. Chabot JPA's remaining balance owed to the District is $6.0 million.

Youth Ventures Joint Powers Authority. The District also participates in the Youth Ventures Joint Powers Authority ("**Youth Ventures**"), a joint powers authority established to promote the education, health, well-being and economic viability of children, youth and families within the County. During the fiscal year ended June 30, 2018, the District allowed Youth Ventures to use buildings and classroom space in lieu of cash payments.

Northern California Regional Liability Excess Fund. The District is a member of the Northern California Regional Liability Excess Fund ("**NCR**"). NCR is a non-profit member-owned and operated Joint Powers Authority providing risk management services to California public schools.

For more information regarding the District's participation in joint powers authorities and other related party transactions, see Note 13 to the District's financial statements attached hereto as APPENDIX C − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Charter Schools

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the Education Code (the "**Charter School Law**"). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education or the State Board of Education. A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are to (a) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system, (b) hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability and (c) provide competition within the public school system to stimulate improvements in all public schools.

A school district has certain fiscal oversight and other responsibilities with respect to both dependent and independent charter schools. Independent charter schools receive their funding directly from the State and are not included in a school district's financial reports and audited financial statements and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State. Dependent charter schools receive their funding from the school district and would be included in the school district's financial reports and audited financial statements.

There were forty-five independent charter schools operating in the District serving grades K through 12 with a combined enrollment of approximately 16,867 in fiscal year 2018-19. There was one ACOE-dependent charter school in the District in fiscal year 2018-19. Of the forty-five independent charter schools projected to operate in the District for fiscal year 2019-20, thirty-three have been granted charters by the District, ten have been granted charters by the ACOE, one has been granted its charter by the State Board of Education, and one has been granted its charter by Alameda Unified School District (but currently operates in the District).

Charter schools receive revenues from the State for each student enrolled, and thus may cause a reduction in revenues available for students enrolled in District schools for those students who would otherwise be in District schools. However, certain per-pupil expenditures of the District also decrease based upon the number of students enrolled in charter schools. The District is required to accommodate charter school students originating in the District in facilities comparable to those provided to regular District students.

The following table shows total charter school enrollment for charter schools operating in the District's geographic boundaries for fiscal years 2011-12 through 2018-19:

Fiscal Year	Number of Dependent Charter Schools	Number of Independent Charter Schools	Total Charter School Enrollment
2011-12	0	35	10,064
2012-13	0	40	12,292
2013-14	0	39	12,454
2014-15	0	40	13,542
2015-16	0	45	14,517
2016-17	0	45	15,658
2017-18	1	43	16,070
2018-19	1	44	16,867

Source: The District and California Department of Education DataQuest Enrollment Reports.

The District can make no representation as to whether enrollment at such charter schools may increase at the expense of District enrollment in future years, whether additional charter schools will be established within the territory of the District, or as to the impact these or other charter school developments may have on the District's A.D.A. or finances in future years.

Recent Legislative Developments. A legislative package, consisting of several bills (the "**Proposed Charter School Law**"), are being considered by the State legislature that aim to slow the growth of charter schools. The Proposed Charter School Law would give school districts increased leverage to deny applications for new charter schools by: (i) providing school districts additional discretion when authorizing charter schools to consider "saturation," including the number and enrollment in proposed charter schools, academic outcomes and offerings and a statement of need for the school; and (ii) granting school boards an additional month to review and respond to charter school applications. The Proposed Charter School Law would also reimburse school districts for one year for the loss of State tuition payments for students transferring to charter schools, and cap the number of charter schools Statewide. The District cannot predict the impact such legislation would have on its operations and finances.

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 $384,995,765 and appropriations subject to such limit of $384,995,765. The District has budgeted an appropriations limit in fiscal year 2018-19 of $399,125,110. 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 imposes parcel taxes which are subject to the provisions of Proposition 218. On February 5, 2008, voters within the District approved Measure G by a two-thirds vote, establishing an annual tax of $195 per parcel within the District, with no expiration date. On November 4, 2014, voters within the District approved Measure N by a two-thirds vote, establishing an annual tax of $120 per parcel within the District for each year between July 1, 2015 and June 30, 2025. On November 8, 2016, voters within the District approved Measure G1 by a two-thirds vote, establishing an annual tax of $120 per parcel within the District for each year between July 1, 2017 and June 30, 2029. The District also receives 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 multi-year 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. 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 a minimum amount of 3% of its general fund expenditures and other financing uses.

SB 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 2019-20 State Budget provides for an initial deposit to the Public School System Stabilization Account of the State of approximately $376.5 million. This amount is not sufficient to trigger the reserve cap provided for by SB 858, as amended by SB 751.

The Series 2019 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 Series 2019 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 C

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

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OAKLAND UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2018

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OAKLAND UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2018

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

TABLE OF CONTENTS
JUNE 30, 2018

FINANCIAL SECTION

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Oakland Unified School District
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oakland Unified School District (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. 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 entities 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 entities 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.

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Basis for Qualified Opinion

The accompanying financial statements do not include the associated student body (ASB) fiduciary fund, as of and for the year ended June 30, 2018. Presentation of such statements is required to comply with accounting principles generally accepted in the United States of America.

Qualified Opinion

In our opinion, except for the omission of the ASB fund financial statements described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30,2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, schedule of the proportionate share of the net pension liability, and schedule of pension contributions on pages 5-13 and pages 61-64, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, including the Schedule of Expenditures 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 (Uniform Guidance)* and the other supplementary information, as listed in the table of contents on pages 66-82 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District's 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 the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day LLP

Palo Alto, California
December 17, 2018

This section of the Oakland Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The government-wide financial statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations such as pensions and general obligation bonds). Additionally, certain eliminations have been made as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

The fund financial statements include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting, which are focused on short-term financial resources. This measurement focus only includes assets that are available to pay current liabilities. Likewise, liabilities are only included to the extent that they require the use of current financial resources. Capital assets and general obligation bonds, including the long-term portion of the emergency apportionment loan, are not included in this measurement focus. The general fund is included within this category.

The fiduciary activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

The primary unit of the government is the Oakland Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the statement of net position and the statement of activities, we report the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development centers, and the ongoing effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by state law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds **-** Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds **-** When the District charge fees for the services it provides, whether to outside customers or to other departments within the District, these fees are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *statement of net position* and the *statement of revenues, expenses, and changes in fund net position*. We use an internal service fund (a component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, the only such fund is the District's Self-Insurance Fund. The internal service fund is reported with governmental activities in the government-wide financial statements.

FINANCIAL HIGHLIGHTS

- At June 30, 2018, assets and deferred outflow of resources totaled $ 1,530 million. Liabilities and deferred inflow of resources were $ 1,736 million. This results to net position of negative $206 million for the District.

- At June 30, 2018, the *general fund available reserves* were $10.8 million, or 2.02% of total general fund expenditures. This is an improvement over the June 30, 2017 reserves of 0.56%.

- For the year ending June 30, 2018, *total general fund expenditures* were $534.9 million, which is a decrease of $17.1 million or -3.11% from the year ending June 30, 2017.

- For the year ending June 30, 2018, *total general fund revenues* were $557.5 million, which is an increase of $14.3 million or 2.63% from the year ending June 30, 2017.

  - Of this total increase, principal apportionment revenues (State of California Local Control Funding Formula and local property tax) increased $6.1 million or 1.71% benefiting the unrestricted general fund.

  - Revenue from local sources increased $13 million or 18.7% benefiting the restricted portion of the general fund. Most of this increase is attributable to collection of Measure G1 parcel tax revenues which is restricted to middle school site grants and salaries for school site educators. Fiscal year 2017-18 is the first year of G1 parcel tax collections.

- The *restricted balance of the general fund* was $38.6 million on June 30, 2018, a decrease of $14.9 million or 63% from June 30, 2017. A substantial portion of the increase is attributable to Measure G1 parcel tax collections which are budgeted for spending in fiscal year 2018-19.

- Unrestricted general fund revenues were $409.9 million for the year ended June 30, 2018, an increase of $1.5 million or .36% over revenues of $411.4 million over the same period last year.

- Unrestricted general fund expenditures were $330.0 million for the year ended June 30, 2018, a decrease of $18.9 million or 5.42% over expenditures of $348.9 million over the same period last year.

- On full accrual method, the District's ending *net position* at June 30, 2018 is negative $206.5 million, which is an improvement of $8.1 million or 3.78% over fiscal year 2017. This amount includes long term assets such as capital assets, and long-term liabilities such as general obligation bonds and pension. The unrestricted deficit net position declined from a deficit of $427 million to a deficit of $448 million, a change of $26 million or 4.9%. The changes are due to increase in the CalSTRS and CalPERS net pension liability, offset by payments of general obligation bonds, the state emergency apportionment loan, and improvements to the general fund ending balance.

- With the submission of this financial report for the fiscal year ending June 30, 2018, the Oakland Unified School District has been current on its audited financial reporting for three consecutive years.

THE DISTRICT AS A WHOLE

Net Position

The computation of the District's net position at June 30, 2018 is presented in the table below:

Table 1

(Amounts in millions)	Governmental Activities 2018	Governmental Activities 2017
Assets		
Current and other assets	$ 367.19	$ 387.69
Net capital assets	954.11	909.92
Total Assets	1,321.30	1,297.61
Deferred outflows of resources		
Deferred charge on refunding	33.03	35.11
Deferred outflows from pensions	175.77	101.47
Total Outflows	208.81	136.58
Liabilities		
Current liabilities	129.01	107.91
Long-term obligations	1,589.30	1,528.28
Total Liabilities	1,718.31	1,636.19
Deferred inflows from pensions	18.27	12.61
Net Position		
Net investment in capital assets	96.17	102.60
Restricted	145.15	109.76
Unrestricted	(447.80)	(426.96)
Total Net Position	$ (206.48)	$ (214.60)

The total assets and deferred outflow of resources increased by $95.9 million in 2018. Current assets and other assets decreased by $20.5 million, capital assets (net of depreciation) increased by $44.2 million. Deferred outflow of resources increased by $72.2 million.

The total liabilities and deferred inflow of resources increased by $87.8 million. Current liabilities and long-term obligations including pension liabilities increased by $82.1 million as well as deferred inflow of resources increased by $5.6 million. Long-term obligations are discussed in detail in the other section.

The increase in total assets of $95.9 million reduced by the increase in total liabilities of $87.8 million results in a net increase to net position of $8.1 million in June 30, 2018.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *statement of activities* on page 15. Table 2 takes the information from the statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

(Amounts in millions)	Governmental Activities 2018	Governmental Activities 2017
Revenues		
Program revenues:		
Charges for services	$ 0.35	$ 0.36
Operating grants and contributions	149.99	148.98
Capital grants and contributions	-	0.02
General revenues:		
Federal and State aid not restricted	239.60	248.46
Taxes	255.95	227.59
Other general revenues	37.51	31.59
Total Revenues	683.40	657.00
Expenses		
Instruction	360.95	352.10
Instruction-related	115.89	114.84
Student support services	50.02	47.03
Administration	31.89	35.17
Maintenance and operations	78.31	85.25
Interest on long-term obligations	34.95	49.80
Other	3.28	2.84
Total Expenses	675.29	687.03
Change in Net Position	$ 8.11	$ (30.03)

For Fiscal Year 2017-18, the District's total revenue is $683.4 million, an increase of $26.4 million or 4%. The District's total expenditures were $675.3 million, a decrease of $11.7 million or 1.7%.

Main source of the District's revenue is from Local Control Funding Formula (LCFF) which includes State Aid portion and Supplemental and Concentration grants. LCFF is based on the Average Daily Attendance (ADA) per grade level. Supplemental and Concentration grants are based on the percentage of unduplicated pupil count of the following: English Learner, Free reduced-price meal students, and foster youth. Other sources of the District's revenue are from federal, state and local donations.

District's expenditures of $477.8 million or 70% was for instructional and instructional support, $128.3 million or 19% was expended for student support services and plant maintenance or operation, $34.9 million or 15% is paid to interest of long-term obligations, and $81.8 million or 12% is administration costs.

Governmental Activities

As reported in the statement of activities on page 15, the cost of all our governmental activities this year was $675.3 million. The amount that our taxpayers ultimately financed for these activities through local taxes was $525.9 million because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions in the amount of $150.3 million. We paid for the remaining "public benefit" portion of our governmental activities with $239.60 million in federal and state funds, and $293.5 million with local property taxes.

In Table 3, we have presented the net cost of each of the District's largest functions. As discussed earlier, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

(Amounts in millions)	Net Cost of Services	
	2018	2017
Instruction	$ 287.70	$ 283.02
School administration	93.46	92.69
Pupil services	27.09	25.57
Administration	26.39	30.42
Maintenance and operations	64.92	71.35
Interest on long term debt	34.95	49.80
Other	(9.56)	(15.18)
Total	$ 524.95	$ 537.67

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $297.5 million, which is a decrease of $45.77 million from last year (Table 4).

Table 4

(Amounts in millions)

	July 1, 2017	Revenues	Expenditures	June 30, 2018
General	$ 27.26	$ 557.66	$ 534.94	$ 49.98
Cafeteria	0.01	21.15	20.98	0.18
Building	207.29	1.83	86.69	122.43
Bond interest and redemption	86.11	66.88	72.20	80.79
Adult education	1.85	2.75	2.61	1.99
Child development	0.01	12.35	12.29	0.07
Capital facilities	16.53	15.64	0.03	32.14
County school facilities	2.98	6.46	0.34	9.10
Special reserve, capital	1.23	0.28	0.69	0.82
Total	$ 343.27	$ 685.00	$ 730.77	$ 297.50

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget to reflect the most updated information and changes in revenues and expenditures for the fiscal year. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 61.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had $909.93 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase of $44.26 million or 4.9%, from last year (Table 5).

Table 5

(Amounts in millions)	Governmental Activities	
	2018	2017
Land and construction in progress	$ 180.40	$ 121.37
Buildings and improvements	768.92	783.55
Equipment	4.78	5.01
Total	$ 954.11	$ 909.93

Long-Term Obligations

At the end of this year, the District had $1,637.98 million in long-term obligations outstanding versus $1,576.20 million last year, an increase of $61.78 million or 3.9%. Much of the increase is attributable to changes in the net pension liability for CalSTRS and CalPERS offset by debt service payments of general obligation bonds. Total long-term debt, including unamortized bond premiums, consisted of the following:

Table 6

(Amounts in millions)	Governmental Activities	
	2018	2017
Claims liability (District obligation)	$ 46.92	$ 44.18
Emergency apportionment loan (District obligation)	33.95	39.24
General obligation bonds (financed with property taxes)	1,013.18	1,049.74
Aggregate net pension liability (District obligation)	527.54	426.77
Other (District obligation)	16.40	16.28
Total	$ 1,637.98	$ 1,576.20

We present more detailed information regarding our long-term obligations in Note 7 of the financial statements.

General Fund Budgetary Highlights

The District adopted its Fiscal Year 2017-18 budget on June 2017. Subsequent budget updates were reported in the first and second interim to reflect changes in revenue, expenses and their impact to fund balance.

Several budget revisions and adjustments are initiated throughout the fiscal year as follows:

1) District updates its revenue projection upon receipt of new Grant awards and entitlement letters.

2) At the close of prior year, carryover balances are rolled to the current year. Expenditure budgets are increased by carryovers when unaudited actual balances are calculated and closed.

For the year ended June 30, 2018, the District reserve was 2% of the total expenditures. While the District is aiming to attain a reserve higher than the state minimum required reserve, the impact of declining enrollment and increase costs of compensation, pension, health, and welfare costs outpaced the increase in revenue. In addition, the District has a slight decline of enrollment as they compete with the neighboring charters on enrollment. A correction in the Average Daily Attendance reported 2017-18 resulted in a $5.4 million reduction in 2017-18. The District designated $5.4 million in the 2018-19 first interim fund balance for the reduction of LCFF revenue which will be applied in March 2019.

On August 8, 2018, the District adopted Resolution 1819-0041 to implement a $30 million budget reduction for 2019-20 to improve its financial position and commitment to fiscal solvency.

With the signing of the “Budget Clean Up” Assembly Bill 1840 on September 17, 2018, which amended the oversight of districts with emergency State loans, the District’s oversight now includes a Fiscal Crisis and Management Assistance Team (FCMAT), the Department of Finance and the County Superintendent.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Marcus Battle
Chief Business Officer
Oakland Unified School District
1000 Broadway, Suite 680
Oakland, CA 94607

Or visit our website at: www.ousd.org.

OAKLAND UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Deposits and investments	$ 337,744,439
Receivables	28,762,947
Prepaid items	683,354
Capital assets	
Land and construction in progress	180,400,315
Other capital assets, net of depreciation	773,705,814
Total capital assets	954,106,129
Total assets	1,321,296,869
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	33,034,866
Pension related amounts	175,771,636
Total deferred outflows of resouces	208,806,502
LIABILITIES	
Accounts payable and accrued expenses	57,434,174
Interest payable	18,059,041
Unearned revenue	4,840,003
Long-term liabilities	
Due within one year	48,680,685
Due in more than one year	1,061,761,661
Aggregate net pension liability	527,537,841
Total liabilities	1,718,313,405
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	18,274,220
NET POSITION	
Net investment in capital assets	96,169,294
Restricted for:	
Debt service	62,738,159
Capital projects	41,793,239
Educational programs	40,615,095
Unrestricted (deficit)	(447,800,041)
Total Net Position	$ (206,484,254)

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

OAKLAND UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 360,947,765	$ 197,046	$ 73,047,125	$ (287,703,594)
Instruction-related activities				
Supervision	60,954,280	53,997	16,804,477	(44,095,806)
Instructional library,	2,463,626	-	141,578	(2,322,048)
School site	52,467,854	28,580	5,397,031	(47,042,243)
Pupil services				
Home-to-school	13,831,247	-	-	(13,831,247)
Food services	22,334,044	33	17,723,564	(4,610,447)
All other pupil services	13,854,136	823	5,204,448	(8,648,865)
Administration				
Data processing	10,123,551	-	-	(10,123,551)
All other administration	21,765,555	15,114	5,488,138	(16,262,303)
Plant services	63,584,944	10,745	1,630,035	(61,944,164)
Ancillary services	14,208,688	87	11,753,718	(2,454,883)
Community services	704,315	-	-	(704,315)
Interest expense	34,949,044	-	-	(34,949,044)
Other outgo	3,271,163	39,239	12,796,208	9,564,284
Total	$ 675,275,801	$ 345,664	$ 149,986,322	(524,943,815)
	General revenues and subventions:			
	Property taxes, levied for general purposes			141,472,948
	Property taxes, levied for debt service			63,057,407
	Taxes levied for other specific purposes			51,418,464
	Federal and State aid not restricted to specific purpo:			239,598,833
	Interest and investment earnings			657,449
	Interagency revenues			1,214,795
	Miscellaneous			35,646,418
	Subtotal, General Revenues			533,066,314
	Change in Net Position			8,122,499
	Net Position - Beginning			(214,606,753)
	Net Position - Ending			$ (206,484,254)

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

OAKLAND UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Deposits and investments	$ 68,536,610	$ 434,571	$137,077,950	$ 80,551,450	$ 43,767,901	$330,368,482
Receivables	20,816,139	4,220,860	525,328	245,750	2,128,139	27,936,216
Due from other funds	5,031,270	24,607	7,197	-	1,993	5,065,067
Prepaid expenditures	390,122	-	293,232	-	-	683,354
Total assets	$ 94,774,141	$ 4,680,038	$137,903,707	$ 80,797,200	$ 45,898,033	$364,053,119
LIABILITIES AND FUND BALANCES						
Liabilities						
Payables	$ 39,970,638	$ 1,164,142	$ 14,865,100	$ -	$ 251,448	$ 56,251,328
Due to other funds	1,993	3,339,390	611,704	-	1,558,479	5,511,566
Unearned revenue	4,818,440	-	-	-	21,563	4,840,003
Total liabilities	44,791,071	4,503,532	15,476,804	-	1,831,490	66,602,897
Fund Balances						
Nonspendable	540,122	-	293,232	-	-	833,354
Restricted	38,612,894	168,463	121,911,148	80,797,200	43,626,977	285,116,682
Committed	-	8,043	222,523	-	439,566	670,132
Unassigned	10,830,054	-	-	-	-	10,830,054
Total Fund Balances	49,983,070	176,506	122,426,903	80,797,200	44,066,543	297,450,222
Total Liabilities and Fund Balances	$ 94,774,141	$ 4,680,038	$137,903,707	$ 80,797,200	$ 45,898,033	$364,053,119

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

OAKLAND UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Amounts reported for governmental activities in the statement of net position are different than amounts reported in the governmental funds balance sheet because of the following items:		
Total Fund Balance - Governmental Funds		$ 297,450,222
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 1,357,637,131	
Accumulated depreciation is	(403,531,002)	
Net capital assets		954,106,129
The deferred charge on refunding is the difference between reacquisition price and the net carrying amount of the old debt. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations as a component of interest expense until the maturity of the refunding bonds.		33,034,866
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. In the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(18,059,041)
An internal service fund is used by the District's management to charge the costs of the workers' compensation and dental insurance programs to the individual funds. The assets and liabilities of the internal service fund are included in the statement of net position.		(41,032,232)
Long-term obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental financial statements. Long-term obligations at year-end consist of the following:		
General obligation bonds and premiums	1,013,176,081	
Emergency apportionment loan	33,950,688	
Compensated absences	15,351,179	
Unclaimed property	1,046,606	
Net pension liability and related deferrals	368,459,644	
Total long-term obligations		(1,431,984,198)
Net Position - Governmental Activities		$ (206,484,254)

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

OAKLAND UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Local control funding formula	$ 361,901,082	$ -	$ -	$ -	$ -	$ 361,901,082
Federal sources	45,364,332	17,471,777	-	3,257,370	1,122,466	67,215,945
Other state sources	67,537,787	1,214,345	12,389	387,888	13,638,801	82,791,210
Local sources	82,649,655	745,990	1,815,030	63,239,488	16,706,605	165,156,768
Total revenues	557,452,856	19,432,112	1,827,419	66,884,746	31,467,872	677,065,005
EXPENDITURES						
Current						
Instruction	310,224,373	-	-	-	10,284,460	320,508,833
Instruction-related activities						
Supervision of instruction	52,478,407	-	-	-	1,975,043	54,453,450
Instructional library, media and technology	2,200,878	-	-	-	-	2,200,878
School site administration	45,240,544	-	-	-	1,631,565	46,872,109
Pupil services						
Home-to-school	12,356,132	-	-	-	-	12,356,132
Food services	-	19,952,097	-	-	-	19,952,097
All other pupil services	12,372,524	-	-	-	4,056	12,376,580
Administration						
Data processing	9,043,865	-	-	-	-	9,043,865
All other administration	17,702,889	1,027,067	-	-	714,283	19,444,239
Plant services	48,292,759	-	4,205,497	-	360,551	52,858,807
Ancillary services	12,693,318	-	-	-	-	12,693,318
Community services	629,199	-	-	-	-	629,199
Other outgo	3,271,163	-	-	-	-	3,271,163
Capital outlay	749,293	-	76,481,846	-	984,572	78,215,711
Debt service						
Principal	5,287,777	-	-	27,635,000	-	32,922,777
Interest and other	676,168	-	-	44,562,480	-	45,238,648
Total Expenditures	533,219,289	20,979,164	80,687,343	72,197,480	15,954,530	723,037,806
Excess (Deficiency) of Revenues Over Expenditures	24,233,567	(1,547,052)	(78,859,924)	(5,312,734)	15,513,342	(45,972,801)
Other Financing Sources (Uses)						
Transfers in	207,817	1,722,460	-	-	6,006,665	7,936,942
Transfers out	(1,722,460)	-	(6,006,665)	-	(57,224)	(7,786,349)
Net Financing Sources (Uses)	(1,514,643)	1,722,460	(6,006,665)	-	5,949,441	150,593
Net change in fund balances	22,718,924	175,408	(84,866,589)	(5,312,734)	21,462,783	(45,822,208)
Fund Balance - Beginning	27,264,146	1,098	207,293,492	86,109,934	22,603,760	343,272,430
Fund Balance - Ending	$ 49,983,070	$ 176,506	$ 122,426,903	$ 80,797,200	$ 44,066,543	$ 297,450,222

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

OAKLAND UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities in the statement of activities are different than amounts reported on the governmental funds statement of revenues, expenditures, and changes in fund balances because of the following items:		
Total Net Change in Fund Balances - Governmental Funds		$ (45,822,208)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period:		
Capital outlays	$ 73,115,299	
Depreciation expense	(28,939,618)	
		44,175,681
In the statement of activities, certain operating expenses, such as compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used - the amounts actually paid.		(121,826)
Payment of principal on long-term obligations is an expenditure in the governmental funds, but a reduction of long-term obligations in the statement of net position.		
Emergency apportionment loan	5,287,777	
Principal payments of general obligation bonded debt	27,635,000	
		32,922,777

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

OAKLAND UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Deferred charges related to general obligation refunding bonds are an expense on the statement of activities, but have no effect on the governmental funds.	(2,076,548)
Amortization of bond premiums does not impact the governmental funds.	8,927,891
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.	4,305,683
In the governmental funds, pension expenditures are based on employer contributions made to pension plans during the year. However, in the statement of activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.	(31,467,857)
An internal service fund is used by the District's management to charge the costs of the self-insurance programs to the individual funds. The net revenue of the internal service fund is reported with governmental activities.	(2,721,094)
Change in Net Position of Governmental Activities	$ 8,122,499

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

OAKLAND UNIFIED SCHOOL DISTRICT

PROPRIETARY FUND - SELF INSURANCE
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities - Internal Service Fund
ASSETS	
Current assets	
Deposits and investments	$ 7,375,957
Receivables	826,731
Due from other funds	611,704
Total current assets	8,814,392
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension activities	1,099,276
LIABILITIES	
Current liabilities	
Accounts payable	1,182,846
Due to general fund	165,205
Claim liabilities	7,416,000
Total current liabilities	8,764,051
Noncurrent liabilities	
Claim liabilities	39,501,792
Net pension liability	2,367,778
Total noncurrent liabilities	41,869,570
Total liabilities	50,633,621
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pension activities	312,279
NET POSITION	
Unrestricted deficit	(41,032,232)
Total Net Position	$ (41,032,232)

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

OAKLAND UNIFIED SCHOOL DISTRICT

PROPRIETARY FUND - SELF INSURANCE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
In-district premiums	$ 23,303,215
Other	9,194
Total Operating Revenues	23,312,409
OPERATING EXPENSES	
Payroll costs	2,954,952
Claims expense	22,952,454
Total Operating Expenses	25,907,406
Operating Loss	(2,594,997)
NONOPERATING REVENUES	
Interest income	24,496
Transfers out	(150,593)
Total Nonoperating Expense	(126,097)
Change in Net Position	(2,721,094)
Net Position - Beginning	(38,311,138)
Net Position - Ending	$ (41,032,232)

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

OAKLAND UNIFIED SCHOOL DISTRICT

PROPRIETARY FUND - SELF INSURANCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from premiums	$ 23,303,215
Other operating cash receipts	206,680
Cash payments for insurance claims	(20,033,663)
Cash payments to employees for services	(2,296,439)
Net cash provided by operating activities	1,179,793
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interest on investments	24,496
Cash payments from interfund transfers	4,656,811
Net cash provided by investing activities	4,681,307
Net increase in cash and cash equivalents	5,861,100
Cash and Cash Equivalents - Beginning	1,514,857
Cash and Cash Equivalents - Ending	$ 7,375,957
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Loss from operations	$ (2,594,997)
Changes in assets and liabilities:	
Change in accounts receivables	197,486
Change in accounts payables	176,998
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,179,793

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

OAKLAND UNIFIED SCHOOL DISTRICT

FIDUCIARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

	Payroll Revolving Agency Fund
ASSETS	
Deposits and investments	$ 23,877,854
Receivables	105,642
Total Assets	$ 23,983,496
LIABILITIES	
Accrued payroll and related benefits	$ 22,912,817
Due to general fund	1,070,679
Total Liabilities	$ 23,983,496

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Oakland Unified School District (the District) was organized in 1855 under the laws of the State of California and unified in 1952. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K-12 as mandated by State and Federal agencies. During the 2017-18 school year, the District operated 48 K-5 elementary schools, 6 K-8 elementary schools, 13 middle schools, 3 grades 6-12 schools, 7 grades 9-12 high schools, 8 alternative schools, and 29 early childhood education centers.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Oakland Unified School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and nonmajor governmental funds:

Major Governmental Funds

General Fund The general fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions, except those accounted for in another fund, are accounted for in this fund.

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

Building Fund The building fund is a capital projects fund that exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were authorized.

Bond Interest and Redemption Fund The bond interest and redemption fund is a debt service fund used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

Nonmajor Governmental Funds

Special Revenue Funds The special revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund The adult education fund is used to account separately for federal, state, and local revenues for adult education programs and is to be expended for adult education purposes only.

Child Development Fund The child development fund is used to account separately for federal, state, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Deferred Maintenance Fund The deferred maintenance fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Capital Projects Funds The capital projects funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The capital facilities fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

County School Facilities Fund The fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Special Reserve Fund for Capital Outlay Projects The special reserve fund for capital outlay projects exists primarily to provide for the accumulation of general fund monies for capital outlay purposes (*Education Code* Section 42840).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service.

Internal Service Fund Internal service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a workers' compensation program and a dental program that are accounted for in an internal service fund.

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

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, and other payroll related items.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2018, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and state investment pools are determined by the program sponsor.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets recorded at estimated acquisition value at the date of donation.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; building improvements, 20 years; equipment, 5 to 20 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental column of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

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

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

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

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt and for pension related items.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

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

Fund Balances - Governmental Funds

As of June 30, 2018, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

In fiscal year 2010-11, the governing board adopted a minimum fund balance policy for the General Fund to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to no less than three percent of general fund expenditures and other financing uses.

Net Position

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

Self-Insurance Obligation

The self-insurance fund is used to account for the District's self-insurance obligation related to workers' compensation and dental claims. Funding of the self-insurance obligation is based on estimates of the amounts needed to pay prior and current year claims. The District is self-insured for workers' compensation up to $500,000 per occurrence. The general fund is charged premiums by the self-insurance fund, which is accounted for as an internal service fund. The District participates in joint power agreements which provide excess liability and excess workers' compensation coverage to the District. The District also participates in a joint powers agreement for its property insurance coverage. In the government-wide financial statements, the internal service fund activity is eliminated to avoid doubling of revenues and expenditures.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are in-district insurance premiums. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the statement of activities, except for the net residual amounts transferred between governmental and business-type activities.

Estimates

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

Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

Property Tax

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

New Accounting Pronouncements

The GASB has issued the following accounting pronouncements that will become effective in future fiscal years:

- GASB Statement No. 85, *Omnibus 2017*
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*
- GASB Statement No. 83, *Certain Asset Retirement Obligations*
- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 87, *Leases*
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*
- GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*

The District has not determined the effect of these pronouncements.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Governmental funds	$ 330,368,482
Internal service fund	7,375,957
Fiduciary fund	23,877,854
Total deposits and investments	$ 361,622,293

Deposits and investments as of June 30, 2018, consist of the following:

Cash on hand and in banks	$ 925,389
Cash in revolving	150,000
Investments with the Alameda County Treasurer	360,546,904
Total deposits and investments	$ 361,622,293

Policies and Practices

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

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Alameda County Investment Pool. The sensitivity of the fair values of the District's investment to market interest rate fluctuation is measured as the weighted average maturity of the investment portfolio, which was 393 days on June 30, 2018.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the county pool are not rated as of June 30, 2018.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits other than the following provision: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2018, the District's bank balance of $0.74 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Fair Value Measurements

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

Level 1 - Quoted prices in active markets for identical assets that the District can access at the measurement date.

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

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data.

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

NOTE 3 - RECEIVABLES

Governmental fund receivables at June 30, 2018, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Building Fund	Bond Interest Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds	Self Insurance Fund
Federal government	$ 7,746,062	$ 3,890,506	$ -	$ -	$ 98,622	$ 11,735,190	$ -
State government	6,138,870	74,225	-	-	285,966	6,499,061	-
Local sources	5,860,528	256,129	525,328	245,750	1,743,551	8,631,286	826,731
Payroll revolving	1,070,679	-	-	-	-	1,070,679	-
Total	$ 20,816,139	$ 4,220,860	$ 525,328	$ 245,750	$ 2,128,139	$ 27,936,216	$ 826,731

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital assets not being depreciated				
Land	$ 17,701,767	$ -	$ -	$ 17,701,767
Construction in process	103,669,924	71,386,869	12,358,244	162,698,549
Total capital assets not being depreciated	121,371,691	71,386,869	12,358,244	180,400,316
Capital assets being depreciated				
Buildings	1,081,452,777	5,522,956	-	1,086,975,733
Building improvements	66,652,897	7,680,658	-	74,333,555
Equipment	15,044,467	891,115	8,055	15,927,527
Total capital assets being depreciated	1,163,150,141	14,094,729	8,055	1,177,236,815
Less accumulated depreciation				
Buildings	327,188,815	24,515,381	-	351,704,196
Building improvements	37,369,923	3,311,507	-	40,681,430
Equipment	10,032,646	1,120,785	8,055	11,145,376
Total accumulated depreciation	374,591,384	28,947,673	8,055	403,531,002
Governmental activities, net capital assets	$ 909,930,448	$ 56,533,925	$ 12,358,244	$ 954,106,129

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 16,439,549
Supervision of instruction	2,811,382
Instructional library, media and technology	113,629
School administration	2,419,964
Pupil transportation	637,936
Food services	1,030,109
Other pupil services	638,991
Ancillary services	655,344
Community services	32,485
Other general administration	1,003,888
Data processing services	466,926
Plant maintenance and operations	2,697,470
Total depreciation expense, governmental activities	$ 28,947,673

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2018, between major and nonmajor governmental funds, and internal service funds are as follows:

	Payable to					Amount
Payable from	General Fund	Cafeteria Fund	Building Fund	Nonmajor Governmental Funds	Self Insurance Fund	
General Fund	$ -	$ -	$ -	$ 1,993	$ -	$ 1,993
Cafeteria Fund	3,339,390	-	-	-	-	3,339,390
Building Fund	-	-	-	-	611,704	611,704
Nonmajor Funds	1,526,675	24,607	7,197	-	-	1,558,479
Self-insurance fund	165,205	-	-	-	-	165,205
Total	$ 5,031,270	$ 24,607	$ 7,197	$ 1,993	$ 611,704	$ 5,676,771

As noted at Note 3, $1,070,679 reported as general fund accounts receivable from the payroll revolving pass-through fund (fund 76).

The balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2018, consisted of the following:

	Transfer to			Amount
Transfer from	General Fund	Cafeteria Fund	County School Facilities Fund	
General Fund	$ -	$ 1,722,460	$ -	$ 1,722,460
Building Fund	-	-	6,006,665	6,006,665
Nonmajor Governmental Fund	57,224	-	-	57,224
Self-insurance fund	150,593	-	-	150,593
Total	$ 207,817	$ 1,722,460	$ 6,006,665	$ 7,936,942

The general fund contributed to the cafeteria fund to subsidize its operations.	1,722,460
The child development fund transferred its share of the emergency apportionment loan payment to the general fund for subsequent remittance to the State.	57,224
The self-insurance fund transferred to the General Fund for claims reimbursements.	150,593
The building fund reimbursed the county school facilities fund for previously incurred expenditures of that fund which were later deemed eligible for spending under the general obligation bond program.	6,006,665
	$ 7,936,942

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018, consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds	Self Insurance Fund
Vendor payables	$ 22,824,403	$ 1,022,321	$ 14,835,999	$ 251,448	$ 38,934,171	$ 1,091,017
State apportionment	14,505,116	-	-	-	14,505,116	-
Salaries and benefits	2,641,119	141,821	29,101	-	2,812,041	91,829
Total	$ 39,970,638	$ 1,164,142	$ 14,865,100	$ 251,448	$ 56,251,328	$ 1,182,846

NOTE 7 - LONG-TERM OBLIGATIONS OTHER THAN PENSION

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	July 1, 2017	Additions	Deductions	June 30, 2018	Current Portion
General obligation bonds	$ 932,950,000	$ -	$ 27,635,000	$ 905,315,000	$ 26,955,000
General obligation bond premiums	116,788,972	-	8,927,891	107,861,081	8,927,891
Emergency apportionment loan	39,238,465	-	5,287,777	33,950,688	5,381,794
Compensated absence, net	15,229,353	121,826	-	15,351,179	-
Claims liability, net	44,175,999	2,741,793	-	46,917,792	7,416,000
Unclaimed property	1,046,606	-	-	1,046,606	-
Total	$ 1,149,429,395	$ 2,863,619	$ 41,850,668	$ 1,110,442,346	$ 48,680,685

Payments on the general obligation bonds are made by the bond Interest and redemption fund with property tax revenues which are used solely to repay the principal and interest due on these obligations. Payments on the emergency apportionment loan will be made by the general fund. The accrued vacation will be paid by the fund for which the employee worked. The self-insurance fund will pay the claims liability primarily with general fund contributions.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Bond Issuance	Issue Date	Maturity Date	Interest Rate	Original Issuance
2007 Refunding	Jul-07	Aug-25	3.75-5.0%	$ 199,240,000
Election of 2006 - Series 2009 A	Jul-09	Aug-29	4.0-6.5%	87,885,000
Election of 2006 - Series 2009 C	Jul-09	Aug-24	2.82%	26,320,000
Election of 2006 - Series 2012 A	Mar-12	Aug-32	3.00-5.55%	31,040,000
Election of 2006 - Series 2012 B	Mar-12	Aug-33	6.88%	23,960,000
Election of 2012 - Series 2013	Sep-13	Aug-38	4.0-5.0%	120,000,000
Election of 2012 - Series 2015A	Aug-15	Aug-40	5.00%	173,500,000
2015 Refunding	Aug-15	Aug-30	5.00%	168,705,000
Election of 2006 - Series 2016A	Aug-16	Aug-41	4.0-5.0%	65,000,000
2016 Refunding	Aug-16	Aug-31	2.0-5.0%	155,780,000
2017 Refunding - Series A	May-17	Aug-25	4.0-5.0%	111,055,000
2017 Refunding - Series B	May-17	Aug-32	4.0-5.0%	24,155,000
2017 Refunding - Series C	May-17	Aug-38	4.0-5.0%	82,930,000
2017 Refunding - Series D	May-17	Aug-34	3.405-3.955%	75,420,000
				$ 1,344,990,000

Bond Issuance	June 30, 2017	Issued	Redeemed/ Defeased	June 30, 2018
2007 Refunding	$ 11,635,000	$ -	$ 11,635,000	$ -
Election of 2006 - Series 2009 A	8,545,000	-	2,445,000	6,100,000
Election of 2006 - Series 2009 C	26,320,000	-	-	26,320,000
Election of 2006 - Series 2012 A	4,175,000	-	-	4,175,000
Election of 2006 - Series 2012 B	23,960,000	-	-	23,960,000
Election of 2012 - Series 2013	13,075,000	-	4,500,000	8,575,000
Election of 2012 - Series 2015A	169,165,000	-	-	169,165,000
2015 Refunding	161,735,000	-	7,600,000	154,135,000
Election of 2006 - Series 2016A	65,000,000	-	-	65,000,000
2016 Refunding	155,780,000	-	1,455,000	154,325,000
2017 Refunding - Series A	111,055,000	-	-	111,055,000
2017 Refunding - Series B	24,155,000	-	-	24,155,000
2017 Refunding - Series C	82,930,000	-	-	82,930,000
2017 Refunding - Series D	75,420,000	-	-	75,420,000
	$ 932,950,000	$ -	$ 27,635,000	$ 905,315,000

Debt Service Requirements to Maturity

The general obligation bonds mature through 2042 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 26,955,000	$ 42,873,424	$ 81,181,580
2020	30,135,000	41,817,049	82,962,580
2021	36,910,000	39,908,715	83,318,262
2022	40,595,000	38,037,165	85,085,149
2023	45,920,000	35,994,365	81,914,365
2024-2028	283,835,000	137,845,844	421,680,844
2029-2033	220,990,000	77,646,025	298,636,025
2034-2038	158,145,000	28,802,405	186,947,405
2039-2042	61,830,000	4,009,950	65,839,950
Total	$ 905,315,000	$ 446,934,943	$ 1,387,566,161

State of California Emergency Apportionment Loan

On January 3, 2003, Senate Bill 39, Chapter 14, Statutes of 2003, was enacted. This legislation provided an emergency apportionment loan to the District of $100,000,000.

The California Department of Education authorized the State Administrator to use these funds to offset the cost of audit findings, technology enhancements and the associated loan payment of the drawdown. The legislation requires the District to repay the loan, including interest at a rate of 1.778%, which is the rate earned by the State's Pooled Money Investment Account on the effective date of Senate Bill 39. The bill provides that the loan be repaid over a 20-year period.

Repayment of the loan commenced in 2003-04 and matures through 2026 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 5,381,794	$ 603,643	$ 5,985,437
2020	5,477,482	507,955	5,985,437
2021	5,574,871	410,565	5,985,436
2022	5,673,993	311,444	5,985,437
2023	5,774,877	210,560	5,985,437
2024-2026	6,067,671	217,035	6,284,706
Total	$ 33,950,688	$ 2,261,202	$ 36,211,890

NOTE 8 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Revolving cash	$ 150,000	$ -	$ -	$ -	$ -	$ 150,000
Prepaid expenditures	390,122	-	293,232	-	-	683,354
Total Nonspendable	540,122	-	293,232	-	-	833,354
Restricted						
Educational programs	19,447,823	-	-	-		19,447,823
Measure G1 programs	9,336,970	-	-	-	-	9,336,970
Measure N programs	9,828,101	-	-	-	-	9,828,101
Child development	-	-	-	-	4,592	4,592
Child nutrition	-	168,463	-	-	-	168,463
Capital projects	-	-	121,911,148	-	41,793,239	163,704,387
Adult education	-	-	-	-	1,829,146	1,829,146
Debt service	-	-	-	80,797,200	-	80,797,200
Total Restricted	38,612,894	168,463	121,911,148	80,797,200	43,626,977	285,116,682
Committed						
Child nutrition	-	8,043	-	-	-	8,043
Deferred maintenance	-	-	-	-	5,451	5,451
Capital projects	-	-	222,523	-	272,677	495,200
Adult education	-	-	-	-	161,438	161,438
Total Committed	-	8,043	222,523	-	439,566	670,132
Unassigned						
Reserve for economic uncertainties	10,830,054	-	-	-	-	10,830,054
Total Unassigned	10,830,054	-	-	-	-	10,830,054
Total Fund Balance	$ 49,983,070	$ 176,506	$ 122,426,903	$ 80,797,200	$ 44,066,543	$ 297,450,222

Reconciliation to the Statement of Net Position The following is a reconciliation of the unassigned fund balance on the governmental funds balance sheet with the unrestricted deficit in the statement of net position:

Unassigned fund balance per the governmental funds balance sheet	$ 10,830,054
Add	
Nonspendable fund balance of the general fund	540,122
Committed balance of the adult education fund	161,438
Committed balance of the building fund	222,523
Committed balance of the deferred maintenance fund	5,451
Committed balance of the cafeteria fund	8,043
Committed balance of the county school facilities fund	155,807
Committed balance of the special reserve for capital outlay fund	116,870
Deduct	
Compensated absences	(15,351,179)
Unclaimed property	(1,046,606)
Emergency apportionment loan	(33,950,688)
Deficit self-insurance reserve	(41,032,232)
Net pension liability included in the deficit self-insurance reserve	1,580,781
Aggregate net pension liability and related deferrals	(370,040,425)
Unrestricted deficit per the statement of net position	$ (447,800,041)

NOTE 9 - LEASE REVENUES

Lease agreements have been entered with various lessees for terms that exceed one year. None of the agreements contain purchase options. All the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2019	$ 574,746
2020	349,174
2021	363,766
2022	120,000
2023	120,000
Thereafter	1,470,000
Total	$ 2,997,686

NOTE 10 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year, the District contracted with Northern California ReLiEF for property and liability insurance coverage. Northern California ReLiEF liability and property insurance coverage maintains a self-insurance retention of $250,000 per occurrence, with $10,000,000 and $250,250,000 limits of excess coverage, respectively purchases from various insurance carriers. The District pays an annual contribution of $2,000,000 to Northern California ReLiEF for its excess property and liability coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage to date.

Workers' Compensation

The District is permissibly self-insured for workers' compensation, and maintains a $1,000,000 per occurrence self- insurance retention. Above that level, the District purchases excess insurance to the statutory maximums for an annual combined premium of $600,000. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2016, to June 30, 2018 (in thousands):

	Self-Insurance
Liability Balance, July 1, 2016	$ 42,047
Claims and changes in estimates	26,572
Claims payments	(24,443)
Liability Balance, June 30, 2017	44,176
Claims and changes in estimates	26,457
Claims payments	(23,715)
Liability Balance, June 30, 2018	$ 46,918
Assets available to pay claims at June 30, 2018	$ 8,814

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2018, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 351,313,224	$ 114,508,637	$ 15,584,381	$ 39,217,720
CalPERS	176,224,617	61,262,999	2,689,839	35,413,683
Total	$ 527,537,841	$ 175,771,636	$ 18,274,220	$ 74,631,403

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:
http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program; thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $27,776,318.

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 net pension liability	$	351,313,224
State's proportionate share of the net pension liability associated with the District		207,833,936
Total net pension liability, including State share	$	559,147,160

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively, was 0.3799 percent and 0.3575 percent, resulting in a net decrease in the proportionate share of 0.0224 percent.

For the year ended June 30, 2018, the District recognized pension expense of $39,217,720. In addition, the District recognized pension expense and revenue of $15,910,925 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	
Pension contributions subsequent to measurement date	$	27,776,318	$	-
Net change in proportionate share of net pension liability		20,348,251		100,779
Change in assumptions		65,084,878		-
Differences between projected and actual earnings on plan investments		-		9,356,450
Differences between expected and actual experience in the measurement of the total pension liability		1,299,190		6,127,152
Total	$	114,508,637	$	15,584,381

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (7,779,561)
2020	5,886,630
2021	848,942
2022	(8,312,461)
Total	$ (9,356,450)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 24,847,411
2020	24,847,411
2021	22,603,106
2022	2,404,353
2023	3,141,821
Thereafter	2,660,286
Total	$ 80,504,388

Actuarial Methods and Assumptions

Total pension liability for 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 methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, 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	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%
	100%	

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 the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and if contributions, benefit payments and administrative expense occurred midyear. Based on these 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 515,839,346
Current discount rate (7.10%)	$ 351,313,224
1% increase (8.10%)	$ 217,789,127

<u>California Public Employees' Retirement System (CalPERS)</u>

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were $14,728,715.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $176,224,617. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017, and June 30, 2016, respectively was 0.7382 percent and 0.6968 percent, resulting in a net increase in the proportionate share of 0.0413 percent.

For the year ended June 30, 2018, the District recognized pension expense of $35,413,683. 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
Pension contributions subsequent to measurement date	$ 14,728,715	$ -
Net change in proportionate share of net pension liability	8,384,339	615,012
Differences between projected and actual earnings on plan investments	6,096,166	-
Differences between expected and actual experience in the measurement of the total pension liability	6,313,402	-
Changes of assumptions	25,740,377	2,074,827
Total	$ 61,262,999	$ 2,689,839

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (165,184)
2020	7,033,654
2021	2,565,956
2022	(3,338,260)
Total	$ 6,096,166

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 13,384,884
2020	13,893,633
2021	10,469,762
Total	$ 37,748,279

Actuarial Methods and Assumptions

Total pension liability for the SEP 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 methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

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.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 rounded down to the nearest one quarter of one percent equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 205,339,928
Current discount rate (7.15%)	$ 176,224,617
1% increase (8.15%)	$ 81,242,266

Social Security

As established by Federal law, all public sector employees who are not members of either CalSTRS or CalPERS must be covered by social security or an alternative plan. The District has elected to use PARS as its alternative plan. Contributions made by the District and employee vest immediately. For employees who are members of CalPERS, the District and the employee each contribute 6.2 percent of the employee's gross earnings towards social security.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. The state contribution for fiscal year ending June 30, 2018 was $14,620,876. The CalSTRS on behalf contribution is reported in the general fund as state revenue and pension expenditure.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

Health Benefits Obligation

In October 2015, the District entered into an agreement with its employee unions setting up a coordinated bargaining process for health and welfare benefits to be conducted through a Health Benefits Governance Board (HBGB). The intention of the agreement is to provide stability and help manage benefits costs. The HBGB consists of representatives of each signatory union and the District.

Section IV of the agreement defines a formula to annually calculate the District’s responsibility to fund health and welfare benefits. If the District’s financial obligations, as calculated per the HBGB formula, exceed the actual costs of benefits, such excess contributions are restricted for future health and welfare obligations. Conversely, if actual benefits costs are greater than the District’s financial obligations per the HBGB formula, those costs are first paid from restricted resources, and then are obligations of the signatory unions. In other words, the District’s obligations to fund health and welfare costs are determined by the HBGB formula.

The impact to the District's financial statements - when HBGB contribution becomes determinable - will vary if the actual contribution is greater than, or less than, the HBGB calculated contribution requirement. If the actual payments for health and welfare benefits are less than the District's required contribution per the HBGB formula, the effect to the general fund would be to restrict a portion of its ending equity for future general fund health and welfare obligations. There is no impact to expenditures. If the actual payments for health and welfare benefits are greater than the District's required contribution per the HBGB formula, the effect to the general fund would be recognition of a receivable and an increase in ending fund balance.

NOTE 13 - PARTICIPATION IN JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

Chabot Space and Science Center Joint Powers Authority

The District participates in the Chabot Space and Science Center Joint Powers Authority (Chabot JPA), a joint powers authority established to provide quality science education to members of the Oakland community. The Chabot JPA board consists of representatives of the City of Oakland, the Oakland Unified School District, and the East Bay Regional Park District. The District appoints 3 members to the 23 member governing board. During the year ended June 30, 2018, the District made no payments to the Chabot JPA.

Youth Ventures Joint Powers Authority

The District participates in the Youth Ventures Joint Powers Authority (Youth Ventures), a joint powers authority established to promote the education, health, well-bring, and economic viability of children, youth, and families within the County of Alameda.

The Youth Ventures board consists of representatives of the City of Oakland, the Oakland Unified School District, and the County of Alameda. The District appoints 5 members to the 15 member governing board. During the year ended June 30, 2018, the District allowed Youth Ventures to use buildings and classroom space for operation of after school programs in lieu of cash payments.

Northern California Regional Liability Excess Fund

The District is a member of the Northern California Regional Liability Excess Fund (NCR). NCR is a non-profit member-owned and operated Joint Powers Authority (JPA) providing risk management services to California public schools. The District appointed one member to the 42 member governing board.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

OAKLAND UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variances - Final to Actual Favorable
	Original	Final	(GAAP Basis)	(Unfavorable)
REVENUES				
Local control funding formula	$362,006,094	$366,978,239	$361,901,082	$ (5,077,157)
Federal sources	44,758,165	50,871,392	45,364,332	(5,507,060)
Other state sources	61,052,825	66,761,156	67,537,787	776,631
Other local sources	75,536,343	81,649,343	82,649,655	1,000,312
Total Revenues	543,353,427	566,260,130	557,452,856	(8,807,274)
EXPENDITURES				
Current				
Certificated salaries	191,861,510	196,439,296	194,797,326	1,641,970
Classified salaries	91,721,041	95,035,321	93,396,948	1,638,373
Employee benefits	132,504,006	135,882,574	136,527,883	(645,309)
Books and supplies	30,803,519	25,598,975	14,030,706	11,568,269
Services and operating expenditures	69,743,709	89,344,394	85,847,492	3,496,902
Other outgo	550,383	817,276	1,529,816	(712,540)
Capital outlay	35,000	8,096,467	1,125,173	6,971,294
Debt service - principal	5,287,777	5,287,777	5,287,777	-
Debt service - interest	676,168	676,168	676,168	-
Total Expenditures	523,183,113	557,178,248	533,219,289	23,958,959
Excess (Deficiency) of Revenues Over Expenditures	20,170,314	9,081,882	24,233,567	15,151,685
Other Financing Sources (Uses)				
Transfers in	564,067	597,844	207,817	(390,027)
Transfers out	(1,504,588)	(3,191,732)	(1,722,460)	1,469,272
Net Financing Sources (Uses)	(940,521)	(2,593,888)	(1,514,643)	1,079,245
NET CHANGE IN FUND BALANCES	19,229,793	6,487,994	22,718,924	16,230,930
Fund Balance - Beginning	27,264,146	27,264,146	27,264,146	-
Fund Balance - Ending	$ 46,493,939	$ 33,752,140	$ 49,983,070	$ 16,230,930

See accompanying note to required supplementary information.

OAKLAND UNIFIED SCHOOL DISTRICT

CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variances - Final to Actual Favorable (Unfavorable)
	Original	Final	(GAAP Basis)	to Actual
REVENUES				
Federal sources	$ 16,912,578	$ 17,643,536	$ 17,471,777	$ (171,759)
Other state sources	923,257	1,163,162	1,214,345	51,183
Other local sources	538,785	803,606	745,990	(57,616)
Total Revenues	18,374,620	19,610,304	19,432,112	(178,192)
EXPENDITURES				
Current				
Certificated salaries	-	-	-	-
Classified salaries	6,670,822	7,225,275	6,611,759	613,516
Employee benefits	3,574,962	3,848,126	3,433,075	415,051
Food	8,262,521	10,157,691	9,573,729	583,962
Services and operating expenditures	241,060	263,415	135,665	127,750
Other outgo	905,000	954,866	1,027,066	(72,200)
Equipment	18,000	171,574	197,870	(26,296)
Total Expenditures	19,672,365	22,620,947	20,979,164	1,641,783
Excess (Deficiency) of Revenues Over Expenditures	(1,297,745)	(3,010,643)	(1,547,052)	1,463,591
Other Financing Sources (Uses)				
Transfers in	1,297,746	3,010,618	1,722,460	(1,288,158)
Net Financing Sources	1,297,746	3,010,618	1,722,460	(1,288,158)
NET CHANGE IN FUND BALANCES	1	(25)	175,408	175,433
Fund Balance - Beginning	1,098	1,098	1,098	-
Fund Balance - Ending	$ 1,099	$ 1,073	$ 176,506	$ 175,433

See accompanying note to required supplementary information.

OAKLAND UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

Measurement Date, As of June 30,	2017	2016	2015	2014
CalSTRS				
District's proportion of the net pension liability	0.37988%	0.35750%	0.34673%	0.34697%
District's proportionate share of the net pension liability	$ 351,313,224	$ 289,147,011	$ 233,433,103	$ 202,760,645
State's proportionate share of the net pension liability associated with the District	207,833,936	164,606,236	123,460,378	122,435,631
Total	$ 559,147,160	$ 453,753,247	$ 356,893,481	$ 325,196,276
District's covered payroll	$ 201,334,054	$ 186,271,892	$ 143,578,581	$ 154,542,764
District's proportionate share of the net pension liability as a percentage of its covered payroll	174.49%	155.23%	162.58%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
CalPERS				
District's proportion of the net pension liability	0.73819%	0.69684%	0.65215%	0.66962%
District's proportionate share of the net pension liability	$ 176,224,617	$ 137,626,784	$ 96,126,834	$ 76,017,851
District's covered payroll	$ 94,133,345	$ 88,303,630	$ 108,315,164	$ 70,293,104
District's proportionate share of the net pension liability as a percentage of its covered payroll	187.21%	155.86%	88.75%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

Note: Until the full ten year trend is compiled, information is presented only for those years which information is available.

See accompanying note to required supplementary information.

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SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

Fiscal Year End, June 30,	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 27,776,318	$ 25,327,824	$ 19,117,248	$ 14,342,738
Contributions in relation to the contractually required contribution	(27,776,318)	(25,327,824)	(19,117,248)	(14,342,738)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 192,490,076	$ 201,334,054	$ 186,271,892	$ 143,578,581
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 14,728,715	$ 13,073,239	$ 10,461,331	$ 9,904,140
Contributions in relation to the contractually required contribution	(14,728,715)	(13,073,239)	(10,461,331)	(9,904,140)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 94,779,376	$ 94,133,345	$ 88,281,274	$ 84,140,175
Contributions as a percentage of covered payroll	15.54%	13.89%	11.85%	11.77%

Note: Until the full ten year trend is compiled, information is presented only for those years which information is available.

See accompanying note to required supplementary information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations. The final budget is the projected year totals presented in the District's third interim financial report.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the state's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Schedule of District Pension Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS or CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was changed from the 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

SUPPLEMENTARY INFORMATION

LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2018

The Oakland Unified School District was established in 1855 and consists of an area comprising approximately 55 square miles. During the 2016-17 school year, the District operated 48 K-5 elementary schools, 6 K-8 elementary schools, 13 middle schools, 3 grades 6-12 schools, 7 grades 9-12 high schools, 8 alternative schools, and 29 early childhood education centers.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
District 1-Jody London		January 2021
District 2-Aimee Eng	President	January 2019
District 3-Jumoke Hinton Hodge	Vice President	January 2021
District 4-Nina Senn		January 2019
District 5-Roseann Torres		January 2021
District 6-Shanthi Gonzales		January 2019
District 7-James Harris		January 2021

STATE TRUSTEE

Christopher Learned

ADMINISTRATION

NAME	TITLE
Kyla Johnson-Trammell	Superintendent
Marion McWilliams	General Counsel
Marcus Battle	Senior Business Officer

See accompanying note to supplementary information.

OAKLAND UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018

	P-2 Certified Submission		As Adjusted per Audit	
	Second Period Report	Annual Report	Amended Second Report	Amended Annual Report
Regular ADA				
Transitional kindergarten through third	13,229.64	12,907.95	12,925.88	12,926.25
Fourth through sixth	8,512.66	8,354.24	8,364.44	8,366.44
Seventh and eighth	4,532.50	4,443.77	4,442.59	4,454.89
Ninth through twelfth	9,073.09	8,919.54	9,006.72	8,939.29
Total Regular ADA	35,347.89	34,625.50	34,739.63	34,686.87
Extended Year Special Education				
Transitional kindergarten through third	21.44	21.44	21.44	21.44
Fourth through sixth	9.82	9.82	9.82	9.82
Seventh and eighth	3.18	3.18	3.18	3.18
Ninth through twelfth	22.97	22.97	22.97	22.97
Total Extended Year Special Education	57.41	57.41	57.41	57.41
Special Education, Nonpublic, Nonsectarian Schools				
Transitional kindergarten through third	8.13	10.75	8.13	10.75
Fourth through sixth	16.91	18.84	16.91	18.84
Seventh and eighth	29.64	29.48	29.64	29.48
Ninth through twelfth	68.67	67.71	68.67	67.71
Total Special Education, Nonpublic, Nonsectarian Schools	123.35	126.78	123.35	126.78
Extended Year Special Education, Nonpublic, Nonsectarian Schools				
Transitional kindergarten through third	1.05	1.05	1.05	1.05
Fourth through sixth	1.97	1.94	1.94	1.94
Seventh and eighth	2.80	2.80	2.80	2.80
Ninth through twelfth	7.34	7.29	7.29	7.29
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	13.16	13.08	13.08	13.08
Community Day School				
Seventh and eighth	7.04	8.20	7.04	8.20
Ninth through twelfth	11.45	9.89	11.45	9.89
Total Community Day School	18.49	18.09	18.49	18.09
Total ADA	35,560.30	34,840.86	34,951.96	34,902.23

See accompanying note to supplementary information.

OAKLAND UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	Required Minimun Minutes	2017-18 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	36,000	180	In Compliance
Grades 1 - 3				
Grade 1	50,400	50,680	180	In Compliance
Grade 2	50,400	50,700	180	In Compliance
Grade 3	50,400	50,700	180	In Compliance
Grades 4 - 6				
Grade 4	54,000	53,550	180	*Not In Compliance
Grade 5	54,000	53,550	180	*Not In Compliance
Grade 6	54,000	54,503	180	In Compliance
Grades 7 - 8				
Grade 7	54,000	54,503	180	In Compliance
Grade 8	54,000	54,503	180	In Compliance
Grades 9 - 12				
Grade 9	64,800	64,812	180	In Compliance
Grade 10	64,800	64,812	180	In Compliance
Grade 11	64,800	64,812	180	In Compliance
Grade 12	64,800	64,812	180	In Compliance

* See finding 2018-015 regarding noncompliance with the minimal number of instructional minutes.

See accompanying note to supplementary information.

OAKLAND UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2018

Name of Charter School	Included in District Financial Statements or Separate Report
Achieve Academy	Separate Report
American Indian Charter School II	Separate Report
American Indian Public Charter High	Separate Report
American Indian Public Charter School	Separate Report
ARISE High School	Separate Report
ASCEND Academy	Separate Report
Aspire Berkley Maynard Academy	Separate Report
Aspire College Academy	Separate Report
Aspire ERES Academy	Separate Report
Aspire Golden State College Preparatory Academy	Separate Report
Aspire Lionel Wilson College Preparatory Charter Academy	Separate Report
Aspire Monarch Academy	Separate Report
Aspire Triumph Technology Academy	Separate Report
Bay Area Technology School	Separate Report
Castlemont Primary Academy	Separate Report
Civicorps Corpmembers (East Bay Conservation Corps)	Separate Report
Conservatory of Vocal & Instrumental Arts High School	Separate Report
Downtown Charter Academy	Separate Report
East Bay Innovation Academy	Separate Report
East Oakland Leadership Academy	Separate Report
EPIC Charter School	Separate Report
Francophone Charter School of Oakland	Separate Report
KIPP Bridge Charter School	Separate Report
Learning Without Limits	Separate Report
Lighthouse Community Charter High School	Separate Report
Lighthouse Community Charter School	Separate Report
Lodestar: A Lighthouse Community Charter Public School	Separate Report
LPS Oakland R&D	Separate Report
North Oakland Community Charter School	Separate Report
Oakland Charter Academy	Separate Report
Oakland Charter High School	Separate Report
Oakland Military Institute	Separate Report
Oakland School for the Arts	Separate Report
Oakland Unity High School	Separate Report
Roses in Concrete Community School	Separate Report
Vincent Academy	Separate Report

See accompanying note to supplementary information.

OAKLAND UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Building Fund	Self Insurance Fund
Ending fund balance per unaudited actuals	$ 56,587,855	123,038,607	$ (38,243,630)
LCFF adjustments	(5,379,785)	-	-
Fiscal year 2018 expenditures recognized in the succeeding period	(1,225,000)	-	-
Transfer of expenditures between funding sources	-	(611,704)	611,704
Changes in the claims liability	-	-	(2,741,793)
Changes in the net pension liability	-	-	(658,513)
Ending fund balance per audited GAAP financial statements	$ 49,983,070	122,426,903	$ (41,032,232)

See accompanying note to supplementary information.

OAKLAND UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Program Title	CFDA Number	Pass-through Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education			
School Improvement Grants	84.377	15127	$ 3,391,151
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	16,000,468
Title II, Part A, Improving Teacher Quality State Grants program	84.367	14341	2,238,729
Title II, Part B, Mathematics and Science Partnerships	84.366	14512	69,588
Title III, English Language Acquisition State Grants			
Title III, Limited English Proficient Student Program	84.365	14346	1,377,871
Title III, Immigrant Education program	84.365	15146	267,283
Total Title III			1,645,154
Title IV, Part B, 21st Century Community Learning Centers	84.287	14349	6,051,684
Career and Technical Education	84.048	14894	456,160
Rehabilitation Services, Vocational Rehabilitation	84.126	10006	665,530
Advanced Placement Test Fee Reimbursement	84.000	N/A	13,339
Adult Education	84.002	13978	206,888
IDEA Early Intervention Programs, Part C	84.181	23761	205,411
Special Education - Individuals with Disabilities Education Act			
Part B, Sec 611, Basic Local Assistance Entitlement	84.027	13379	8,207,217
Part B, Sec 611, Preschool Local Entitlement	84.027A	13682	1,179,275
Part B, Sec 619, Preschool Grants	84.173	13430	234,248
Part B, Sec 619, Preschool Staff Development	84.173A	13431	18,507
Total IDEA Cluster			9,639,247
Total passed through California Department of Education			40,583,349

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Program Title	CFDA Number	Pass-through Identifying Number	Federal Expenditures
Full Services Community School	84.215	N/A	644,459
Carol M. White Physical Education Program	84.215F	N/A	796,176
Indian Education	84.060	N/A	40,422
School Climate Transformation	84.184G	N/A	944,304
Teaching American History	84.215X	N/A	732,427
Low-cost, Short-duratoin Evaluation of Education Interventions	84.305L	N/A	444,565
Total U.S Department of Education			44,185,702
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Child Nutrition Cluster			
Summer Food Service Program for Children	10.559	13005	441,180
National School Lunch Program	10.555	13391/13396	14,179,323
National School Lunch Program Equipment Assistance	10.579	14906	17,094
Total Child Nutrition Cluster			14,637,597
Fresh Fruit and Vegetable Program	10.582	14968	115,788
Child Care Food Program - Centers and Family Day Homes	10.558	13393	2,713,142
Farm to School Grant Program	10.575	N/A	
Specialty Crop Block Grant Program	10.170	N/A	
HealthierUS School Challenge: Smarter Lunchrooms	10.000	N/A	
Total U.S. Department of Agriculture			17,466,527

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Program Title	CFDA Number	Pass-through Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Education			
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	U87PS004136	359,386
Refugee and Entrant Assistance	93.576	24791	
Federal Child Care, Center-based	93.596, 93.575	13609	915,578
Total California Department of Education			1,274,964
Passed through California Department of Health Care Services			
Medical Assistance Program	93.778	10013	1,031,382
Total U.S. Department of Health and Human Services			2,306,346
Total expenditures of federal awards			$ 63,958,575

See accompanying note to supplementary information.

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
JUNE 30, 2018

	(Budget) 2019 [1]	2018	2017	2016
GENERAL FUND				
Revenues	$ 576,982,997	$ 557,452,856	$ 538,680,771	$ 523,723,088
Other sources	564,067	207,817	4,772,512	182,423
Total revenues and other sources	577,547,064	557,660,673	543,453,283	523,905,511
Expenditures	583,388,208	533,219,289	545,926,788	515,055,166
Other uses and transfers out	1,790,000	1,722,460	5,157,909	3,097,178
Total expenditures and other uses	585,178,208	534,941,749	551,084,697	518,152,344
CHANGE IN FUND BALANCE	$ (7,631,144)	$ 22,718,924	$ (7,631,414)	$ 5,753,167
ENDING FUND BALANCE	$ 42,351,926	$ 49,983,070	$ 27,264,146	$ 34,895,560
AVAILABLE RESERVES [2]	$ 3,198,910	$ 10,830,054	$ 3,062,676	$ 11,039,634
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	0.55%	2.02%	0.56%	2.13%
LONG TERM COMMITMENTS				
Bonded debt	$ 977,293,190	$ 1,013,176,081	$ 1,049,738,972	$ 1,030,710,818
Direct district obligations				
State loan	28,568,894	33,950,688	39,238,465	44,433,868
Claims liability	46,917,792	46,917,792	44,175,999	42,046,657
Net pension liability	527,537,841	527,537,841	426,773,795	329,559,937
Other	16,397,785	16,397,785	16,275,959	11,533,784
Total direct district obligations	619,422,312	624,804,106	526,464,218	427,574,246
TOTAL LONG-TERM COMMITMENTS	$ 1,596,715,502	$ 1,637,980,187	$ 1,576,203,190	$ 1,458,285,064
K-12 AVERAGE DAILY ATTENDANCE AT P-2	34,878	34,952	34,951	35,484

The general fund balance has increased by $15.1 million over the past two years. Available reserves have decreased by $210 thousand over the past two years. The fiscal year 2018-19 budget projects a decrease of $7.6 million. For a district this size, the state recommends available reserves of at least 2 percent of total general fund expenditures, transfers out, and other uses (total outgo).

Average daily attendance has decreased by 532 over the past two years. ADA is anticipated to decline 74 during the 2019 fiscal year.

[1] Budget 2019 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances of the general fund.

See accompanying note to supplementary information.

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OAKLAND UNIFIED SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund
ASSETS				
Deposits and investments	$ 1,940,724	$ 1,404,691	$ 5,433	$ 30,474,348
Receivables	104,064	341,649	18	1,672,308
Due from other funds	-	1,993	-	-
Total Assets	$ 2,044,788	$ 1,748,333	$ 5,451	$ 32,146,656
LIABILITIES AND FUND BALANCES				
Liabilities				
Payables	$ 27,529	$ 197,571	$ -	$ -
Due to other funds	26,675	1,524,607	-	-
Unearned revenue	-	21,563	-	-
Total Liabilities	54,204	1,743,741	-	-
Fund Balances				
Restricted	1,829,146	4,592	-	32,146,656
Committed	161,438	-	5,451	-
Total Fund Balances	1,990,584	4,592	5,451	32,146,656
Total Liabilities and Fund Balances	$ 2,044,788	$ 1,748,333	$ 5,451	$ 32,146,656

See accompanying note to supplementary information.

County School Facilities Fund	Special Reserve Capital Outlay Fund	Nonmajor Governmental Funds
$ 9,114,404	$ 828,301	$ 43,767,901
7,320	2,780	2,128,139
-	-	1,993
$ 9,121,724	$ 831,081	$ 45,898,033
$ 25,428	$ 920	$ 251,448
-	7,197	1,558,479
-	-	21,563
25,428	8,117	1,831,490
8,940,489	706,094	43,626,977
155,807	116,870	439,566
9,096,296	822,964	44,066,543
$ 9,121,724	$ 831,081	$ 45,898,033

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund
REVENUES				
Federal sources	$ 206,888	$ 915,578	$ -	$ -
Other state sources	2,341,748	10,962,394	-	-
Other local sources	198,387	467,764	51	15,642,936
Total Revenues	2,747,023	12,345,736	51	15,642,936
EXPENDITURES				
Current				
Instruction	1,674,486	8,609,974	-	-
Instruction-related activities:				
Supervision of instruction	60,071	1,914,972	-	-
School site administration	769,437	862,128	-	-
Pupil services:				
All other pupil services	-	4,056	-	-
Administration:				
All other administration	104,984	609,299	-	-
Plant services	-	287,246	-	-
Capital outlay	-	-	-	28,216
Total Expenditures	2,608,978	12,287,675	-	28,216
Excess (Deficiency) of Revenues Over Expenditures	138,045	58,061	51	15,614,720
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(57,224)	-	-
Net Financing Sources (Uses)	-	(57,224)	-	-
CHANGE IN FUND BALANCE	138,045	837	51	15,614,720
Fund Balance - Beginning	1,852,539	3,755	5,400	16,531,936
Fund Balance - Ending	$ 1,990,584	$ 4,592	$ 5,451	$ 32,146,656

See accompanying note to supplementary information.

County School Facilities Fund	Special Reserve Capital Outlay Fund	Nonmajor Governmental Funds
$ -	$ -	$ 1,122,466
261,354	73,305	13,638,801
189,077	208,390	16,706,605
450,431	281,695	31,467,872
-	-	10,284,460
-	-	1,975,043
-	-	1,631,565
-	-	4,056
-	-	714,283
-	73,305	360,551
337,834	618,522	984,572
337,834	691,827	15,954,530
112,597	(410,132)	15,513,342
6,006,665	-	6,006,665
-	-	(57,224)
6,006,665	-	5,949,441
6,119,262	(410,132)	21,462,783
2,977,034	1,233,096	22,603,760
$ 9,096,296	$ 822,964	$ 44,066,543

OAKLAND UNIFIED SCHOOL DISTRICT

GENERAL FUND SCHEDULE OF UNRESTRICTED AND RESTRICTED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Restricted	Total General Fund
REVENUES			
Local control funding formula	$ 358,975,630	$ 2,925,452	$ 361,901,082
Federal sources	18,344	45,345,988	45,364,332
Other state sources	13,772,570	53,765,217	67,537,787
Other local sources	36,919,563	45,730,092	82,649,655
Total Revenues	409,686,107	147,766,749	557,452,856
EXPENDITURES			
Current			
Instruction	184,384,010	125,840,363	310,224,373
Instruction related activities	62,542,417	37,377,412	99,919,829
Pupil services	15,538,078	9,190,578	24,728,656
General administration	22,338,748	4,408,006	26,746,754
Plant services	35,629,107	12,663,652	48,292,759
Ancilliary services	787,053	11,906,265	12,693,318
Community services	629,199	-	629,199
Other outgo	461,079	2,810,084	3,271,163
Capital outlay	31,372	717,921	749,293
Debt service			
Principal	5,287,777	-	5,287,777
Interest	676,168	-	676,168
Total Expenditures	328,305,008	204,914,281	533,219,289
Excess (Deficiency) of revenues over expenditures	81,381,099	(57,147,532)	24,233,567
OTHER FINANCING SOURCES (USES):			
Transfers in	207,817	-	207,817
Transfers out	(1,722,460)	-	(1,722,460)
Other sources (uses)	(72,072,131)	72,072,131	-
Net Financing Uses	(73,586,774)	72,072,131	(1,514,643)
NET CHANGE IN FUND BALANCES	7,794,325	14,924,599	22,718,924
Fund Balance - Beginning	3,575,850	23,688,296	27,264,146
Fund Balance - Ending	$ 11,370,175	$ 38,612,895	$ 49,983,070

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Local Educational Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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 46200 through 46206.

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

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the school district audit.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the statement of revenues, expenditures, and changes in fund balances and the related expenditures reported on the schedule of expenditures of federal awards:

	Amount
Total federal revenues from the statement of revenues, expenditures and changes in fund balances:	$ 67,215,945
Federal interest subsidy on qualified construction bonds and build America bonds	(3,257,370)
Total federal expenditures on the schedule of expenditures of federal awards	$ 63,958,575

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern through the end of the next operating cycle.

Nonmajor Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

The nonmajor governmental funds combining balance sheet and combining statement of revenues, expenditures and changes in fund balances is included to provide information regarding the individual funds that have been included in the nonmajor governmental funds column on the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances.

Schedules of the unrestricted and restricted General Fund

The schedules of unrestricted and restricted portions of the general fund are included to provide additional information regarding the different categories of general fund operations.

INDEPENDENT AUDITOR'S REPORTS

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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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
Oakland Unified School District
Oakland, 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 Oakland Unified School District (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2018

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2018-001 and 2018-006 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the schedule of findings and responses as items 2018-002 through 2018-005 to be significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2018-007 through 2018-014.

The District's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day LLP

Palo Alto, California
December 17, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Oakland Unified School District
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited Oakland Unified School District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the 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 qualified opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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Basis for Qualified Opinion on Each Major Federal Program

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the following federal programs:

Finding	Program Name (CFDA)	Compliance Requirement
2018-007	U.S. Department of Agriculture, California Department of Education: Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)	Eligibility
2018-008	U.S. Department of Education, California Department of Education: Title I (84.010), Title II (84.367), 21 Century (84.287), Special Education Cluster (84.027, 84.027A, 84.173, 84.173A), School Improvement Grant (84.377), U.S. Department of Agriculture, California Department of Education: Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559), Child and Adult Care Food Program (10.558).	Activities allowable
2018-009	U.S. Department of Education, California Department of Education: Title I (84.010)	Special tests and provisions
2018-010	U.S. Department of Education, California Department of Education: 21 Century (84.287)	Reporting

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to each program.

Qualified Opinion on Each Major Federal Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the 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 major federal program for the year ended June 30, 2018.

Other Matters

The District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-008 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-007, 2018-009, and 2017-010 to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Vavrinek, Trine, Day LLP

Palo Alto, California
December 17, 2018

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Education
Oakland Unified School District
Oakland, California

Report on State Compliance

We have audited the Oakland Unified School District's (District) compliance with the types of compliance requirements as identified in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the District's state government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards 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 the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the 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 opinions. Our audit does not provide a legal determination of District's compliance with those requirements.

Basis for Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding attendance recording and reporting (2018-011), Unduplicated Local Control Funding Formula Pupil Counts (2018-012), School Accountability Report Card (2018-0013), and Instructional Minutes (2018-014). Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

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Qualified Opinion

In our opinion, except for the noncompliance described in the basis for qualified opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2018.

Other Matters

The District’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios 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
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes

	Procedures Performed
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform procedures regarding certain state programs for the following reasons:

The District did not offer an early retirement incentive program.
The District does not have any juvenile court schools.
The District does not have any middle or early college high schools.
The District does not offer an Apprenticeship program.
The District does not offer a before school education and safety Program.
The District does not offer course based independent study program.
The District does not have any dependent charter schools.

Vavrinek, Trine, Day LLP

Palo Alto, California
December 17, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OAKLAND UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiency identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal programs:	
Material weakness identified?	Yes
Significant deficiency identified?	Yes
Type of auditor's report issued on compliance for major Federal	Qualified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	Yes

Identification of major program

CFDA Number	Name of Federal Program or Cluster
84.010	Title I, Part A of the ESEA - Grants to LEAs
84.367	Title II, Part A of the ESEA - Supporting Effective Instruction
84.287	Title IV, Part B of the ESEA, 21 Century Community Learning
84.027, 84.027A, 84.173, 84.173A	Special Education - IDEA Cluster
84.377	School Improvement Grant
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster
10.558	Child and Adult Care Food Program

Dollar threshold used to distinguish between Type A and Type B	$ 1,918,757
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:

Unmodified for all programs except for the following programs which are qualified:

Name of Program
Unduplicated Local Control Funding Formula Pupil Count (2018-012)
School Accountability Report Card (2018-013)
Instructional Minutes (2018-014)
Attendance Recording and Reporting (2018-011)

AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

FINANCIAL STATEMENT FINDINGS

2018-001 Financial Statement Presentation of Fiduciary Funds (ASB)
Code 30000, 60000

Criteria
Material weakness in internal control - GASB 34, paragraph 63 requires governments to report fiduciary funds to the extent that they have activities that meet the criteria for using the funds. Furthermore, as a school district and custodian of associated student body funds, the District has a fiduciary responsibility to ensure safeguarding of student body funds.

Condition
The District has not prepared a summary of the Associated Student Body (ASB) funds in an auditable format. Therefore, the required schedule of these fiduciary funds is not presented in the financial statements.

Questioned costs
Not applicable

Context
The amount of cash held on behalf of students varies depending on the size of the student body at each of the respective schools. During the year, the District operated 48 elementary schools, 6 K-8 schools, 13 middle schools, 3 grades 6-12 schools, 7 grades 9-12 schools, 8 alternative schools and 29 early childhood education centers. Likely, not all these schools have ASB accounts.

Effect
The District is unable to present the fiduciary activity in the financial statements. Furthermore, the District is unable to exercise its fiduciary responsibility over custody of these funds on behalf of the student body.

Cause
The District did not have procedures in place to accumulate the data necessary to present the associated student body fund financial information.

Identification as a repeat finding
See finding 2017-001

Recommendation
The District should develop procedures to identify the student body accounts at each of the school sites. Additionally, the District should adopt the procedures contained in the FCMAT ASB manual regarding custody and oversight of the student body funds.

Views of responsible officials/corrective action plan

The District will provide the required procedures and oversight to ensure the schools sites are in compliance with internal controls. The Fiscal Department will conduct annual trainings starting January 2019 and the monitor the progress of reporting compliance. The District will designate a staff to track submission of reports. The District will complete reconciliation of cash balances with the bank balances per school site at the close of fiscal year 2018-19.

2018-002 Human Resources Internal Control Process
Code 30000

Criteria
Significant deficiency in internal control - Internal controls are a process effected by those charged with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives, meeting the board approved operating budget, assurance that open positions are budgeted and approved with an eligible funding source, effectiveness and efficiency of operations, and compliance with laws and regulations.

Pension and medical benefit providers invoice the District based on census information such as age and hire date of enrolled employees. The District is responsible to ensure the completeness and accuracy of information reported to the benefit providers and ensure that such information is available to support an audit.

Condition
The District was unable to provide written documentation supporting the budgeting of payroll to restricted resources. In substantive testing of payroll transactions in such areas as the parcel tax expenditures and in testing of costs distributed to federal programs, we did satisfy ourselves that payroll expenditures charged to restricted resources were overall correctly allocated to eligible funding sources based on the employees' job duties.

The District was unable to supply documentation to satisfy us that the census information such as age and service credits transmitted to benefit providers is complete and accurate. We analytically recalculated the payroll medical and pension expense noting that the total charges are overall reasonable.

Context
Expenditures for wages and benefits of $425 million are approximately 80% of general fund expenditures.

Effect
Failure to ensure that open positions are budgeted prior to being filled increases the risk of overspending the budget. Failure to correctly distribute salary among funding sources could result in forfeiture of grant revenue. Failure to timely notify the benefit providers of employee separations could result in the District incurring excess benefit costs. Failure to correctly report pensionable earnings to the pension providers could result in the District incurring excess benefit costs.

Cause
There appears to be a lack of ongoing monitoring and oversight to ensure that employees involved in key process are consistently following the established policies and procedures, which includes the retention of pertinent physical records to support the performance of documented controls. Often no single person is accountable to locate documents or answer questions. Furthermore, effective internal controls are an overall District responsibility requiring interdepartmental communication to be successful.

Identification as a repeat finding
See finding 2017-002.

Recommendation
The District should ensure that management in charge of these areas is held accountable to ensure that all critical internal control policies and procedures are communicated to the employees charged with the responsibility of carrying out those procedures. Management further needs to monitor compliance and make sure that processes are being performed timely and consistently. Furthermore, there needs to be one established method to ensure that controls are being followed and that employees do not deviate from established District policies. Finally, there needs to be a formal record retention policy that supports the fact that controls are being followed in accordance with District policies.

Views of responsible officials and planned corrective actions
The launching of ESCAPE Online 5 in July 1 2018, a comprehensive and integrated business system provided a detailed workflow ensuring internal control are in place in HR, Payroll and budget department. ESCAPE position control system are integrated with budget to ensure funding are identified when positions are authorized, filled or changed. The District will be updating policies and procedures to segregate duties and responsibilities as a result of changes brought about by the ESCAPE implementation. The District will also evaluate practices and procedures in hiring independent contractors to ensure compliance to IRS, labor laws and district policy.

2018-003 Payroll Internal Control Process
Code 30000

Criteria
Significant deficiency in internal control - Internal controls are a process effected by those charged with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives, meeting the board approved operating budget, effectiveness and efficiency of operations, and compliance with laws and regulations.

The District is responsible to ensure that all pay disbursements are associated with an eligible funding source and ensure that such information is available to support an audit. The District is also responsible to ensure that vacation hours are recorded to the payroll system when used.

Condition
The District was unable to provide written documentation supporting the allocation of payroll to restricted resources. In substantive testing of payroll transactions in such areas as the parcel tax expenditures and in testing of costs distributed to federal programs, we did satisfy ourselves that payroll expenditures charged to restricted resources were overall correctly allocated to eligible funding sources based on the employees' job duties.

Usage of vacation is recorded in the payroll system by the centralized payroll department based on paper timecards prepared at the site where the employee works. The District was unable to supply documentation to satisfy us that all usage of vacation is captured in the payroll system.

Context
Expenditures for wages and benefits of $425 million are approximately 80% of general fund expenditures.

To remove all doubt, we have no concerns regarding the completeness and accuracy of the accounting records of payroll expense. The District has always supplied a verifiable record of actual payroll expenditure accounting activity, and all such activity is recorded into the books and records of the District.

Effect
Failure to correctly distribute salary among funding sources could result in forfeiture of grant revenue, questioned costs resulting from an audit, or other financial penalties imposed by a granting agency. Failure to record consumption of vacation hours could result in excess vacation expense.

Cause
There appears to be a lack of ongoing monitoring and oversight to ensure that employees involved in key process are consistently following the established policies and procedures, which includes the retention of pertinent physical records to support the performance of documented controls. Often no single person is accountable to locate documents or answer questions. Furthermore, effective internal controls are an overall District responsibility requiring interdepartmental communication to be successful.

Identification as a repeat finding
See finding 2017-002.

Recommendation
Management in charge of these areas should be held accountable to ensure that all critical internal control policies and procedures are communicated to the employees charged with the responsibility of carrying out those procedures. Management further needs to monitor compliance and make sure that processes are being performed timely and consistently. Furthermore, there needs to be one established method to ensure that controls are being followed and that employees do not deviate from established District policies. Finally, there needs to be a formal record retention policy that supports the fact that controls are being followed in accordance with District policies.

Views of responsible officials and planned corrective actions
The launching of ESCAPE Online 5 in July 1 2018, a comprehensive and integrated business system provided a detailed workflow ensuring internal control are in place in HR, Payroll and budget department. The ESCAPE position control system ensures funding are identified when positions are authorized, filled or changed. The District will be updating policies and procedures to segregate duties and responsibilities as a result of changes brought about by the ESCAPE implementation. The District will also evaluate practices and procedures hiring, granting benefits and hiring independent contractors to ensure compliance to IRS, labor laws and district policy.

2018-004 Classification of Workers
Code 30000

Criteria
Significant deficiency in internal control - The District is responsible to ensure compliance with board approved policies about hiring of employees and vendor selection. The purpose of such policies is to provide reasonable assurance about the achievement of the entity's objectives, meeting the board approved operating budget, effectiveness and efficiency of operations, and compliance with laws and regulations.

Condition
In our internal control testing of contractors/vendors, we found "contractors/vendors" that are in form, appear to be District employees. We reviewed invoices processed through accounts payable supporting hours worked, however the District did not provide adequate documentation for us to conclude if workers are correctly classified as independent contractors and not District employees. The District should not assume it is safe to accurately classify a worker as an independent contractor simply because the worker wanted, or asked, to be treated as an independent contractor.

Context
Total general fund expenditures for contractors/vendors were $6.5 million or 1.2% of total general fund expenditures.

Effect
Failure to correctly classify workers as employees or independent contractors could be viewed as an attempt to circumvent board approved internal control policies, spend outside the approved budget, and increases the risk of compliance with tax laws and regulations.

Cause
The District does not have effective controls to ensure that all hiring decisions comply with District policy.

Identification as a repeat finding
This finding was not reported in the previous year.

Recommendation
We recommend management develop written procedures addressing areas of compliance with labor laws, meeting the Board approved operating budget, and achieving the Board's strategic objectives for the District. We also recommend a review of all independent contractors to ensure compliance with District policy.

Views of responsible officials and planned corrective actions
As of July 1, 2018, the District implemented a new ERP system. Intended benefits of ESCAPE are to work towards resolution of this finding through enhanced budget monitoring.

2018-005 Contractor Selection Internal Controls
Code 30000

Criteria
Significant deficiency in internal control - Internal controls are a process effected by those charged with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives, meeting the board approved operating budget, assurance that vendor payments are budgeted and approved with an eligible funding source, effectiveness and efficiency of operations, and compliance with laws and regulations.

Condition
In our testing of internal controls over the accounts payable and cash disbursement processes, we noted instances where the District was unable to provide documentation to show us that vendors were selected pursuant to District purchasing policy. Also refer to finding 2018-002 on classification of workers as vendors or employees.

Context
Total vendor expense, including construction contractors, was $189 million for the fiscal year. Our total sample of vendor transactions selected for testing of internal controls was 157 items totaling $28.6 million. Of this amount, 51 items totaling $27.8 million were subject to formal or informal contractor selection. Audit deviations are summarized in the following table:

	Number of items	Amount
No internal control documentation provided	5	$2.4 million
Documentation does not support vendor selection per District policy	42	$12.2 million

We have no concerns on the completeness and accuracy of the accounting records of vendor expenditures. The District has always supplied a verifiable record of actual expenditure accounting activity, and all such activity is recorded into the books and records of the District.

Effect
The purpose of purchasing policies are to protect the District, ensure fair prices, and ensure the Board's directives are carried through. The District's purchasing policies are not effective unless consistently followed, increasing business risk to the District.

Cause
There is a lack of monitoring to ensure that internal control policies and procedures are implemented and followed in the manner intended when they were established.

Identification as a repeat finding
See finding 2017-004

Recommendation
Department personnel should periodically review transactions to confirm that policies and procedures are being followed in the manner intended.

Views of responsible officials and planned corrective actions

The launching of ESCAPE Online 5 in July 1 2018, a comprehensive and integrated business system provided a detailed workflow ensuring internal control are in place in the Procurement and Budgeting process. The District will eliminate the paper requisition starting 2018-19. The District will be updating policies and procedures to ensure requisitions are submitted with appropriate funding and purchase orders are issued to qualified vendors

2018-006 Health Benefits Governing Board
Code 30000, 60000

Criteria
Material weakness in internal control - In October 2015, the District entered into an agreement with its employee unions setting up a coordinated bargaining process for health and welfare benefits to be conducted through a Health Benefits Governance Board (HBGB). The intention of the agreement is to provide stability and help manage benefits costs. The HBGB consists of representatives of each signatory union and the District.

Section IV of the agreement defines a formula to annually calculate the District's responsibility to fund health and welfare benefits. If the District's financial obligations, as calculated per the HBGB formula, exceed the actual costs of benefits, such excess contributions become restricted to offset future health and welfare costs. Conversely, if actual benefits costs are greater than the District's financial obligations per the HBGB formula, those costs first are paid from HBGB restricted resources, and then are obligations of the signatory unions. In other words, the District's obligations to fund health and welfare costs are determined by the HBGB formula.

Condition
The formula to calculate the District's health and welfare obligations per the HBGB agreement is not clear and has been interpreted differently with substantially varying outcomes. Specifically, the part of the formula that reads "…take the FTE from the total of all authorized full-time equivalent positions covered by this Agreement…as set forth in the Position Control Report as of October 31…" is not clear. Standard usage of the PCR is for budgeting purposes which are subject to estimation risk and uncertainty.

The position control report (PCR) is not intended to be the basis for calculating a financial obligation. No industry standard specifies the form and content of the report, and therefore it will fluctuate depending on parameters entered into the District's IFAS ERP system when generated. Furthermore, unlike actual after-the-fact accounting records which can be confirmed for accuracy, the PCR is a budget document not subject to audit or other defined benchmarks to measure completeness and accuracy.

Furthermore, the phrase "authorized FTE" seems to include employees not receiving health and welfare benefits and also positions classified as "open" in the PCR, but with no actual funding source. It is not clear how to adjust the PCR for purposes of the HBGB calculation.

As a result of the above, a strict application of the HBGB formula results in the District paying health and welfare benefits for positions that do not exist, and positions not eligible for medical benefits such as part time or temporary employees. This was probably not intended by the signers to the agreement, which likely presumed that the formula was a straight mathematical calculation.

Context
Health and welfare expenditures were $56 million for the year ending June 30, 2018.

To be clear, the financial statements correctly reflect the health and welfare benefits expenditures per accounting standards applicable to governmental entities. Specifically, with respect to the general fund, which reports accounting activity on the modified accrual basis of accounting, all health and welfare expenditures are correctly reported.

The impact to the District's financial statements - when HBGB contribution becomes determinable - will vary if the actual contribution is greater than, or less than, the HBGB calculated contribution requirement.

If the actual payments for health and welfare benefits are less than the District's required contribution per the HBGB formula, the effect to the general fund would be to restrict a portion of its ending equity for future general fund health and welfare obligations. There is no impact to expenditures.

If the actual payments for health and welfare benefits are greater than the District's required contribution per the HBGB formula, the effect to the general fund would be recognition of a receivable and an increase in ending fund balance.

Effect
The District's obligation to (or receivable from) the "HBGB" is not objectively determinable as of June 30, 2018.

Cause
The HBGB formula was not subject to third-party testing. The formula to calculate the District's obligations to fund the HBGB is not clear and has been interpreted differently with varying outcomes.

Identification as a repeat finding
This finding was not reported in the prior year.

Recommendation
We recommend the District to re-negotiate the agreement with respect to the formula used to calculate the District's annual obligation for health and welfare. The formula should be subject to independent recalculation to ensure that it results in an outcome consistent with its intent.

Views of responsible officials and planned corrective actions
The District will renegotiate with the HBGB governing board to provide clarity of the formula and identify the financial impact of the district.

FEDERAL COMPLIANCE FINDINGS

2018-007 Income eligibility, Child Nutrition Program
Compliance Requirement – Internal controls and compliance over eligibility
Code 50000

Federal Program Affected
U.S. Department of Agriculture, California Department of Education: Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559).

Criteria
Significant deficiency in internal control over compliance and instances of non-compliance - The District is reimbursed for meals served to students eligible for free or reduced pricing. The reimbursement rates depend on how the student is classified.

The District is responsible to ensure that students classified as eligible for free or reduced price meals meet the income eligibility requirements for such designation.

Condition
We found instances where students were incorrectly classified as eligible for free or reduced meals. The District also could not produce supporting source documents for all items in our audit sample.

Questioned costs
Questioned costs associated with this condition are $1,912, which is the approximate amount of excess reimbursement received by the District for known individuals who did not meet the eligibility requirements.

Context
We selected a sample of 60 and identified 5 deviations: 2 students classified as "free" should have been "reduced"; 1 student classified as "free" should have been "paid"; and for 2 students no supporting documentation was provided. Total federal revenue reported in the cafeteria fund was $17.5 million for the year ending June 30, 2018.

Cause
The District did not have adequate processes to review all income verification forms to ensure they meet the income eligibility requirements.

Identification as a repeat finding
See finding 2017-007.

Recommendation
Personnel responsible for compliance in this area should ensure that all income eligibility forms are reviewed and that records are updated timely based on the review.

Views of responsible officials/corrective action plan
The Technology Staff will work closely with the Child Nutrition department to ensure complete documentation is in place and periodic review and reconciliation are completed for CALPADS certification.

2018-008 Time and effort documentation
Compliance Requirement – Internal controls and compliance over allowable activities
Code 50000

Federal Program Affected
U.S. Department of Education, California Department of Education: Title I (84.010), Title II (84.367), 21 Century (84.287), School Improvement Grant (84.377), Special Education (84.027, 84.027A, 84.173, 84.173A), U.S. Department of Agriculture, California Department of Education: Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559), Child and Adult Care Food Program (10.558).

Criteria
Material weakness in internal control over compliance and instances of non-compliance - The Uniform Guidance specifies the standards for documenting salaries and wages charged to federal programs.

Employees who work solely on a single federal award or cost objective need only complete a periodic certification meeting certain requirements. Employees who work on multiple activities or cost objectives of which at least one is federal must complete a personnel activity report or equivalent documentation. Among others, the requirements include that activity reports must reflect an after the fact distribution of the actual activity of each employee. Activity reports must account for the total activity for which each employee is compensated.

Condition
Control and compliance - During our examination of employee time and effort documentation, it was noted that not all employees submitted time and effort documentation meeting the aforementioned requirements. We also noted instances where District employees were unable to answer questions or produce the time and effort documentation within a reasonable period.

Questioned costs
Questioned costs are $34,799, which is the amount of salary and benefits charged to federal resources of which the condition is applicable.

Context
$60 million of salary and benefits related to 3,000 employees were funded by federal resources during the year. We selected random sample of 60 transactions for time and effort documentation and identified 7 deviations.

We do not question if the District is actually using the federal funds as intended by the grant agreements. This finding is related to the District being unable to produce documents required by the uniform guidance. In such instances, we performed additional audit procedures that primarily consisted of inquiries of department heads and reviews of other documents, to satisfy ourselves that the employees are engaged in an eligible activity.

Effect
The District is required to maintain the time and effort documentation as a prerequisite of receiving federal grants. Failure to do so could result in disallowance of expenditures allocated to federal programs, even if the District actually complied with the underlying grant requirements.

Cause
The District does not have a process that facilitates collection of these documents. There are no formal procedures, and it seems each school is tasked with the individual responsibility of compliance. The issue is compounded by turnover of staff responsible for compliance in this area.

Identification as a repeat finding
See finding 2017-008.

Recommendation
The responsibility to collect federal time accounting documents should be handled by centralized personnel at the District office. One person should be tasked with this responsibility and held accountable for compliance.

Views of responsible officials/corrective action plan
During 2014-15, the District enhanced its time accounting monitoring procedures to better support central departments and school sites to submit completed documentation to the Office of Accountability Partners (OAP).

The launching of ESCAPE Online 5 in July 1 2018, a comprehensive and integrated business system provided a reporting capability to reflect the funding source for each position funded by federal grants. The District will ensure the time accounting reports will be certified and signed by Administrator as required by law. The District also updated it current policies and procedures to include definition of roles and responsibilities and allowable services.

2018-009 Title I Comparability
Compliance Requirement – Internal controls and compliance over special tests and provisions
Code 50000

Federal Program Affected
U.S. Department of Education, California Department of Education: Title I (84.010)

Criteria
Title I, Part A of the Elementary and Secondary Education Act (ESEA) provides federal financial assistance to local educational agencies (LEAs) to provide supplemental services to meet the educational needs of educationally disadvantaged children. The legislation requires LEAs to provide state and local resources in Title I schools that are comparable to the services provided in non-Title I schools. This requirement continues under the Every Student Succeeds Act.

Condition
Significant deficiency in internal control over compliance and instances of non-compliance - One of the District's high schools failed the Title I comparability test because the student to staff ratio exceeded 110 percent of the average student to staff ratio of all Title I schools in the grade span.

The District correctly calculated the student to staff ratio using the CDE comparability calculator. However, no action was taken to increase staffing or adjust student enrollment to achieve comparability.

Questioned costs
No questioned costs are associated with this finding.

Context
This condition applies to one of the District's high schools. 110 percent of the average student to staff ratio of all Title I schools in the grade span was 21.67. The student to staff ratio of the school in question was 22.7.

Cause
There is no single person accountable to ensure compliance with this requirement. Administrative staff completed the calculation, but nobody initiated substantive action to address the noncompliance.

Identification as a repeat finding
This finding was not reported in the prior year.

Recommendation
Administrative staff assigned responsibility for completing the CDE comparability calculation are not able to ensure actual compliance. After completing the calculation, there should be a single person responsible for reviewing the calculation and initiating follow-up action as necessary.

Views of responsible officials/corrective action plan
We completed the same calculation for the 2018-19 school year. All schools passed the comparability tests.

2018-010 21st Century Attendance Reporting
Compliance Requirement – Internal controls and compliance over reporting
Code 50000

Federal Program Affected
U.S. Department of Education, California Department of Education: 21 Century (84.287)

Criteria
Significant deficiency in internal control over compliance and instances of non-compliance - The California Department of Education (CDE) administers California's 21st Century Community Learning Centers CCLC) Program. *Education Code* sections 8484.7 - 8484.9 further define California's 21st CCLC Program. This state-administered, federally funded program provides five-year grant funding to establish or expand before-and after-school programs that provide disadvantaged kindergarten through twelfth-grade students with academic enrichment opportunities and supportive services to help the students meet state and local standards in core content areas.

The District evidences student participation by reporting attendance to the CDE. The daily attendance shall be recorded for all the students attending the after school program on each school day the program operates.

Condition
A portion of 21st CCLC Program attendance reported to the CDE was not accurate.

Questioned costs
Funding is not reimbursed for attendance; instead, 21st CCLC Program is direct funded as multi-year renewable grants by site. Grant awards for the fiscal year do not change once amounts are determined. Grant awards are based in part on the amount of students served (attendance reported to the state). A discrepancy in the number of students served in the current year will not affect current year funding, but it could influence funding for future periods. The funding amounts for future years are based on a number of factors of which number of students served is one. As such it is not possible to project what the fiscal impact of the errors noted above will have on future grant awards.

Context
The District operates a 21st CCLC Program at over 60 schools. We selected a sample of five schools. This finding applies to all five schools.

Cause
While the District handles administering the after-school program, operation of the program is managed by various lead agencies. Each lead agency has a different method to track and record attendance. All lead agencies are expected to accurately input attendance into the District’s centralized system, Cityspan, for aggregation and reporting to the CDE. With respect to three of the schools, the cause of the errors is because lead agencies revised attendance data without notifying District management. With respect to two of the schools, the discrepancies were caused by a formula error in a tool used to summarize attendance data.

Identification as a repeat finding
This finding was not reported in the prior year.

Recommendation
A similar finding has repeated for multiple years with respect to the state funded ASES program. However, the magnitude of noncompliance has reduced substantially as the District has worked to implement corrective action. We recommend the District continue implementation of the corrective action that is currently in progress.

Our prior findings recommend the District standardize the policies and procedures of attendance reporting and enforce policies through frequent internal audits of the sites. All District sites need to be reminded to retain documented records of when a student signs out of the program, showing signature, time out and reconciliation to the established early release policy, as applicable. It is also recommended that the District provide additional training to site coordinators as regards the rules and regulations regarding attendance gathering. Because of the inevitable turnover of personnel that occurs, this type of training should be given on an as needed basis, but at least annually and when there is turnover at the site coordinator position.

After school staff should count the number of students daily. The daily attendance totals should be reconciled with the monthly attendance totals. Attendance records should be retained and stored securely.

Views of responsible officials/corrective action plan

The OUSD After School Programs Office (ASPO) implemented several new procedures beginning in the 2014-15 school year to increase standardization and effective OUSD central oversight of ASES attendance gathering and reporting. Consequently, OUSD ASES programs made significant improvements in ensuring that written attendance records were complete and compliant, early release codes were properly utilized, and attendance data reported to the California Department of Education could be substantiated with student signatures on daily sign in/out sheets. The current year audit findings noted for ASES are significantly “better” than previous years, and reflects our improved after school internal monitoring procedures. We will continue to utilize and strengthen these procedures, detailed here:

- ASPO has established the following after school attendance requirements for all ASES and 21st Century Community Learning Center program sites: By the 10th of every month, all OUSD ASES and 21st CCLC program sites are required to scan and send electronically to ASPO a copy of all their daily sign in/out sheets from the previous month. Programs are also required to conduct an internal audit of their attendance records to ensure that the number of attendance recorded in Cityspan for any given program date is properly supported by sign-in sheet documentation. Program sites are required to submit internal audit documentation to the ASPO by the 10th of each month, along with electronic copies of the previous month’s attendance records. ASPO staff will review submitted attendance data to monitor program sites for accurate completion of daily sign in/out forms and to cross check that the daily count of student attendance signatures match Cityspan data.

- These attendance requirements are documented in the 2015-16 OUSD After School Operations Manual. All program sites received documentation of these attendance requirements during the 2015 After School August Institute training, and electronically through email correspondence. The Operations Manual is also accessible via the After School webpage of the OUSD website. New after school site coordinators and program staff responsible for attendance record keeping received training on these new requirements during the New Site Coordinators orientation in August 2015, and during Cityspan trainings at the beginning of the 2015-16 school year. ASPO staff reviewed compliance requirements and provided examples of properly completed sign in/out sheets during these trainings.

- ASPO changed its process for semi-annual attendance reporting to CDE beginning with the 2014-15 school year, and continues to use this improved process in the current 2015-16 school year. ASPO completes its semi-annual attendance report using data on actual attendance signatures (pulled from the monthly internal audit logs submitted by all sites), rather than using Cityspan data. This change provides assurance that OUSD only reports attendance numbers that can be verified by signatures at each program site. ASPO will continue to use this process of reporting on hand-counted signatures as opposed to Cityspan data until we are certain that the Cityspan data accurately matches the number of signatures for each day of program operation at all program sites. ASPO monitors monthly attendance records and internal audit logs from each site to determine whether Cityspan numbers and signatures are matching up, and provides technical assistance to sites that are having difficulty with accurate reporting using the Cityspan online database.

- ASPO created a standard district form for programs to use to document daily early release of students leaving program earlier than 6pm. This daily early release form is distinct from the recurring daily early release form that is part of the standard after school enrollment packet. ASPO trained sites on the early release policy and proper documentation of early release occurrences during the 2015 August Institute training, and during the Cityspan trainings we provided at the beginning of the 2015-16 school year.

- The OUSD After School Programs Office created a new Compliance and Operations Program Manager position whose primary responsibility is to monitor programs for compliance, and provide training and technical assistance to ensure that all program sites are operating fully in compliance. We also shifted responsibilities of our Program Assistant so that this staff member can monitor monthly attendance submissions from all program sites. The Program Assistant follows up immediately with sites with missing, incomplete, or inaccurate monthly attendance data.

- In Spring 2014, as part of OUSD After School's new Lead Agency Request for Qualifications (RFQ) process, we defined lead agency partner expectations for ensuring compliance and developing agency systems and structures to ensure proper attendance record-keeping. Moving forward, lead agency evaluation will include a review of their ability to maintain compliant programs and accurate attendance records. Lead agencies that consistently fall short of OUSD's performance expectations regarding compliance may not be allowed to continue serving in the lead agency role for OUSD after school.

The above strategies were first implemented beginning in the 2014-15 school year, and continue to be implemented with more fidelity in 2017-18 school year and thereafter. As our program sites and lead agency partners become more familiar with these new attendance monitoring processes and strengthen their own internal processes for attendance monitoring and oversight, we anticipate that the number of ASES-related audit findings will continue to reduce in the upcoming program years.

STATE COMPLIANCE FINDINGS

2018-011 Attendance Recording and Reporting
Code 10000, 40000

Criteria
EDC §41601 requires the District to report average daily attendance (ADA) to the California Department of Education, which is the basis for calculating state funding. To this end, the District accumulates attendance electronically in the Aeries student information system. Aeries defaults all students as present, unless specifically marked absent by the classroom teacher.

Condition

1. The P-2 certified report of attendance overstated ADA resulting in excess state aid. The issue was eventually identified and corrected by the District, however the fact that it was submitted to the state with significant errors is evidence of an internal control issue that should be addressed by management.

2. We noted instances where it appears that teacher did not input attendance into Aeries, which defaulted students to present when in fact documentation showed the student was absent.

Questioned Costs
No questioned costs are associated with this finding. The District has already submitted revised P-2 and P-Annual reports of attendance to the CDE, which correctly state ADA amounts.

Context

1. The issue of overstated ADA was due to a technical error in Aeries, not District attendance taking policy.

2. 101 units of apportionment (less than 1 ADA) were found and corrected because of our audit procedures. These errors were found because we analytically reviewed the entire population of attendance. Had they been found from a smaller random sample, there would be a likelihood of a larger systemic issue; we do not believe these errors are indicators of a larger system issue as was true in previous years' audit findings.

Effect
ADA initially reported to the CDE was overstated.

Cause and Recommendation

1. We recommend that someone other than the preparer review the ADA reports before they are submitted to the State.

2. The District has official policies and procedures to promptly identify and correct Aeries input errors. Those procedures are overall working, as the District has shown substantial improvement. We recommend the District continue implementation of its attendance taking policies. Specifically, management should monitor secondary sites to ensure they are completing the "single period attendance reports" weekly.

Identification as a repeat finding
This finding was not reported in the previous year.

Views of responsible officials/corrective action plan
The attendance taking process has improved substantially over the past few years. We will continue to revise our attendance taking policies and procedures as issues are identified. Revised procedures are in place as of the first day of the 2017-18 school year specifically to ensure this issue does not recur.

2018-012 Unduplicated Local Control Funding Formula Pupil Counts
Code 40000

Criteria
Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the District on census day (first Wednesday in October). The percentage equals:

Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. Divided by total enrollment in the LEA (EC sections 2574(b)(1) and 42238.02(b)(5)).

"Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (EC sections 2574(b) (2) and 42238.02(b)(1)).

Data submitted by LEAs to CALPADS is used as the starting point for calculating the unduplicated student count. CALPADS Certification Report 1.17 – FRPM/English Learner/Foster Youth – Count, displays the counts of students by category and an unduplicated total.

In order to be counted in Report 1.17, a student must have an open primary or short-term enrollment in CALPADS over census day and meet one or more of the following criteria:

- Have a program record with an education program code of Homeless (191), Migrant (135), Free Meal Program (181), or Reduced-Price Meal Program (182) that is open over census day.
- Have an English Language Acquisition Status (ELAS) of "English learner" (EL) that is effective over census day.
- Be directly certified in July through November as being eligible for free meals based on a statewide match conducted by CALPADS.
- Be identified as a foster youth based on a statewide match conducted by CALPADS.
- Be identified as a foster youth through a local data matching process and submitted to and validated by CALPADS.

Condition
Our audit procedures found pupils incorrectly classified as "English learner" (EL) in CALPADS, and also pupils incorrectly classified as eligible for free or reduced prices meals.

Questioned Costs
Recalculation of the LCFF revenues using the adjusted unduplicated pupil count percentage causes a net decrease of $8,404.

Context
We found the following deviations:

Selected a sample of 60 Students indicated as a “No” under the “Direct Certification” column, that are only free or reduced priced meal eligible (FRPM) identified under the “NSLP Program” column (5 total deviations):

2 should have been "reduced"
1 should have been "paid"
and no support was provided for 2

Selected a sample of 60 students that are only English Learner (EL) eligible as identified under the “ELAS Designation” column (1 total deviation):

1 should have been reclassified English proficient

Selected a sample of 60 students indicated as a “No” under the “Direct Certification” column, that are both included in the “NSLP Program” column and the “ELAS Designation” column (3 total deviations):

1 classified as "reduced" should have been classified as "free"
no documentation was provided for 2

CALPADS certified total enrollment count was 37,049 and the certified total unduplicated pupil count was 28,664. Decreases to the unduplicated pupil count based on the audit are 6, resulting in an adjusted count of 28,658.

Effect
There may be errors in the unduplicated pupil count beyond those identified by our random audit sample. Identification and correction of any errors could result in considerable questioned costs.

Cause
The differences in classification between Aeries and CALPADS is primarily due to errors in data reported to CALPADS by students’ former school districts or due to reclassifications since the initial entry into CALPADS.

Identification as a repeat finding
See finding 2017-012.

Recommendation
We recommend the District to formalize procedures related to pupil classification, and designate an individual with the responsibility of implementing those procedures. Procedures should include a process to monitor the listing of pupils designated as “English learner” (EL) in CALPADS Report 1.18, by selecting a random sample of pupils and ensuring that underlying documentation supports the CALPADS classification.

Upon enrollment of a student transferring into OUSD from another school district, the District should request supporting documentation from the outgoing district. Pupils incorrectly classified by another school district should be detected and corrected during the CALPADS revision window.

The District should also develop procedure to verify that only students eligible for FRPM are designated as such in CalPADS.

Views of responsible officials/corrective action plan
Since audit year 2014-15 (to current year) the District has made considerable improvements to the intake process, including requiring the enrollment attendant to follow up with the outgoing school districts when a student transfers in. The timelines for CALPADs reporting are also closely monitored, to ensure that any discrepancies between the information in Aeries and in CALPADS are resolved prior to the deadline for submission. The District has one full time employee responsible for CALPADS submissions and a team of enrollment and attendance staff who follow up as needed to ensure accurate reporting. The District will review the English Learner (EL) pupil identification process, implement appropriate procedures and ensure adequate training is provided.

2018-013 School Accountability Report Card
Code 40000, 72000

Criteria
The District is required to report information regarding complaints related to teacher misassignments or vacancies pursuant to Education Code section 35186(d) on each school's annual report card (SARC).

Condition
We found discrepancies regarding the Williams complaint summary documents and the published SARCS.

Questioned Costs
There is no questioned cost associated with this condition because there is no funding related to school accountability report card.

Context
We examined the report cards for 14 of the District's 86 school sites and noted the condition applies to the following six report cards. The following table summarizes the number of complaints related to teacher misassignments or vacancies as reported on the SARC versus summary files provided by the District as support:

School	SARC	Summary
Claremont Middle	8	6
Fremont High	6	0
Lincoln	1	0
Madison	8	5
McClymonds	5	3
Montera	2	0

Effect
Information contained in the SARC regarding complaints related to teacher misassignments or vacancies may be incomplete or inaccurate.

Cause and Recommendation
The staff tasked with responsibility for compilation of the report cards operate independently of the staff tasked with responsibility to compile and summarize the source documents and no single person is accountable for the overall compliance. The SARC possibly is correctly reporting the count of complaints related to teacher misassignments or vacancies, however nobody was able to provide us an explanation.

We recommend the District appoint someone to be accountable for compliance in this area.

Identification as a repeat finding
This finding was not reported in the prior year.

Views of responsible officials/corrective action plan
Starting with fiscal year 2018-19, we verified that the 2018-19 SARCs are reporting correct information and we will review the 2019-20 report cards to make revisions as necessary.

2018-014 Instructional Minutes
Code 10000, 60000

Criteria
EDC §46201(b) requires the District to provide a minimum of 54,000 annual instructional minutes in grades 4 to 8, inclusive.

Condition
The summary of instructional minutes offered at each school site shows that the District did not offer the minimal number of annual instructional minutes in grades 4 and 5 with respect to one school.

Questioned Costs
Questioned cost are calculated as the product of total apportionment for affected grade level multiplied by percentage of instructional time the district failed to offer.

Grade span 4-6 ADA at the P-2 reporting period was 8,395.04, and the derived value of grade 4-6 ADA was $8,595.49. The site was short 450 instructional minutes. The instructional time penalty is $598,924.

Context
This finding applies to one of the District's 77 school sites.

Effect
The site did not offer the minimum number of annual instructional minutes.

Cause and Recommendation
Administrative staff at the District office input bell schedules into a computer system which then automatically calculates the instructional minutes offered at each site. The deficiency was identified per review of a summary sheet of minutes offered at all District schools. This deficiency should have been noticed by District staff and corrected at the beginning of the school year. The root cause of this finding is because there is no single person held accountable for compliance with instructional minutes. Our questions to resolve this discrepancy went answered for eight months. We recommend the District to appoint someone to be held accountable for compliance in this area.

We also recommend the District apply for a waiver with the California Department of Education to request corrective action in lieu of the financial penalty.

District personnel should also review the 2018-19 instructional minutes for compliance.

Identification as a repeat finding
This finding was not reported in the prior year.

Views of responsible officials/corrective action plan
We also reviewed the 2018-19 minutes calculation and noted that all sites have met or exceeded their requirements.

AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Summarized below is the status of all audit findings reported in the prior year schedule of financial statement findings.

FINANCIAL STATEMENT FINDINGS

2017-001 Financial Statement Presentation

Presentation of Fiduciary Funds, ASB

Finding
The District has not prepared a summary of the Associated Student Body (ASB) funds in an auditable format. Therefore, the required schedule of these fiduciary funds is not presented in the financial statements.

Recommendation
The District should identify the student body accounts at each of the school sites. Additionally, the District should adopt the procedures regarding custody and oversight of the student body funds.

Current Status
See finding 2018-001

2017-002 Human Resources/Payroll Internal Control Findings

Finding
During our testing of this control process, the District was unable to locate documents supporting the determination that controls over cost allocation of payroll to specific resources, preapproval in the budget, and general District internal control policies were being followed. Also, the District was unable to provide documentation to satisfy us that the information transmitted to benefit providers is complete and accurate.

Recommendation
Management in charge of these areas needs to make sure that all critical internal control policies and procedures are effectively communicated to the employees charged with the responsibility of carrying out those procedures. Management further needs to monitor compliance and make sure that processes are being performed timely and consistently. There should be one established methodology to ensure that controls are being followed. Employees should not be allowed to deviate from established policies. Finally, there needs to be an established record retention policy that supports the fact that controls are being followed in accordance with District policies.

Current Status
See finding 2018-002, and 2018-003

2017-003 Cafeteria cash receipts internal controls

Finding
The District has internal control processes designed to ensure that cafeteria cash collections are accurately recorded in the accounting records of the District. However, documentation is not always maintained to provide evidence that the controls are operating the manner intended. Therefore, we are unable to determine if controls in this area are being followed by district personnel.

Recommendation
Department personnel should periodically review transactions to confirm that policies and procedures are being followed in the manner intended.

Current Status
Resolved

2017-004 Cash disbursement/accounts payable internal controls

Finding
In our testing of internal controls over the accounts payable and cash disbursement processes, we noted instances where the District was unable to provide satisfactory documentation to show that the invoice submitted for payment was reconciled with a prior approved purchase order.

Recommendation
Department personnel should periodically review transactions to confirm that policies and procedures are being followed in the manner intended.

Current Status
See finding 2018-005

FEDERAL COMPLIANCE FINDINGS

2017-005 Highly Qualified Paraprofessionals

Finding
The District could not provide satisfactory documentation that paraprofessionals hired during fiscal year 2016-17 meet federal grant requirements.

Recommendation
The District should adopt human resources procedures intended to ensure that all paraprofessionals budgeted to be funded with Title I grants meet the requirements identified in the criteria paragraph.

Current Status
Resolved

2017-006 Income eligibility, Child and Adult Care Food Program

Finding
Some individuals classified as eligible for free or reduced-price meals did not meet the income eligibility requirement for such designation.

Recommendation
Personnel responsible for compliance in this area should ensure that all income eligibility forms are reviewed and that records are updated timely based on the review

Current Status
Resolved

2017-007 Income eligibility, Child Nutrition Program

Finding
Some students were classified as eligible for free meals when they should have been classified as eligible for reduced price meals.

Recommendation
Personnel responsible for compliance in this area should ensure that all income eligibility forms are reviewed and that records are updated timely based on the review.

Current Status
See finding 2018-007 or Resolved

2017-008 Time and effort documentation

Finding
Control and compliance - During our examination of employee time and effort documentation, it was noted that not all employees submitted time and effort documentation meeting the aforementioned requirements.

Recommendation
The District has a system that facilitates preparation and collection of time and effort documentation. Human interaction is required to complement the system in achieving its purpose. Personnel should monitor and timely follow up with employees who are delinquent in the return of time and effort documentation.

Current Status
See finding 2018-008

STATE COMPLIANCE FINDINGS
2017-009 Educator Effectiveness

Finding
The District expended grant funds prior to adoption of the required spending plan by the governing board.

Recommendation
None. This is a nonrecurring compliance requirement. The District achieved compliance as of the end of the fiscal year.

Current Status
Resolved

2017-010 Attendance

Finding
We noted instances where it appears that teacher did not input attendance into Aeries, which defaulted students to present when in fact documentation showed the student was absent.

Recommendation
The District should enforce usage the single period attendance reports at the secondary schools.

Current Status
See finding 2018-011

2017-011 After School Education and Safety

Finding
Written records documenting student's participation in the program do not support the reported number of students served. We identified instances where the sign in/out origination documentation did not agree with the attendance reported on the semiannual attendance reports.

Recommendation
We recommend the District continue implementation of the corrective action that is currently in progress. Our prior findings recommend the District standardize the policies and procedures of ASES attendance reporting and enforce policies through frequent internal audits of the sites. All District sites need to be reminded to retain documented records of when a student signs out of the program, showing signature, time out and reconciliation to the established early release policy, as applicable. It is also recommended that the District provide additional training to site coordinators as regards the rules and regulations regarding attendance gathering. Because of the inevitable turnover of personnel that occurs, this type of training should be given on an as needed basis, but at least annually and when there is turnover at the site coordinator position.

After school staff should count the number of students daily. The daily attendance totals should be reconciled with the monthly attendance totals. Attendance records should be retained and stored securely.

Current Status
Resolved

2017-012 Unduplicated Local Control Funding Formula Pupil Counts

Finding
Some pupils were incorrectly classified as "English learner" (EL) in CALPADS.

Recommendation
We recommend the District to formalize procedures related to pupil classification, and designate an individual with the responsibility of implementing those procedures. Procedures should include a process to monitor the listing of pupils designated as "English learner" (EL) in CALPADS Report 1.18, by selecting a random sample of pupils and ensuring that underlying documentation supports the CALPADS classification.

Upon enrollment of a student transferring into OUSD from another school district, the District should request supporting documentation from the outgoing district. Pupils incorrectly classified by another school district should be detected and corrected during the CALPADS revision window.
The District should also develop procedure to verify that only students eligible for FRPM are designated as such in CalPADS..

Current Status
See finding 2018-012

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Education
Oakland Unified School District
Oakland, California

Oakland Unified School District
General Obligation Bonds (Election of 2012), Series 2019A

and

Oakland Unified School District
General Obligation Bonds (Election of 2012), Series 2019B (Federally Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Oakland Unified School District (the "District"), which is located in the County of Alameda, California (the "County"), in connection with the issuance of $__________ aggregate principal amount of bonds designated as "Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2019A" (the "Series 2019A Bonds"), and the issuance of $__________ aggregate principal amount of bonds designated as "Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2019B (Federally Taxable)" (the "Series 2019B Bonds" and, together with the Series 2019A Bonds, the "Bonds"). The Bonds are authorized by a resolution of the Board of Supervisors of the County adopted on May 21, 2019 (the "County Resolution"), at the request of the District and pursuant to resolutions of the Board of Education of the District adopted on April 24, 2019 and June 26, 2019 (collectively, the "District Resolution"), and issued pursuant to a Paying Agent Agreement, dated as of August 1, 2019 (the "Paying Agent Agreement"), by and between the District and U.S. Bank National Association, as paying agent (the "Paying Agent"), and acknowledged by the County. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the District Resolution, the County Resolution, the Paying Agent Agreement, the tax certificate of the District dated the date hereof (the "Tax Certificate"), an opinion of counsel to the County, certificates of the District, the County and others, and such other documents, opinions 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 and the County. 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 County 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 Series 2019A 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 County 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 the valid and binding obligation 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 Series 2019A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Interest on the Series 2019A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from State of California personal income taxes. 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 E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Oakland Unified School District (the "District") in connection with the issuance of: $__________ aggregate principal amount of Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2019A and $__________ aggregate principal amount of Oakland Unified School District General Obligation Bonds (Election of 2012), Series 2019B (Federally Taxable) (collectively, the "Bonds"). The Bonds are being issued as authorized by resolutions adopted by the Board of Education of the District on April 24, 2019 and June 26, 2019 (collectively, the "Resolution") and in accordance with the terms of a Paying Agent Agreement, dated as of August 1, 2019 (the "Paying Agent Agreement"), and by and between the District and U.S. Bank National Association, as paying agent (the "Paying Agent"), and acknowledged by the County of Alameda.

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 Official Statement relating to the Bonds dated __________, 2019.

"Participating Underwriter" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with the 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.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently 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.

(b) 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 hereto as Exhibit A.

(c) 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 of the District, the Annual Report shall also include the following for the preceding fiscal year (except as noted otherwise):

(1) Adopted budget of the District for the current fiscal year, or a summary thereof, and any interim budget reports approved as of the date of filing of the Annual Report;

(2) General fund revenues, expenditures and a fund balance table;

(3) District average daily attendance;

(4) District outstanding debt (including amortization schedules);

(5) Information regarding total assessed value of taxable properties within the District;

(6) Information regarding the ten largest property owners based on assessed valuation within the District;

(7) Information regarding total secured tax charges, collections and delinquencies on taxable properties within the District;

(8) CalSTRS and CalPERS contributions; and

(9) If and to the extent provided to the District by the County by no later than five (5) business days prior to the Annual Report due date, information regarding total assessed valuation and parcels by land use and assessed valuation of single family homes. If the information is provided at a date later than the Annual Report due date, then the District shall promptly file such information following its receipt via a supplement to the Annual Report.

The Annual Report may consist of one or more documents. 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 holders of the Bonds.

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. 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: __________, 2019

OAKLAND UNIFIED SCHOOL DISTRICT

By ____________________________________
Superintendent

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of District: OAKLAND UNIFIED SCHOOL DISTRICT

Name of Bond Issue: OAKLAND UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS (ELECTION OF 2012), SERIES 2019A

OAKLAND UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS (ELECTION OF 2012), SERIES 2019B (FEDERALLY TAXABLE)

Date of Issuance: __________, 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: __________

OAKLAND UNIFIED SCHOOL DISTRICT

By________[to be signed only if filed]

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APPENDIX F

COUNTY OF ALAMEDA
ANNUAL 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

<u>Introduction</u>

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.

<u>Investment Philosophy</u>

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.

<u>Investment Guidelines and Eligible Securities</u>

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. <u>Bankers' Acceptance</u>

- 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. <u>Commercial Paper</u>

- 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. <u>Medium-Term Corporate Notes</u>

- 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 ______ June 18, 2019

TREASURER - TAX COLLECTOR

HENRY C. LEVY
TREASURER - TAX COLLECTOR

May 28, 2019

Board of Supervisors
County of Alameda
1221 Oak Street, 5th Floor
Oakland, CA 94612

Dear Board Members:

RE: Investment Report – April 2019

In accordance with the Treasurer's investment policy, submitted herewith is a report of the cash pool investments for the month of April 2019. Enclosed with this report is a detailed composition of all outstanding investments by securities category as of April 30, 2019. This report reflects the market value and cost of purchase. All investments in the Treasurer's investment portfolio conform to the statutory requirements of Government Code Section 53601 et. seq., authorities delegated by the County Board of Supervisors and the Treasurer's investment policy.

As Of April 30, 2019

Treasurer's Investment Pool – Book Value	$ 6,684,548,617
Treasurer's Investment Pool – Market Value	6,687,739,338
Total Cash in Bank	45,171,083
Total interest received during the month	14,594,601
Average Maturity of the portfolio	399 days
Annualized cash basis rate of return for the month	2.64%

Liquidity Summary of the Portfolio as Of April 30, 2019

Maturity	Amount	Percentage Held
1 to 90 days	$ 1,811,202,687	27.10%
91 to 365 days	2,673,625,931	40.00%
2 years	890,778,788	13.33%
3 years	561,669,144	8.40%
4 years,	389,414,386	5.83%
5 years	357,857,682	5.34%
Total	**$ 6,684,548,617**	**100.00%**

Conclusion

Based on investment activity during the month of April 2019, 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 and transacation details for the month of April 2019 is attached and 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

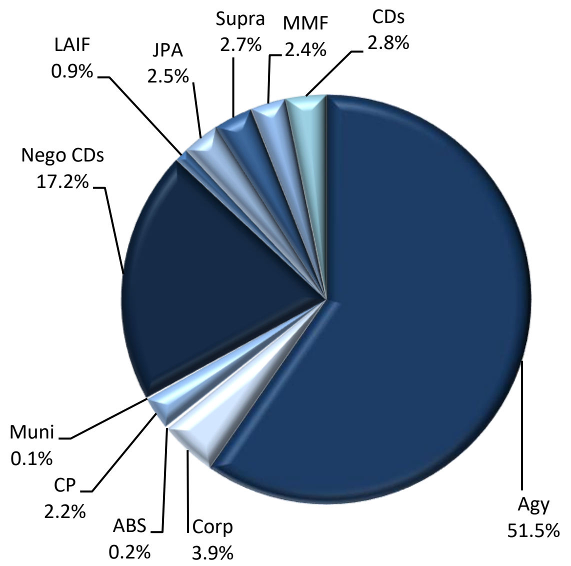
cc: Susan Muranishi, County Administrator
Melissa Wilk, Auditor-Controller
School District and Special District Participants
Members of the Treasury Oversight Committee

Portfolio Summary
4/30/2019

FTN FINANCIAL MAIN STREET ADVISORS
A Subsidiary of First Tennessee Bank National Association

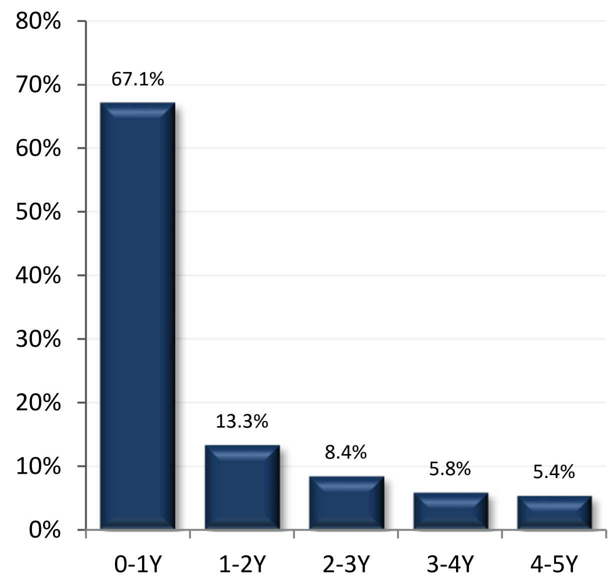
County of Alameda

SECTOR ALLOCATION



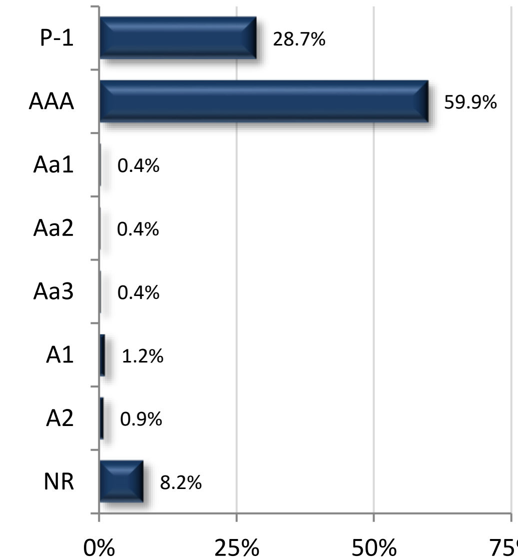
Per Book Value

MATURITY DISTRIBUTION



Per Book Value

CREDIT QUALITY (MOODY'S)



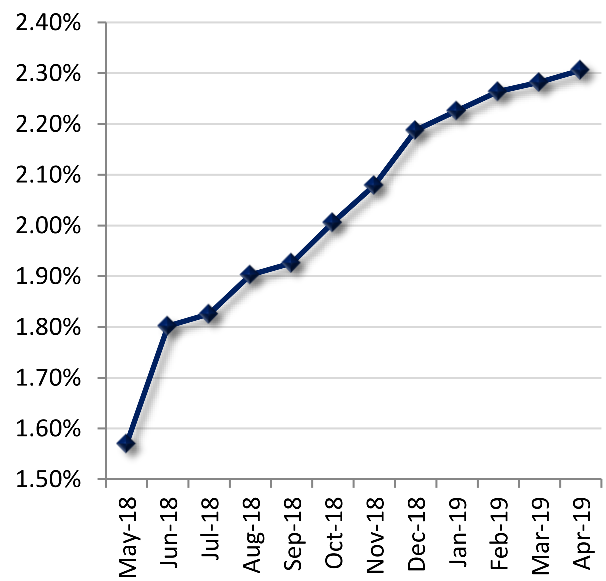
NR: Not Rated

ACCOUNT SUMMARY

	4/30/19	3/31/19
Market Value	$6,687,739,338	$6,196,865,375
Book Value*	$6,684,548,617	$6,194,165,234
Unrealized G/L	$3,190,720	$2,700,141
Par Value	$6,705,570,000	$6,210,570,000
Net Asset Value	$100.048	$100.044
Book Yield	2.31%	2.28%
Years to Maturity	1.09	0.79
Effective Duration	0.86	0.64

*Book Value is not Amortized

PORTFOLIO BOOK YIELD HISTORY



TOP ISSUERS

Issuer	% Portfolio
Federal Home Loan Mtg Corp	13.0%
Federal Home Loan Bank	11.9%
U.S. Treasury	9.6%
Federal National Mtg Assn	8.6%
Federal Farm Credit Bank	8.3%
Federal Home Loan Bk Disc Note	4.7%
FARMER MAC	3.4%
MUFG UNION BANK	3.0%
NATXNY	3.0%
Toronto Dominion Bank	3.0%
Treasury Bill	2.9%
International Bank Recon & D	2.7%
TOYOTA MOTOR CREDIT CORP	2.4%
Bank of Montreal	2.2%
Nordea Bank Fin NY	2.2%

Per Book Value

FTN FINANCIAL
MAIN STREET ADVISORS
A Subsidiary of First Tennessee Bank National Association

Investment Policy Compliance

4/30/2019

County of Alameda

Item / Sector	Parameters	In Compliance	
Weighted Average Maturity	Maximum WAM of 3.0 years	Yes	1.09 yrs
U.S. Treasury and Federal Agency Obligations	No sector limit; no issuer limit; max maturity 5 years	Yes	64.1%
Debt Issued by State of CA and Local Agencies within the State	No sector limit; no issuer limit; max maturity 5 years	Yes	0.1%
LAIF	Maximum amount permitted by LAIF (currently $65 million limit)	Yes	$60 Mil
Joint Powers Authority (CAMP)	Max Limit: Twice the limit of LAIF deposits (currently $130 million limit)	Yes	$130 Mil
Joint Powers Authority (CalTrust)	Max Limit: Twice the limit of LAIF deposits (currently $130 million limit)	Yes	$40 Mil
Money Market Mutual Funds	20% limit; 5% per fund limit or $75 Mil, whichever is lower (except for Nov, Dec, March, and April); SEC registered with stable NAV; No front-end loads; Rated AAAm or equivalent by at least two of the three rating agencies or advisor requirements	Yes	2.4%
Commercial Paper (Includes Asset Backed)	25% sector limit; Max maturity of 270 days; Rated A-1, P-1, or F-1; Total assets over $500mm; Asset Backed CP Must have program-wide credit enhancements	Yes	2.2%
Negotiable CDs	30% limit; Minimum rating of A by rating agency if issued by domestic bank; Minimum rating of AA if a U.S. branch of a foreign bank; Max maturity of 1 year	Yes	17.2%
Collateralized/FDIC - Insured Time Deposits	Time deposits with banks and savings and loans associations located with the State, collateralized according to Government code	Yes	2.8%
Collateralized Money Market Bank Accounts	Deposit funds in interest-bearing active collateralized money market bank accounts	Yes	1.0%
Medium-Term Notes	30% limit; Max maturity 5 years; Minimum rating of A by rating a rating agency if maturing less than 3 years; minimum rating of AA if maturity is greater than 3 years	Yes	3.9%
Repurchase Agreement	20% limit; Max maturity of 180 days; Must have 102% collateral; Collateral of agency and treasuries with final maturity not to exceed 5 years	Yes	0.0%
Supranationals	30% limit; Only IBRD, IFC, IADB; Max Maturity 5 years; Minimum rating of AA by a rating agency.; max maturity of 5 years	Yes	2.7%
Floaters, Structured Notes, Derivatives	15% limit for treasuries, agencies, and munis	Yes	0.0%

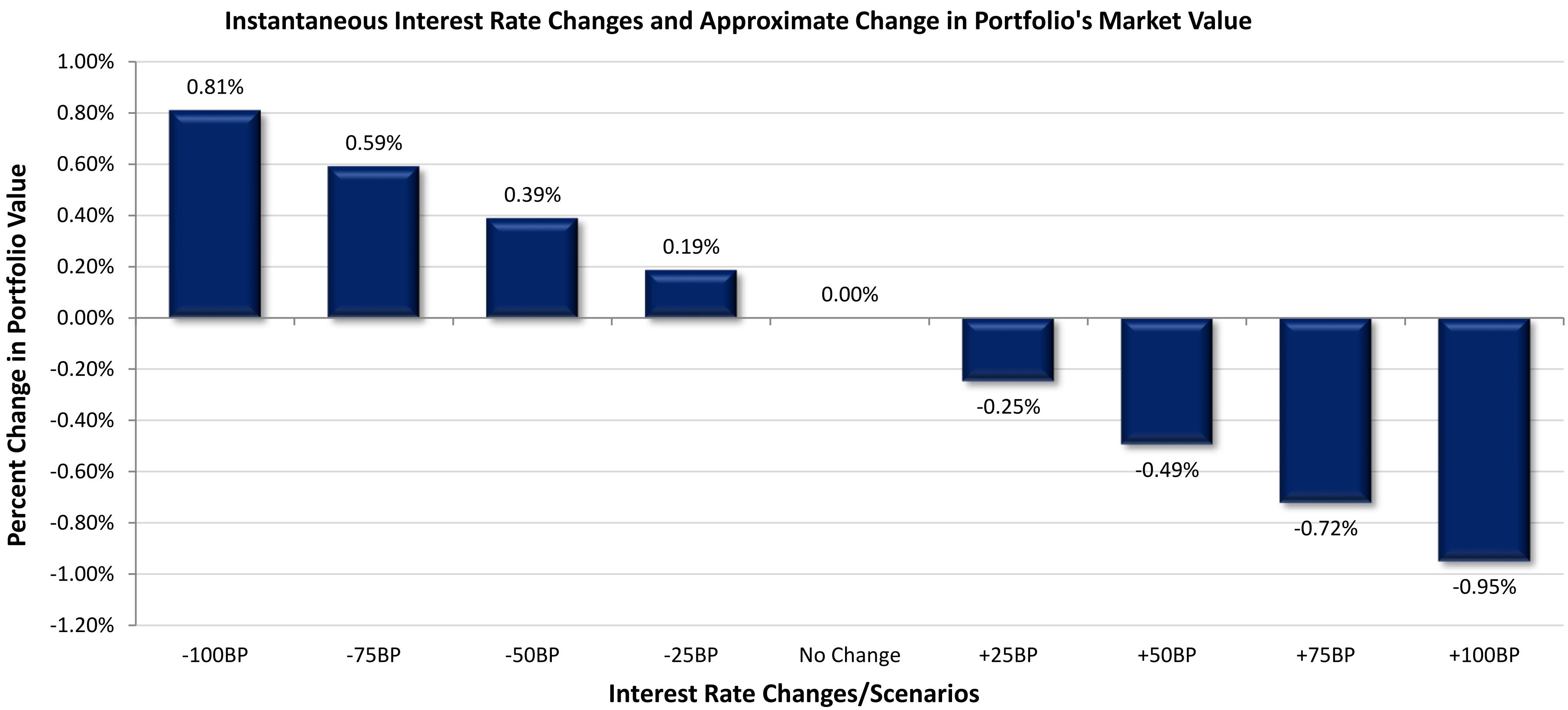
FTN FINANCIAL
MAIN STREET ADVISORS
A Subsidiary of First Tennessee Bank National Association

Historical Book Values
4/30/2019

County of Alameda

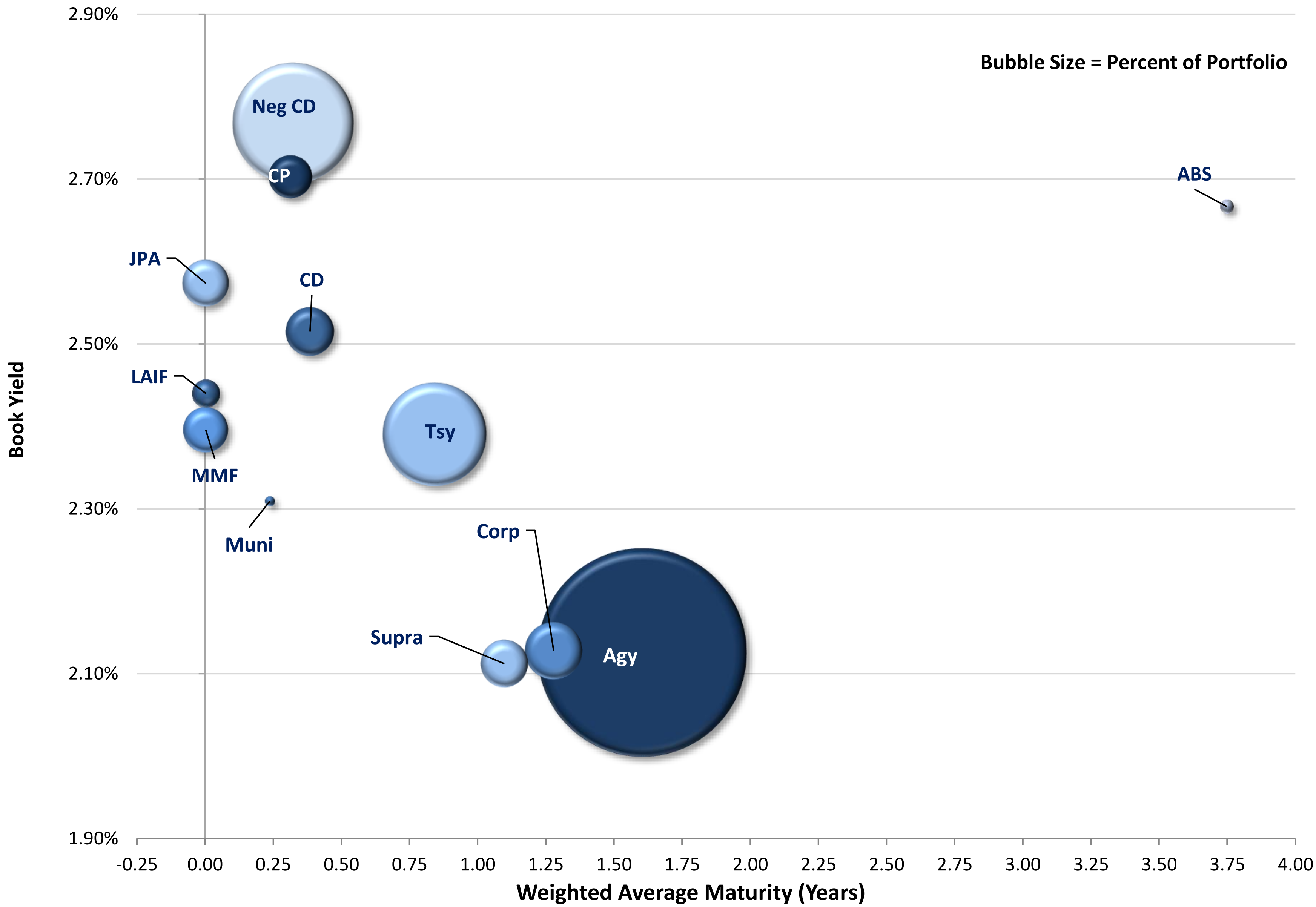
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fiscal Year 2016	$3.325	$3.023	$3.078	$2.936	$3.117	$3.530	$3.747	$3.852	$3.862	$4.195	$4.199	$4.060
Fiscal Year 2017	$4.120	$3.786	$3.698	$3.962	$4.328	$4.781	$4.807	$4.726	$4.767	$5.174	$5.263	$5.253
Fiscal Year 2018	$5.107	$4.600	$4.490	$4.625	$5.096	$5.818	$6.011	$5.881	$5.868	$6.002	$5.984	$5.901
Fiscal Year 2019	$5.648	$5.146	$5.108	$5.047	$5.540	$6.217	$6.047	$5.912	$6.093	$6.626		

Figures in Billions, Average Daily Balance



Int. Rate Change	Portfolio Value	Value Change	Percent Change
-100 Basis Points	$6,741,910,026	$54,170,689	0.81%
-75 Basis Points	$6,727,283,940	$39,544,603	0.59%
-50 Basis Points	$6,713,741,268	$26,001,931	0.39%
-25 Basis Points	$6,700,198,596	$12,459,258	0.19%
No Change	$6,687,739,338	$0	0.00%
+25 Basis Points	$6,671,220,621	-$16,518,716	-0.25%
+50 Basis Points	$6,654,701,905	-$33,037,432	-0.49%
+75 Basis Points	$6,639,453,860	-$48,285,478	-0.72%
+100 Basis Points	$6,624,205,814	-$63,533,524	-0.95%

Book Yield per WAM per Percent of Portfolio
4/30/2019

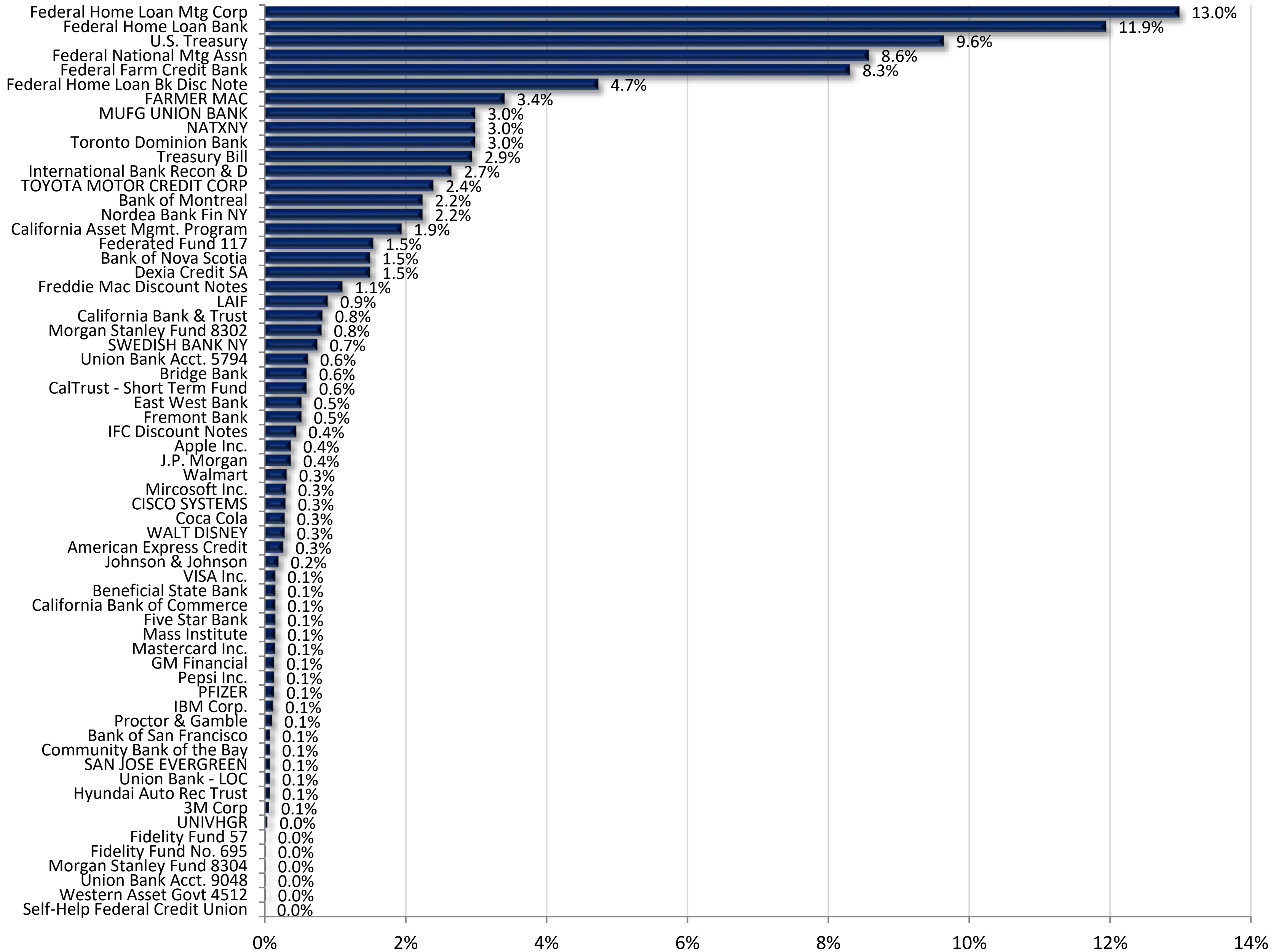


*Note: Excludes Cash Balance

FTN FINANCIAL
MAIN STREET ADVISORS
A Subsidiary of First Tennessee Bank National Association

Holdings Allocation by Issuer
4/30/2019

County of Alameda



Alameda County Investment Pool
Portfolio Management
Portfolio Summary
April 30, 2019

Investments	Par Value	Market Value	Book Value	% of Portfolio	Days to Maturity	YTM 365 Equiv.
Non-Negotiable CDs	185,170,000.00	185,170,000.00	185,170,000.00	2.77	141	2.515
Local Agency Investment Funds	60,000,000.00	60,000,000.00	60,000,000.00	0.90	1	2.440
Joint Powers Authority	170,000,000.00	170,000,000.00	170,000,000.00	2.54	1	2.574
Money Market Mutual Funds	161,000,000.00	161,000,000.00	161,000,000.00	2.41	1	2.395
Money Market Bank Accounts	67,000,000.00	67,000,000.00	67,000,000.00	1.00	1	1.280
Negotiable CDs	1,150,000,000.00	1,150,061,500.00	1,150,000,000.00	17.20	118	2.768
Corporate Notes	258,500,000.00	257,623,858.75	258,121,838.75	3.86	467	2.127
Washington Supranational Obligation	178,500,000.00	178,162,744.50	177,378,567.60	2.65	401	2.112
Commercial Paper Disc. -Amortizing	150,000,000.00	148,794,000.00	148,108,486.12	2.22	114	2.703
Agency Bullets (Aaa/AA+)	385,000,000.00	386,360,450.00	384,597,500.00	5.75	973	2.380
Federal Agency Disc. -Amortizing	425,000,000.00	423,358,750.00	420,581,395.84	6.29	58	2.551
Treasury Notes and Bonds	650,000,000.00	646,014,495.24	644,827,917.14	9.65	356	2.356
Treasury Discounts -Amortizing	200,000,000.00	198,050,500.00	196,887,659.73	2.95	150	2.500
Agency Callables (Aaa/AA+)	2,643,900,000.00	2,634,631,889.05	2,639,376,425.55	39.48	613	2.020
Asset Backed Securities	14,000,000.00	14,013,350.00	13,998,826.60	0.21	1,368	2.667
Municipal Bonds	7,500,000.00	7,497,800.00	7,500,000.00	0.11	87	2.309
Investments	**6,705,570,000.00**	**6,687,739,337.54**	**6,684,548,617.33**	**100.00%**	**399**	**2.306**

Total Earnings	April 30 Month Ending	Fiscal Year To Date
Current Year	13,003,462.75	97,671,996.45
Average Daily Balance	**6,625,659,814.34**	**5,674,995,555.51**
Effective Rate of Return	**2.39%**	**2.07%**

Henry C. Levy, Treasurer - Tax Collector

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Non-Negotiable CDs											
SYS11589	11589	Five Star Bank		11/09/2018	10,000,000.00	10,000,000.00	10,000,000.00	2.510	2.545	8	05/09/2019
SYS11655	11655	Bank of San Francisco		02/07/2019	5,000,000.00	5,000,000.00	5,000,000.00	2.500	2.535	97	08/06/2019
SYS11690	11690	Bridge Bank		04/02/2019	40,000,000.00	40,000,000.00	40,000,000.00	2.390	2.423	154	10/02/2019
SYS11691	11691	Beneficial State Bank		04/03/2019	10,000,000.00	10,000,000.00	10,000,000.00	2.440	2.474	155	10/03/2019
SYS11730	11730	California Bank & Trust		04/17/2019	30,000,000.00	30,000,000.00	30,000,000.00	2.380	2.413	63	07/03/2019
SYS11667	11667	Community Bank of the Bay		03/07/2019	5,000,000.00	5,000,000.00	5,000,000.00	2.500	2.535	125	09/03/2019
SYS11600	11600	California Bank of Commerce		11/21/2018	10,000,000.00	10,000,000.00	10,000,000.00	2.510	2.545	20	05/21/2019
SYS11601	11601	East West Bank		11/15/2018	25,000,000.00	25,000,000.00	25,000,000.00	2.800	2.839	13	05/14/2019
SYS11711	11711	East West Bank		04/11/2019	10,000,000.00	10,000,000.00	10,000,000.00	2.800	2.839	13	05/14/2019
SYS11749	11749	Fremont Bank		04/30/2019	35,000,000.00	35,000,000.00	35,000,000.00	2.410	2.443	365	04/30/2020
SYS11669	11669	Self-Help Federal Credit Union		03/13/2019	170,000.00	170,000.00	170,000.00	2.100	2.129	317	03/13/2020
SYS11729	11729	Union Bank - LOC		04/17/2019	5,000,000.00	5,000,000.00	5,000,000.00	2.000	2.028	351	04/16/2020
		Subtotal and Average	**131,336,666.67**		**185,170,000.00**	**185,170,000.00**	**185,170,000.00**		**2.515**	**141**	
Local Agency Investment Funds											
SYS10285	10285	LAIF		07/01/2013	60,000,000.00	60,000,000.00	60,000,000.00	2.440	2.440	1	
		Subtotal and Average	**60,000,000.00**		**60,000,000.00**	**60,000,000.00**	**60,000,000.00**		**2.440**	**1**	
Joint Powers Authority											
SYS10470	10470	California Asset Mgmt. Program		06/28/2012	130,000,000.00	130,000,000.00	130,000,000.00	2.590	2.590	1	
SYS10472	10472	CalTrust - Short Term Fund		07/01/2013	40,000,000.00	40,000,000.00	40,000,000.00	2.520	2.520	1	
		Subtotal and Average	**186,000,000.00**		**170,000,000.00**	**170,000,000.00**	**170,000,000.00**		**2.574**	**1**	
Money Market Mutual Funds											
608919718	11093	Federated Fund 117		09/30/2016	103,000,000.00	103,000,000.00	103,000,000.00	2.400	2.400	1	
316175504	10274	Fidelity Fund No. 695		06/28/2012	1,000,000.00	1,000,000.00	1,000,000.00	2.370	2.370	1	
316175108	11090	Fidelity Fund 57		09/30/2016	1,000,000.00	1,000,000.00	1,000,000.00	2.330	2.330	1	
61747C707	10280	Morgan Stanley Fund 8302		06/28/2013	54,000,000.00	54,000,000.00	54,000,000.00	2.390	2.390	1	
61747C582	11089	Morgan Stanley Fund 8304		09/30/2016	1,000,000.00	1,000,000.00	1,000,000.00	2.350	2.350	1	
52470G791	10318	Western Asset Govt 4512		08/15/2013	1,000,000.00	1,000,000.00	1,000,000.00	2.350	2.350	1	
		Subtotal and Average	**576,466,666.67**		**161,000,000.00**	**161,000,000.00**	**161,000,000.00**		**2.395**	**1**	
Money Market Bank Accounts											
SYS10286	10286	California Bank & Trust		06/28/2013	25,000,000.00	25,000,000.00	25,000,000.00	1.750	1.750	1	
SYS10290	10290	Union Bank Acct. 5794		06/28/2013	41,000,000.00	41,000,000.00	41,000,000.00	1.000	1.000	1	

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Money Market Bank Accounts											
SYS10291	10291	Union Bank Acct. 9048		06/28/2013	1,000,000.00	1,000,000.00	1,000,000.00	1.000	1.000	1	
		Subtotal and Average	**61,300,000.00**		**67,000,000.00**	**67,000,000.00**	**67,000,000.00**		**1.280**	**1**	
Negotiable CDs											
06370RPW3	11613	Bank of Montreal		12/04/2018	50,000,000.00	50,052,000.00	50,000,000.00	2.920	2.961	91	07/31/2019
06370RRD3	11619	Bank of Montreal		12/11/2018	50,000,000.00	50,060,000.00	50,000,000.00	2.900	2.940	112	08/21/2019
06370RRE1	11620	Bank of Montreal		12/11/2018	50,000,000.00	50,053,000.00	50,000,000.00	2.900	2.940	98	08/07/2019
06417G3R7	11618	Bank of Nova Scotia		12/11/2018	50,000,000.00	50,040,500.00	50,000,000.00	2.890	2.930	91	07/31/2019
06417G5D6	11661	Bank of Nova Scotia		02/20/2019	50,000,000.00	49,582,000.00	50,000,000.00	2.610	2.646	119	08/28/2019
25215FEJ9	11611	Dexia Credit SA		12/04/2018	50,000,000.00	50,039,500.00	50,000,000.00	2.850	2.890	91	07/31/2019
25215FEQ3	11648	Dexia Credit SA		01/29/2019	50,000,000.00	50,025,000.00	50,000,000.00	2.680	2.717	140	09/18/2019
55379WRA6	11587	MUFG UNION BANK		10/31/2018	50,000,000.00	50,014,500.00	50,000,000.00	2.830	2.869	30	05/31/2019
62478TY52	11682	MUFG UNION BANK		03/26/2019	50,000,000.00	50,009,000.00	50,000,000.00	2.600	2.636	142	09/20/2019
62478TZ69	11694	MUFG UNION BANK		04/05/2019	50,000,000.00	50,000,000.00	50,000,000.00	2.590	2.626	225	12/12/2019
62478TZ85	11714	MUFG UNION BANK		04/11/2019	50,000,000.00	49,992,500.00	50,000,000.00	2.570	2.606	236	12/23/2019
63873NZM6	11599	NATXNY		11/21/2018	50,000,000.00	50,034,500.00	50,000,000.00	2.930	2.971	56	06/26/2019
63873NZW4	11612	NATXNY		12/04/2018	50,000,000.00	50,047,000.00	50,000,000.00	2.940	2.981	84	07/24/2019
63873NP39	11674	NATXNY		03/19/2019	50,000,000.00	50,025,500.00	50,000,000.00	2.690	2.727	182	10/30/2019
63873NR52	11695	NATXNY		04/05/2019	50,000,000.00	50,000,500.00	50,000,000.00	2.600	2.636	208	11/25/2019
65558TAK1	11592	Nordea Bank Fin NY		11/15/2018	50,000,000.00	50,004,500.00	50,000,000.00	2.780	2.819	9	05/10/2019
65558TAJ4	11593	Nordea Bank Fin NY		11/15/2018	50,000,000.00	50,020,000.00	50,000,000.00	2.810	2.849	42	06/12/2019
65558TDN2	11650	Nordea Bank Fin NY		01/29/2019	50,000,000.00	50,019,500.00	50,000,000.00	2.670	2.707	91	07/31/2019
87019VTE7	11585	SWEDISH BANK NY		10/30/2018	50,000,000.00	50,000,000.00	50,000,000.00	2.640	2.677	0	05/01/2019
89114MYC5	11675	Toronto Dominion Bank		03/19/2019	50,000,000.00	50,018,000.00	50,000,000.00	2.630	2.667	196	11/13/2019
89114MZA8	11681	Toronto Dominion Bank		03/26/2019	50,000,000.00	50,006,500.00	50,000,000.00	2.580	2.616	154	10/02/2019
89114MZJ9	11684	Toronto Dominion Bank		03/28/2019	50,000,000.00	50,010,000.00	50,000,000.00	2.600	2.636	196	11/13/2019
89114MA80	11697	Toronto Dominion Bank		04/05/2019	50,000,000.00	50,007,500.00	50,000,000.00	2.580	2.616	126	09/04/2019
		Subtotal and Average	**1,161,666,666.67**		**1,150,000,000.00**	**1,150,061,500.00**	**1,150,000,000.00**		**2.768**	**118**	
Corporate Notes											
037833BD1	10648	Apple Inc.		05/13/2015	5,000,000.00	4,973,150.00	4,992,250.00	2.000	2.033	371	05/06/2020
037833CC2	11060	Apple Inc.		08/04/2016	5,000,000.00	4,894,900.00	4,993,050.00	1.550	1.579	826	08/04/2021
037833CB4	11061	Apple Inc.		08/04/2016	5,000,000.00	4,981,700.00	4,995,000.00	1.100	1.134	93	08/02/2019
037833CK4	11207	Apple Inc.		02/09/2017	10,000,000.00	9,950,600.00	9,995,100.00	1.900	1.917	282	02/07/2020
0258M0EE5	11225	American Express Credit		03/03/2017	2,500,000.00	2,489,450.00	2,497,400.00	2.200	2.236	307	03/03/2020

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Corporate Notes											
0258MODT3	11686	American Express Credit		03/29/2019	15,000,000.00	15,083,168.75	15,083,168.75	2.375	2.600	391	05/26/2020
17275RBD3	11575	CISCO SYSTEMS		10/11/2018	10,000,000.00	9,940,100.00	9,779,300.00	2.200	3.180	669	02/28/2021
17275RAX0	11710	CISCO SYSTEMS		04/11/2019	10,000,000.00	10,076,344.44	10,066,044.44	2.450	2.560	411	06/15/2020
25468PDL7	11044	WALT DISNEY		07/12/2016	1,000,000.00	996,710.00	996,640.00	0.875	0.989	72	07/12/2019
25468PDU7	11292	WALT DISNEY		06/06/2017	5,000,000.00	4,962,700.00	4,994,200.00	1.800	1.840	401	06/05/2020
25468PDU7	11293	WALT DISNEY		06/06/2017	13,000,000.00	12,903,020.00	12,984,920.00	1.800	1.840	401	06/05/2020
459200JE2	10916	IBM Corp.		02/19/2016	8,000,000.00	7,997,360.00	8,000,000.00	1.800	1.799	16	05/17/2019
478160BS2	10927	Johnson & Johnson		03/01/2016	2,000,000.00	1,969,240.00	2,000,000.00	1.650	1.650	670	03/01/2021
478160CD4	11226	Johnson & Johnson		03/03/2017	11,000,000.00	10,944,670.00	10,970,080.00	2.250	2.308	1,037	03/03/2022
46625HNX4	11687	J.P. Morgan		03/29/2019	25,000,000.00	24,941,000.00	24,975,000.00	2.550	2.614	547	10/29/2020
191216BV1	11005	Coca Cola		05/31/2016	19,000,000.00	18,983,280.00	18,986,700.00	1.375	1.399	29	05/30/2019
575718AC5	11597	Mass Institute		11/20/2018	10,000,000.00	9,986,300.00	9,964,000.00	2.051	1.819	61	07/01/2019
57636QAF1	11737	Mastercard Inc.		04/25/2019	10,000,000.00	9,958,255.56	9,942,055.56	2.000	2.580	935	11/21/2021
88579YBA8	11567	3M Corp		09/14/2018	4,000,000.00	4,051,480.00	3,991,800.00	3.000	3.072	867	09/14/2021
594918BG8	10819	Mircosoft Inc.		11/03/2015	2,000,000.00	1,986,700.00	1,998,400.00	2.000	2.017	552	11/03/2020
594918BN3	11062	Mircosoft Inc.		08/08/2016	4,000,000.00	3,984,840.00	3,995,880.00	1.100	1.135	99	08/08/2019
594918BP8	11063	Mircosoft Inc.		08/08/2016	2,000,000.00	1,957,080.00	1,997,900.00	1.550	1.572	830	08/08/2021
594918BN3	11064	Mircosoft Inc.		08/08/2016	5,000,000.00	4,981,050.00	4,994,850.00	1.100	1.135	99	08/08/2019
594918BP8	11065	Mircosoft Inc.		08/08/2016	7,000,000.00	6,849,780.00	6,992,650.00	1.550	1.572	830	08/08/2021
713448DX3	11333	Pepsi Inc.		10/10/2017	9,000,000.00	8,917,740.00	8,998,200.00	2.000	2.006	715	04/15/2021
717081EB5	11142	PFIZER		11/21/2016	9,000,000.00	8,950,230.00	8,993,520.00	1.700	1.724	228	12/15/2019
742718EQ8	11126	Proctor & Gamble		11/03/2016	5,000,000.00	4,913,300.00	4,989,750.00	1.700	1.743	917	11/03/2021
742718EZ8	11354	Proctor & Gamble		10/25/2017	2,000,000.00	1,992,560.00	1,999,300.00	1.750	1.768	177	10/25/2019
89236TBP9	11478	TOYOTA MOTOR CREDIT CORP		04/13/2018	12,000,000.00	11,988,240.00	11,943,720.00	2.125	2.503	78	07/18/2019
92826CAB8	11709	VISA Inc.		04/11/2019	10,000,000.00	10,022,100.00	10,020,000.00	2.200	2.515	593	12/14/2020
931142DU4	11342	Walmart		10/20/2017	5,000,000.00	4,961,200.00	4,999,600.00	2.350	2.351	1,324	12/15/2022
931142DY6	11343	Walmart		10/20/2017	4,000,000.00	3,983,040.00	3,999,920.00	1.750	1.751	161	10/09/2019
931142EA7	11344	Walmart		10/20/2017	5,000,000.00	4,952,350.00	4,992,750.00	1.900	1.947	594	12/15/2020
931142EJ8	11535	Walmart		06/27/2018	3,000,000.00	3,037,320.00	2,999,850.00	3.125	3.127	784	06/23/2021
931142EK5	11536	Walmart		06/27/2018	2,000,000.00	2,054,880.00	1,999,460.00	3.400	3.406	1,517	06/26/2023
931142EG4	11537	Walmart		06/27/2018	2,000,000.00	2,008,020.00	1,999,380.00	2.850	2.866	419	06/23/2020
		Subtotal and Average	**243,787,402.16**		**258,500,000.00**	**257,623,858.75**	**258,121,838.75**		**2.127**	**467**	
Washington Supranational Obligation											
45905UZJ6	11135	International Bank Recon & D		11/16/2016	10,000,000.00	9,933,900.00	9,974,100.00	1.300	1.390	177	10/25/2019

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Washington Supranational Obligation											
459058FS7	11159	International Bank Recon & D		12/12/2016	15,000,000.00	14,877,750.00	14,821,950.00	1.125	1.537	210	11/27/2019
45905UZJ6	11227	International Bank Recon & D		03/03/2017	10,000,000.00	9,933,900.00	9,920,000.00	1.300	1.610	177	10/25/2019
45905UQ56	11353	International Bank Recon & D		10/25/2017	25,000,000.00	24,944,000.00	25,000,000.00	1.650	1.650	92	08/01/2019
45905UQ49	11356	International Bank Recon & D		10/26/2017	25,000,000.00	24,793,250.00	25,000,000.00	1.800	1.800	457	07/31/2020
459058FQ1	11381	International Bank Recon & D		11/30/2017	15,000,000.00	14,916,900.00	14,816,700.00	1.200	1.881	152	09/30/2019
459058FQ1	11386	International Bank Recon & D		12/01/2017	15,000,000.00	14,916,900.00	14,815,200.00	1.200	1.885	152	09/30/2019
45905UQ80	11464	International Bank Recon & D		03/27/2018	10,000,000.00	9,921,300.00	9,839,000.00	1.950	2.292	558	11/09/2020
45905UQ80	11538	International Bank Recon & D		06/28/2018	10,000,000.00	9,921,300.00	9,826,900.00	1.950	2.710	558	11/09/2020
459058GH0	11544	International Bank Recon & D		07/25/2018	10,000,000.00	10,091,400.00	9,976,600.00	2.750	2.832	814	07/23/2021
45905UQ80	11555	International Bank Recon & D		08/30/2018	10,000,000.00	9,921,300.00	9,813,622.60	1.950	2.832	558	11/09/2020
45905UY32	11621	International Bank Recon & D		12/11/2018	23,500,000.00	23,990,844.50	23,574,495.00	3.170	3.169	919	11/05/2021
		Subtotal and Average	**186,717,073.16**		**178,500,000.00**	**178,162,744.50**	**177,378,567.60**		**2.112**	**401**	
Commercial Paper Disc. -Amortizing											
89233HSV7	11626	TOYOTA MOTOR CREDIT CORP		12/17/2018	50,000,000.00	49,904,500.00	49,357,055.56	2.840	2.917	28	05/29/2019
89233HZC1	11696	TOYOTA MOTOR CREDIT CORP		04/05/2019	50,000,000.00	49,209,500.00	49,118,013.89	2.530	2.648	225	12/12/2019
89233HUX0	11722	TOYOTA MOTOR CREDIT CORP		04/16/2019	50,000,000.00	49,680,000.00	49,633,416.67	2.490	2.543	91	07/31/2019
		Subtotal and Average	**171,472,832.42**		**150,000,000.00**	**148,794,000.00**	**148,108,486.12**		**2.703**	**114**	
Agency Bullets (Aaa/AA+)											
3132X0Q53	11469	FARMER MAC		03/29/2018	10,000,000.00	10,045,800.00	9,995,100.00	2.600	2.617	698	03/29/2021
3132X0U25	11486	FARMER MAC		04/19/2018	30,000,000.00	30,482,100.00	29,982,000.00	2.800	2.813	1,449	04/19/2023
3132X0U25	11487	FARMER MAC		04/19/2018	40,000,000.00	40,642,800.00	39,976,000.00	2.800	2.813	1,449	04/19/2023
3132X0U25	11488	FARMER MAC		04/19/2018	30,000,000.00	30,482,100.00	29,982,000.00	2.800	2.813	1,449	04/19/2023
31422BEV8	11731	FARMER MAC		04/22/2019	50,000,000.00	50,089,500.00	50,000,000.00	2.485	2.485	887	10/04/2021
31422BEX4	11736	FARMER MAC		04/24/2019	50,000,000.00	50,029,000.00	50,000,000.00	2.475	2.475	1,252	10/04/2022
3133EHHB2	11265	Federal Farm Credit Bank		04/27/2017	5,000,000.00	4,955,150.00	4,986,500.00	1.450	1.542	362	04/27/2020
3133EJHL6	11459	Federal Farm Credit Bank		03/27/2018	10,000,000.00	9,992,800.00	9,992,800.00	2.375	2.412	331	03/27/2020
3133EJHL6	11460	Federal Farm Credit Bank		03/27/2018	10,000,000.00	9,984,000.00	9,984,000.00	2.375	2.457	331	03/27/2020
3130A7CV5	10911	Federal Home Loan Bank		02/18/2016	5,000,000.00	4,917,350.00	4,979,800.00	1.375	1.459	659	02/18/2021
3130A7CV5	10912	Federal Home Loan Bank		02/18/2016	15,000,000.00	14,752,050.00	14,939,400.00	1.375	1.459	659	02/18/2021
3130ACM92	11334	Federal Home Loan Bank		10/13/2017	10,000,000.00	9,955,900.00	9,982,300.00	1.500	1.679	173	10/21/2019
3130ACM92	11335	Federal Home Loan Bank		10/13/2017	10,000,000.00	9,955,900.00	9,982,300.00	1.500	1.679	173	10/21/2019
3130ACM92	11336	Federal Home Loan Bank		10/13/2017	10,000,000.00	9,955,900.00	9,982,300.00	1.500	1.679	173	10/21/2019
3130ADUJ9	11455	Federal Home Loan Bank		03/16/2018	15,000,000.00	14,999,100.00	14,997,300.00	2.375	2.384	334	03/30/2020

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Agency Bullets (Aaa/AA+)											
3130ADUJ9	11456	Federal Home Loan Bank		03/16/2018	15,000,000.00	14,999,100.00	14,997,300.00	2.375	2.384	334	03/30/2020
3130ADR53	11458	Federal Home Loan Bank		03/20/2018	10,000,000.00	9,990,500.00	10,000,000.00	2.350	2.350	324	03/20/2020
3135G0T29	11218	Federal National Mtg Assn		02/28/2017	10,000,000.00	9,929,100.00	9,993,600.00	1.500	1.522	303	02/28/2020
3135G0T29	11219	Federal National Mtg Assn		02/28/2017	10,000,000.00	9,929,100.00	9,993,600.00	1.500	1.147	303	02/28/2020
3135G0V34	11657	Federal National Mtg Assn		02/08/2019	20,000,000.00	20,136,600.00	19,925,600.00	2.500	2.580	1,741	02/05/2024
3135G0V34	11658	Federal National Mtg Assn		02/08/2019	20,000,000.00	20,136,600.00	19,925,600.00	2.500	2.580	1,741	02/05/2024
		Subtotal and Average	**319,262,246.67**		**385,000,000.00**	**386,360,450.00**	**384,597,500.00**		**2.380**	**973**	
Federal Agency Disc. -Amortizing											
313384HJ1	11594	Federal Home Loan Bk Disc Note		11/16/2018	50,000,000.00	49,812,500.00	49,229,166.67	2.500	2.604	56	06/26/2019
313384GG8	11631	Federal Home Loan Bk Disc Note		12/20/2018	50,000,000.00	49,899,500.00	49,442,000.00	2.480	2.578	30	05/31/2019
313384FK0	11633	Federal Home Loan Bk Disc Note		12/20/2018	20,000,000.00	19,988,000.00	19,806,908.33		2.559	9	05/10/2019
313384HY8	11641	Federal Home Loan Bk Disc Note		12/28/2018	50,000,000.00	49,765,500.00	49,325,041.67	2.505	2.608	70	07/10/2019
313384NA3	11673	Federal Home Loan Bk Disc Note		03/19/2019	50,000,000.00	49,440,000.00	49,280,548.61	2.455	2.556	168	10/16/2019
313384GG8	11689	Federal Home Loan Bk Disc Note		03/29/2019	50,000,000.00	49,899,500.00	49,790,000.00	2.400	2.478	30	05/31/2019
313384GT0	11743	Federal Home Loan Bk Disc Note		04/29/2019	50,000,000.00	49,863,000.00	49,856,666.67	2.400	2.474	41	06/11/2019
313396HD8	11591	Freddie Mac Discount Notes		11/15/2018	50,000,000.00	49,829,500.00	49,249,111.11	2.480	2.583	51	06/21/2019
31315KGG9	11642	Freddie Mac Discount Notes		12/28/2018	25,000,000.00	24,949,750.00	24,734,777.78	2.480	2.577	30	05/31/2019
459516GW4	11701	IFC Discount Notes		04/09/2019	30,000,000.00	29,911,500.00	29,867,175.00	2.415	2.494	44	06/14/2019
		Subtotal and Average	**480,486,879.26**		**425,000,000.00**	**423,358,750.00**	**420,581,395.84**		**2.551**	**58**	
Treasury Notes and Bonds											
9128282T6	11324	U.S. Treasury		09/21/2017	50,000,000.00	49,785,000.00	49,816,406.25	1.250	1.442	122	08/31/2019
912828R44	11596	U.S. Treasury		11/19/2018	50,000,000.00	49,975,334.25	49,620,068.63	0.875	2.468	14	05/15/2019
912828WL0	11606	U.S. Treasury		11/30/2018	50,000,000.00	49,962,000.00	49,751,953.13	1.500	2.505	30	05/31/2019
912828V31	11624	U.S. Treasury		12/13/2018	50,000,000.00	49,629,000.00	49,271,484.38	1.375	2.741	259	01/15/2020
912828VV9	11702	U.S. Treasury		04/09/2019	50,000,000.00	49,968,989.13	49,933,848.51	2.125	2.391	488	08/31/2020
912828F21	11712	U.S. Treasury		04/11/2019	50,000,000.00	49,883,433.06	49,803,417.44	2.125	2.316	883	09/30/2021
912828H52	11713	U.S. Treasury		04/11/2019	50,000,000.00	49,679,356.35	49,652,106.35	1.250	2.430	275	01/31/2020
912828H52	11715	U.S. Treasury		04/11/2019	50,000,000.00	49,679,356.35	49,652,106.35	1.250	2.430	275	01/31/2020
912828TH3	11723	U.S. Treasury		04/16/2019	50,000,000.00	49,893,642.27	49,871,892.27	0.875	2.375	91	07/31/2019
912828TH3	11724	U.S. Treasury		04/16/2019	50,000,000.00	49,893,642.27	49,875,798.52	0.875	2.348	91	07/31/2019
912828H52	11734	U.S. Treasury		04/23/2019	100,000,000.00	99,400,149.17	99,372,992.92	1.250	2.444	275	01/31/2020
9128282D1	11744	U.S. Treasury		04/29/2019	50,000,000.00	48,264,592.39	48,205,842.39	1.375	2.304	1,583	08/31/2023
		Subtotal and Average	**414,070,187.72**		**650,000,000.00**	**646,014,495.24**	**644,827,917.14**		**2.356**	**356**	

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Treasury Discounts -Amortizing											
912796RR2	11607	Treasury Bill		11/30/2018	50,000,000.00	49,903,500.00	49,382,840.28	2.455	2.555	29	05/30/2019
912796QR3	11625	Treasury Bill		12/17/2018	50,000,000.00	49,743,000.00	49,263,375.00	2.490	2.593	78	07/18/2019
912796RT8	11692	Treasury Bill		04/05/2019	50,000,000.00	49,202,000.00	49,119,777.78	2.330	2.429	246	01/02/2020
912796RT8	11693	Treasury Bill		04/05/2019	50,000,000.00	49,202,000.00	49,121,666.67	2.325	2.423	246	01/02/2020
		Subtotal and Average	**217,026,588.75**		**200,000,000.00**	**198,050,500.00**	**196,887,659.73**		**2.500**	**150**	
Agency Callables (Aaa/AA+)											
31422BEK2	11699	FARMER MAC		04/09/2019	12,000,000.00	11,995,800.00	11,988,000.00	2.760	2.782	1,805	04/09/2024
31422BEK2	11700	FARMER MAC		04/09/2019	6,000,000.00	5,997,900.00	5,985,000.00	2.760	2.814	1,805	04/09/2024
3133EFMD6	10811	Federal Farm Credit Bank		10/29/2015	9,000,000.00	8,976,690.00	9,000,000.00	1.340	1.340	89	07/29/2019
3133EFD20	10918	Federal Farm Credit Bank		02/23/2016	10,000,000.00	9,992,600.00	10,000,000.00	1.250	1.250	22	05/23/2019
3133EFZ26	10954	Federal Farm Credit Bank		04/07/2016	15,000,000.00	14,866,200.00	15,000,000.00	1.400	1.400	342	04/07/2020
3133EF2L0	10956	Federal Farm Credit Bank		04/13/2016	10,000,000.00	9,896,200.00	10,000,000.00	1.400	1.400	348	04/13/2020
3133EF2L0	10957	Federal Farm Credit Bank		04/15/2016	15,000,000.00	14,844,300.00	15,000,000.00	1.400	1.400	348	04/13/2020
3133EF2L0	10961	Federal Farm Credit Bank		04/19/2016	15,000,000.00	14,844,300.00	15,000,000.00	1.400	1.400	348	04/13/2020
3133EF5Y9	10977	Federal Farm Credit Bank		05/04/2016	9,700,000.00	9,613,961.00	9,700,000.00	1.470	1.470	369	05/04/2020
3133EGDW2	11008	Federal Farm Credit Bank		06/08/2016	10,000,000.00	9,909,500.00	10,000,000.00	1.520	1.520	404	06/08/2020
3133EGDW2	11009	Federal Farm Credit Bank		06/08/2016	10,000,000.00	9,909,500.00	10,000,000.00	1.520	1.520	404	06/08/2020
3133EGFY6	11014	Federal Farm Credit Bank		06/16/2016	15,000,000.00	14,874,600.00	15,000,000.00	1.400	1.400	320	03/16/2020
3133EGGS8	11017	Federal Farm Credit Bank		06/27/2016	15,000,000.00	14,971,200.00	15,000,000.00	1.200	1.200	57	06/27/2019
3133EGHP3	11022	Federal Farm Credit Bank		06/29/2016	10,000,000.00	9,893,500.00	10,000,000.00	1.420	1.420	425	06/29/2020
3133EGHQ1	11027	Federal Farm Credit Bank		06/29/2016	20,000,000.00	19,798,400.00	20,000,000.00	1.470	1.470	425	06/29/2020
3133EGQR9	11067	Federal Farm Credit Bank		08/18/2016	12,000,000.00	11,897,640.00	12,000,000.00	1.250	1.250	285	02/10/2020
3133EGVJ1	11085	Federal Farm Credit Bank		09/26/2016	10,000,000.00	9,950,600.00	10,000,000.00	1.160	1.160	148	09/26/2019
3133EGXK6	11098	Federal Farm Credit Bank		10/11/2016	10,000,000.00	9,943,800.00	10,000,000.00	1.120	1.120	163	10/11/2019
3133EGZE8	11108	Federal Farm Credit Bank		10/24/2016	15,000,000.00	14,916,600.00	15,000,000.00	1.210	1.210	176	10/24/2019
3133EGZE8	11109	Federal Farm Credit Bank		10/24/2016	10,000,000.00	9,944,400.00	10,000,000.00	1.210	1.210	176	10/24/2019
3133EGD77	11124	Federal Farm Credit Bank		11/03/2016	10,000,000.00	9,999,300.00	10,000,000.00	1.120	1.120	2	05/03/2019
3133EGD77	11125	Federal Farm Credit Bank		11/03/2016	10,000,000.00	9,999,300.00	10,000,000.00	1.120	1.120	2	05/03/2019
3133EGU52	11160	Federal Farm Credit Bank		12/13/2016	15,000,000.00	14,950,500.00	15,000,000.00	1.490	1.490	135	09/13/2019
3133EGU52	11161	Federal Farm Credit Bank		12/13/2016	7,000,000.00	6,976,900.00	7,000,000.00	1.490	1.490	135	09/13/2019
3133EGU60	11164	Federal Farm Credit Bank		12/14/2016	5,000,000.00	4,964,650.00	4,996,250.00	1.820	1.841	502	09/14/2020
3133EGU60	11165	Federal Farm Credit Bank		12/14/2016	15,000,000.00	14,893,950.00	15,000,000.00	1.820	1.820	502	09/14/2020
3133EGG66	11169	Federal Farm Credit Bank		12/15/2016	9,000,000.00	8,941,140.00	8,905,500.00	1.130	1.499	198	11/15/2019
3133EGW92	11171	Federal Farm Credit Bank		12/19/2016	20,000,000.00	19,892,000.00	20,000,000.00	1.500	1.500	232	12/19/2019

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Agency Callables (Aaa/AA+)											
3133EG3J2	11186	Federal Farm Credit Bank		01/10/2017	10,000,000.00	9,944,400.00	10,000,000.00	1.550	1.550	254	01/10/2020
3133EG7D1	11209	Federal Farm Credit Bank		02/15/2017	10,000,000.00	9,956,900.00	10,000,000.00	1.550	1.550	198	11/15/2019
3133EGXK6	11211	Federal Farm Credit Bank		02/15/2017	5,000,000.00	4,971,900.00	4,959,500.00	1.120	1.432	163	10/11/2019
3133EHCA9	11231	Federal Farm Credit Bank		03/31/2017	5,000,000.00	4,973,950.00	5,000,000.00	1.760	1.760	317	03/13/2020
3133EHZF3	11323	Federal Farm Credit Bank		09/19/2017	10,000,000.00	9,985,800.00	10,000,000.00	1.375	1.375	49	06/19/2019
3133EHW58	11374	Federal Farm Credit Bank		11/27/2017	10,000,000.00	9,932,400.00	9,997,100.00	1.900	1.936	576	11/27/2020
3133EGHD0	11375	Federal Farm Credit Bank		11/27/2017	13,000,000.00	12,974,000.00	12,865,937.50	1.120	1.783	57	06/27/2019
3133EFKY2	11385	Federal Farm Credit Bank		12/01/2017	17,000,000.00	16,917,550.00	16,843,260.00	1.360	1.854	180	10/28/2019
3133EH2C6	11394	Federal Farm Credit Bank		12/08/2017	15,000,000.00	14,937,150.00	15,000,000.00	1.970	1.970	404	06/08/2020
3133EGQQ1	11407	Federal Farm Credit Bank		12/22/2017	10,000,000.00	9,891,300.00	9,825,370.00	1.300	2.050	380	05/15/2020
3133EJKY4	11475	Federal Farm Credit Bank		04/13/2018	10,000,000.00	9,996,600.00	9,995,500.00	2.375	2.398	348	04/13/2020
3133EJKY4	11476	Federal Farm Credit Bank		04/13/2018	10,000,000.00	9,996,600.00	9,994,180.00	2.375	2.405	348	04/13/2020
3133EJLZ0	11493	Federal Farm Credit Bank		04/23/2018	10,000,000.00	10,057,300.00	9,985,900.00	2.625	2.674	723	04/23/2021
3133EJLA5	11508	Federal Farm Credit Bank		05/11/2018	10,000,000.00	10,000,500.00	9,965,000.00	2.830	2.924	1,083	04/18/2022
3133EJGJ2	11521	Federal Farm Credit Bank		06/12/2018	10,000,000.00	10,000,000.00	9,965,000.00	2.470	2.630	503	09/15/2020
3133EJZ28	11614	Federal Farm Credit Bank		12/05/2018	10,000,000.00	10,006,000.00	10,000,000.00	3.370	3.370	1,314	12/05/2022
3133EJ7H6	11660	Federal Farm Credit Bank		02/13/2019	10,000,000.00	10,000,400.00	10,000,000.00	2.800	2.801	1,108	05/13/2022
3133EKAY2	11662	Federal Farm Credit Bank		02/22/2019	10,000,000.00	10,001,200.00	10,000,000.00	2.720	2.720	1,028	02/22/2022
3133EKBD7	11663	Federal Farm Credit Bank		02/22/2019	10,000,000.00	10,000,900.00	10,000,000.00	2.970	2.972	1,573	08/21/2023
3133EHXZ1	11665	Federal Farm Credit Bank		02/26/2019	10,000,000.00	9,844,300.00	9,803,000.00	2.000	2.585	1,230	09/12/2022
3133EKGV2	11717	Federal Farm Credit Bank		04/12/2019	15,000,000.00	14,995,050.00	14,990,250.00	2.510	2.549	622	01/12/2021
3130A6MH7	10805	Federal Home Loan Bank		10/28/2015	5,000,000.00	4,950,700.00	5,000,000.00	1.720	1.720	546	10/28/2020
3130A8DB6	11006	Federal Home Loan Bank		06/03/2016	10,000,000.00	9,981,000.00	9,995,800.00	1.125	1.139	51	06/21/2019
3130A8DB6	11007	Federal Home Loan Bank		06/03/2016	10,000,000.00	9,981,000.00	9,995,800.00	1.125	1.139	51	06/21/2019
3130A8ZA4	11068	Federal Home Loan Bank		08/22/2016	22,200,000.00	21,933,600.00	22,200,000.00	1.230	1.230	387	05/22/2020
3130A9PB1	11111	Federal Home Loan Bank		10/25/2016	10,000,000.00	9,940,400.00	9,999,000.00	1.200	1.203	177	10/25/2019
3130A9NJ6	11117	Federal Home Loan Bank		10/31/2016	10,000,000.00	9,945,200.00	9,988,500.00	1.200	1.240	163	10/11/2019
3130AA3R7	11141	Federal Home Loan Bank		11/17/2016	10,000,000.00	9,945,400.00	9,997,700.00	1.375	1.383	198	11/15/2019
3130AABG2	11148	Federal Home Loan Bank		11/30/2016	5,000,000.00	4,945,900.00	4,980,100.00	1.875	1.959	943	11/29/2021
3130AABG2	11149	Federal Home Loan Bank		11/30/2016	5,000,000.00	4,945,900.00	4,980,100.00	1.875	1.959	943	11/29/2021
3130AABG2	11150	Federal Home Loan Bank		11/30/2016	5,000,000.00	4,945,900.00	4,980,100.00	1.875	1.959	943	11/29/2021
3130A8RQ8	11181	Federal Home Loan Bank		01/05/2017	10,000,000.00	9,970,200.00	9,950,000.00	1.200	1.400	86	07/26/2019
3130AAMN5	11206	Federal Home Loan Bank		02/08/2017	6,000,000.00	5,915,640.00	5,997,000.00	2.000	2.011	909	10/26/2021
3130A8DB6	11215	Federal Home Loan Bank		02/27/2017	15,000,000.00	14,971,500.00	14,934,750.00	1.125	1.316	51	06/21/2019
3130AB3Q7	11239	Federal Home Loan Bank		04/06/2017	10,000,000.00	9,979,900.00	9,995,800.00	1.400	1.419	75	07/15/2019
3130AB3F1	11246	Federal Home Loan Bank		04/13/2017	15,000,000.00	14,889,900.00	15,000,000.00	1.600	1.600	348	04/13/2020

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Agency Callables (Aaa/AA+)											
3130A8MM2	11297	Federal Home Loan Bank		06/28/2017	9,000,000.00	8,977,410.00	8,950,500.00	1.125	1.400	71	07/11/2019
3130ABB21	11298	Federal Home Loan Bank		06/29/2017	10,000,000.00	9,975,400.00	9,984,000.00	1.375	1.454	86	07/26/2019
3130ACE26	11312	Federal Home Loan Bank		09/08/2017	10,000,000.00	9,865,600.00	9,967,900.00	1.375	1.483	516	09/28/2020
3130ACE26	11313	Federal Home Loan Bank		09/08/2017	10,000,000.00	9,865,600.00	9,967,900.00	1.375	1.483	516	09/28/2020
3130ACE26	11314	Federal Home Loan Bank		09/08/2017	10,000,000.00	9,865,600.00	9,967,900.00	1.375	1.483	516	09/28/2020
3130ACF33	11316	Federal Home Loan Bank		09/13/2017	10,000,000.00	9,854,300.00	10,000,000.00	1.875	1.875	866	09/13/2021
3130A6JG3	11325	Federal Home Loan Bank		09/21/2017	10,000,000.00	9,930,900.00	9,997,500.00	1.700	1.710	349	04/14/2020
3130ACKG8	11349	Federal Home Loan Bank		10/24/2017	15,000,000.00	14,901,450.00	15,000,000.00	2.200	2.200	1,272	10/24/2022
3130ACLQ5	11357	Federal Home Loan Bank		10/30/2017	10,000,000.00	9,911,000.00	10,000,000.00	2.000	2.000	730	04/30/2021
3130ACN83	11358	Federal Home Loan Bank		10/30/2017	15,000,000.00	14,889,000.00	15,000,000.00	1.700	1.700	380	05/15/2020
3130A8HX4	11370	Federal Home Loan Bank		11/16/2017	5,000,000.00	4,986,450.00	4,972,500.00	1.625	2.211	791	06/30/2021
3130ACN83	11396	Federal Home Loan Bank		12/13/2017	10,000,000.00	9,926,000.00	9,952,000.00	1.700	1.903	380	05/15/2020
3130ACN83	11406	Federal Home Loan Bank		12/21/2017	15,000,000.00	14,889,000.00	14,896,500.00	1.700	1.995	380	05/15/2020
3130ACN83	11408	Federal Home Loan Bank		12/26/2017	20,000,000.00	19,852,000.00	19,875,000.00	1.700	1.969	380	05/15/2020
3130AD4J8	11410	Federal Home Loan Bank		12/27/2017	10,000,000.00	9,966,000.00	10,000,000.00	2.000	2.001	331	03/27/2020
3130ADC26	11433	Federal Home Loan Bank		01/29/2018	10,000,000.00	9,959,100.00	10,000,000.00	2.200	2.200	639	01/29/2021
3130ADN32	11437	Federal Home Loan Bank		02/09/2018	10,000,000.00	9,975,100.00	9,981,700.00	2.125	2.219	286	02/11/2020
3130ADN32	11438	Federal Home Loan Bank		02/09/2018	10,000,000.00	9,975,100.00	9,981,700.00	2.125	2.219	286	02/11/2020
3130ADN32	11439	Federal Home Loan Bank		02/09/2018	10,000,000.00	9,975,100.00	9,981,700.00	2.125	2.219	286	02/11/2020
3130ADN32	11440	Federal Home Loan Bank		02/09/2018	8,000,000.00	7,980,080.00	7,985,360.00	2.125	2.219	286	02/11/2020
3130ADG30	11441	Federal Home Loan Bank		02/14/2018	10,000,000.00	9,960,900.00	9,979,000.00	2.300	2.374	636	01/26/2021
3130ADG30	11453	Federal Home Loan Bank		03/12/2018	10,000,000.00	9,960,900.00	9,940,000.00	2.300	2.517	636	01/26/2021
3130ADU34	11462	Federal Home Loan Bank		03/27/2018	10,000,000.00	10,000,000.00	10,000,000.00	2.420	2.420	331	03/27/2020
3130AE7C8	11505	Federal Home Loan Bank		05/03/2018	10,000,000.00	10,000,100.00	10,000,000.00	3.000	3.000	1,098	05/03/2022
3130AECJ7	11512	Federal Home Loan Bank		05/21/2018	15,000,000.00	15,040,200.00	14,994,600.00	2.625	2.643	393	05/28/2020
3130ADFV9	11524	Federal Home Loan Bank		06/19/2018	10,000,000.00	9,980,000.00	9,900,000.00	2.250	2.648	639	01/29/2021
3130ADG22	11549	Federal Home Loan Bank		08/23/2018	10,000,000.00	9,972,400.00	9,928,800.00	2.090	2.605	267	01/23/2020
3130AEWA4	11564	Federal Home Loan Bank		09/07/2018	15,000,000.00	15,058,350.00	14,967,750.00	2.625	2.733	519	10/01/2020
3130AEWA4	11565	Federal Home Loan Bank		09/07/2018	15,000,000.00	15,058,350.00	14,967,750.00	2.625	2.733	519	10/01/2020
3130AF5B9	11576	Federal Home Loan Bank		10/12/2018	10,000,000.00	10,167,500.00	9,993,500.00	3.000	3.023	895	10/12/2021
3130AF5B9	11577	Federal Home Loan Bank		10/12/2018	10,000,000.00	10,167,500.00	9,993,500.00	3.000	3.023	895	10/12/2021
3130AFC54	11583	Federal Home Loan Bank		10/30/2018	10,000,000.00	10,001,500.00	10,000,000.00	3.250	3.250	922	11/08/2021
3130AFB71	11590	Federal Home Loan Bank		11/14/2018	20,000,000.00	20,022,722.22	20,022,722.22	3.050	3.052	551	11/02/2020
3130AFFA0	11603	Federal Home Loan Bank		11/29/2018	15,000,000.00	15,008,250.00	15,000,000.00	3.200	3.200	943	11/29/2021
3130AFB71	11604	Federal Home Loan Bank		11/29/2018	10,000,000.00	10,024,569.44	10,024,569.44	3.050	3.049	551	11/02/2020
3130ACF66	11643	Federal Home Loan Bank		01/09/2019	10,000,000.00	9,896,900.00	9,792,000.00	2.150	2.742	1,244	09/26/2022

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Agency Callables (Aaa/AA+)											
3130AFRA7	11647	Federal Home Loan Bank		01/29/2019	10,000,000.00	10,018,400.00	10,000,000.00	2.650	2.650	639	01/29/2021
3130AFTE7	11651	Federal Home Loan Bank		01/30/2019	15,000,000.00	15,029,250.00	15,000,000.00	2.770	2.770	1,185	07/29/2022
3130AG4E2	11672	Federal Home Loan Bank		03/19/2019	20,000,000.00	20,008,000.00	20,000,000.00	2.550	2.553	232	12/19/2019
3130AG3Z6	11676	Federal Home Loan Bank		03/20/2019	20,000,000.00	20,004,800.00	20,000,000.00	2.580	2.580	324	03/20/2020
3130AG2Z7	11677	Federal Home Loan Bank		03/25/2019	12,000,000.00	12,017,280.00	12,000,000.00	2.650	2.650	1,059	03/25/2022
3130AG5Z4	11720	Federal Home Loan Bank		04/15/2019	10,000,000.00	9,933,200.00	10,000,000.00	2.625	2.625	1,811	04/15/2024
3130AGBF1	11721	Federal Home Loan Bank		04/16/2019	25,000,000.00	25,015,500.00	25,000,000.00	2.600	2.601	807	07/16/2021
3130AG6T7	11725	Federal Home Loan Bank		04/17/2019	8,000,000.00	7,977,280.00	8,000,000.00	2.740	2.740	1,813	04/17/2024
3130ACH72	11746	Federal Home Loan Bank		04/29/2019	25,000,000.00	24,899,986.11	24,896,736.11	2.260	2.434	1,252	10/04/2022
3130AGCH6	11748	Federal Home Loan Bank		04/30/2019	10,000,000.00	10,000,200.00	10,000,000.00	2.540	2.541	639	01/29/2021
3134G9DF1	10975	Federal Home Loan Mtg Corp		05/04/2016	15,000,000.00	14,886,000.00	15,000,000.00	1.410	1.410	279	02/04/2020
3134G9F93	11029	Federal Home Loan Mtg Corp		06/30/2016	10,000,000.00	9,976,900.00	10,000,000.00	1.000	1.000	58	06/28/2019
3134G9F85	11030	Federal Home Loan Mtg Corp		06/30/2016	25,000,000.00	24,626,500.00	25,000,000.00	1.320	1.320	518	09/30/2020
3137EAEB1	11051	Federal Home Loan Mtg Corp		07/20/2016	10,000,000.00	9,965,500.00	9,975,800.00	0.875	0.957	79	07/19/2019
3134G9Q75	11052	Federal Home Loan Mtg Corp		07/26/2016	18,000,000.00	17,943,840.00	18,000,000.00	1.250	1.250	86	07/26/2019
3134G9Q75	11053	Federal Home Loan Mtg Corp		07/26/2016	10,000,000.00	9,968,800.00	9,997,500.00	1.250	1.259	86	07/26/2019
3137EAEC9	11066	Federal Home Loan Mtg Corp		08/12/2016	10,000,000.00	9,743,300.00	9,949,200.00	1.125	1.230	834	08/12/2021
3134GAUL6	11106	Federal Home Loan Mtg Corp		10/25/2016	15,000,000.00	14,908,350.00	15,000,000.00	1.200	1.200	177	10/25/2019
3134G9Q75	11136	Federal Home Loan Mtg Corp		11/16/2016	10,000,000.00	9,968,800.00	9,972,450.00	1.250	1.354	86	07/26/2019
3134G9Q75	11137	Federal Home Loan Mtg Corp		11/16/2016	10,000,000.00	9,968,800.00	9,972,500.00	1.250	1.354	86	07/26/2019
3134G9Q75	11173	Federal Home Loan Mtg Corp		12/21/2016	10,000,000.00	9,968,800.00	9,918,500.00	1.250	1.571	86	07/26/2019
3137EAEE5	11190	Federal Home Loan Mtg Corp		01/17/2017	10,000,000.00	9,936,900.00	9,989,200.00	1.500	1.537	261	01/17/2020
3137EAEE5	11191	Federal Home Loan Mtg Corp		01/17/2017	10,000,000.00	9,936,900.00	9,989,200.00	1.500	1.537	261	01/17/2020
3134GA7A6	11243	Federal Home Loan Mtg Corp		04/07/2017	15,000,000.00	14,946,000.00	14,995,500.00	1.500	1.513	131	09/09/2019
3137EAEF2	11252	Federal Home Loan Mtg Corp		04/20/2017	10,000,000.00	9,902,100.00	9,965,800.00	1.375	1.492	355	04/20/2020
3137EAEF2	11253	Federal Home Loan Mtg Corp		04/20/2017	10,000,000.00	9,902,100.00	9,965,800.00	1.375	1.492	355	04/20/2020
3137EAEF2	11254	Federal Home Loan Mtg Corp		04/20/2017	10,000,000.00	9,902,100.00	9,965,800.00	1.375	1.492	355	04/20/2020
3134GBHY1	11256	Federal Home Loan Mtg Corp		04/25/2017	15,000,000.00	14,929,800.00	15,000,000.00	1.500	1.500	177	10/25/2019
3134GBHQ8	11260	Federal Home Loan Mtg Corp		04/27/2017	20,000,000.00	19,828,200.00	20,000,000.00	1.700	1.700	453	07/27/2020
3134GBEE8	11261	Federal Home Loan Mtg Corp		04/27/2017	15,000,000.00	14,882,100.00	15,000,000.00	1.750	1.750	453	07/27/2020
3134GBHC9	11268	Federal Home Loan Mtg Corp		04/28/2017	5,000,000.00	4,959,800.00	5,000,000.00	1.850	1.850	545	10/27/2020
3134GBLC4	11282	Federal Home Loan Mtg Corp		05/18/2017	5,000,000.00	4,947,050.00	4,997,500.00	1.800	1.815	567	11/18/2020
3134GA7A6	11285	Federal Home Loan Mtg Corp		05/31/2017	10,000,000.00	9,964,000.00	10,000,000.00	1.500	1.500	131	09/09/2019
3134GBXG2	11299	Federal Home Loan Mtg Corp		06/30/2017	10,000,000.00	9,942,200.00	10,000,000.00	1.550	1.550	240	12/27/2019
3137EAEH8	11305	Federal Home Loan Mtg Corp		07/19/2017	10,000,000.00	9,968,600.00	9,985,300.00	1.375	1.447	106	08/15/2019
3137EAEH8	11306	Federal Home Loan Mtg Corp		07/19/2017	10,000,000.00	9,968,600.00	9,985,300.00	1.375	1.447	106	08/15/2019

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Agency Callables (Aaa/AA+)											
3134GBYF3	11308	Federal Home Loan Mtg Corp		07/27/2017	10,000,000.00	9,898,300.00	10,000,000.00	1.800	1.800	637	01/27/2021
3134GBH21	11327	Federal Home Loan Mtg Corp		09/29/2017	10,000,000.00	9,905,100.00	10,000,000.00	1.700	1.700	517	09/29/2020
3137EAEK1	11367	Federal Home Loan Mtg Corp		11/15/2017	10,000,000.00	9,934,000.00	9,990,400.00	1.875	1.908	566	11/17/2020
3137EAEK1	11368	Federal Home Loan Mtg Corp		11/15/2017	10,000,000.00	9,934,000.00	9,990,400.00	1.875	1.908	566	11/17/2020
3134GBTJ1	11369	Federal Home Loan Mtg Corp		11/16/2017	10,000,000.00	9,888,800.00	9,940,000.00	1.830	2.006	762	06/01/2021
3134G9HY6	11376	Federal Home Loan Mtg Corp		11/27/2017	14,000,000.00	13,996,080.00	13,886,250.00	1.200	1.770	8	05/09/2019
3134G9NB9	11400	Federal Home Loan Mtg Corp		12/19/2017	15,000,000.00	14,988,000.00	14,878,800.00	1.230	1.804	23	05/24/2019
3134G9NB9	11419	Federal Home Loan Mtg Corp		01/10/2018	10,000,000.00	9,992,000.00	9,903,600.00	1.230	1.945	23	05/24/2019
3134G95P8	11426	Federal Home Loan Mtg Corp		01/17/2018	10,000,000.00	9,949,300.00	9,905,000.00	2.000	2.380	847	08/25/2021
3137EAEL9	11446	Federal Home Loan Mtg Corp		02/16/2018	10,000,000.00	10,005,400.00	9,973,600.00	2.375	2.467	657	02/16/2021
3137EAEM7	11489	Federal Home Loan Mtg Corp		04/19/2018	15,000,000.00	15,014,100.00	14,996,700.00	2.500	2.511	358	04/23/2020
3137EAEM7	11490	Federal Home Loan Mtg Corp		04/19/2018	15,000,000.00	15,014,100.00	14,996,700.00	2.500	2.511	358	04/23/2020
3137EAEN5	11520	Federal Home Loan Mtg Corp		06/11/2018	15,000,000.00	15,252,600.00	14,918,400.00	2.750	2.867	1,510	06/19/2023
3134GSN68	11635	Federal Home Loan Mtg Corp		12/21/2018	25,000,000.00	25,011,750.00	25,000,000.00	3.030	3.031	874	09/21/2021
3134GSK79	11637	Federal Home Loan Mtg Corp		12/28/2018	5,000,000.00	5,002,900.00	5,000,000.00	3.030	3.030	789	06/28/2021
31422BCV0	11664	Federal Home Loan Mtg Corp		02/26/2019	10,000,000.00	10,014,600.00	10,000,000.00	2.480	2.480	660	02/19/2021
3134GS4S1	11666	Federal Home Loan Mtg Corp		02/28/2019	15,000,000.00	15,002,550.00	15,000,000.00	3.000	3.000	1,764	02/28/2024
3134GTAR4	11678	Federal Home Loan Mtg Corp		03/26/2019	15,000,000.00	14,965,062.50	15,001,062.50	2.550	2.550	1,059	03/25/2022
3134GTAS2	11679	Federal Home Loan Mtg Corp		03/26/2019	7,000,000.00	6,990,546.11	7,000,486.11	2.500	2.500	1,059	03/25/2022
3134GTAE3	11683	Federal Home Loan Mtg Corp		03/27/2019	20,000,000.00	20,003,600.00	20,000,000.00	2.700	2.700	880	09/27/2021
3134GTGA5	11698	Federal Home Loan Mtg Corp		04/08/2019	15,000,000.00	15,004,950.00	15,000,000.00	2.700	2.700	1,073	04/08/2022
3134GTBE2	11704	Federal Home Loan Mtg Corp		04/10/2019	10,000,000.00	9,994,500.00	10,000,000.00	2.600	2.601	985	01/10/2022
3134GTDV2	11705	Federal Home Loan Mtg Corp		04/10/2019	25,000,000.00	24,996,500.00	25,000,000.00	2.700	2.700	1,623	10/10/2023
3134GTDC4	11707	Federal Home Loan Mtg Corp		04/10/2019	25,000,000.00	24,994,750.00	25,000,000.00	2.670	2.670	1,626	10/13/2023
3134GTFS7	11708	Federal Home Loan Mtg Corp		04/11/2019	25,000,000.00	25,006,250.00	25,000,000.00	2.700	2.700	1,259	10/11/2022
3134GTDE0	11716	Federal Home Loan Mtg Corp		04/12/2019	25,000,000.00	25,004,000.00	25,000,000.00	2.570	2.570	1,255	10/07/2022
3134GTHU0	11732	Federal Home Loan Mtg Corp		04/23/2019	25,000,000.00	24,840,750.00	25,000,000.00	2.811	2.811	1,636	10/23/2023
3134GTHU0	11733	Federal Home Loan Mtg Corp		04/23/2019	25,000,000.00	24,840,750.00	25,000,000.00	2.811	2.811	1,636	10/23/2023
3134GTGY3	11735	Federal Home Loan Mtg Corp		04/24/2019	15,000,000.00	14,972,700.00	14,992,500.00	2.750	2.761	1,820	04/24/2024
3134GTHL0	11741	Federal Home Loan Mtg Corp		04/29/2019	20,000,000.00	20,004,000.00	20,000,000.00	2.700	2.700	912	10/29/2021
3134GTKY8	11742	Federal Home Loan Mtg Corp		04/29/2019	50,000,000.00	50,007,500.00	50,000,000.00	2.670	2.671	1,276	10/28/2022
3134GTKX0	11747	Federal Home Loan Mtg Corp		04/30/2019	50,000,000.00	49,963,500.00	50,000,000.00	2.780	2.780	1,643	10/30/2023
3136G2R74	10822	Federal National Mtg Assn		11/05/2015	15,000,000.00	14,921,250.00	15,000,000.00	1.400	1.400	188	11/05/2019
3135G0N33	11056	Federal National Mtg Assn		08/02/2016	15,000,000.00	14,938,500.00	14,974,800.00	0.875	0.932	93	08/02/2019
3135G0N33	11057	Federal National Mtg Assn		08/02/2016	10,000,000.00	9,959,000.00	9,983,200.00	0.875	0.932	93	08/02/2019
3135G0M91	11075	Federal National Mtg Assn		08/31/2016	10,000,000.00	9,967,700.00	10,000,000.00	1.125	1.125	86	07/26/2019

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Agency Callables (Aaa/AA+)											
3136G34J1	11076	Federal National Mtg Assn		09/01/2016	5,000,000.00	4,955,100.00	4,983,750.00	1.000	1.100	237	12/24/2019
3135G0P49	11078	Federal National Mtg Assn		09/02/2016	10,000,000.00	9,951,300.00	9,984,400.00	1.000	1.053	119	08/28/2019
3135G0P49	11079	Federal National Mtg Assn		09/02/2016	10,000,000.00	9,951,300.00	9,984,400.00	1.000	1.053	119	08/28/2019
3136G34K8	11087	Federal National Mtg Assn		09/28/2016	10,000,000.00	9,952,600.00	10,000,000.00	1.125	1.125	131	09/09/2019
3136G3W76	11101	Federal National Mtg Assn		10/18/2016	13,000,000.00	12,946,440.00	12,992,850.00	1.150	1.170	114	08/23/2019
3136G4DA8	11102	Federal National Mtg Assn		10/19/2016	15,000,000.00	14,886,750.00	15,000,000.00	1.200	1.200	243	12/30/2019
3136G4BQ5	11104	Federal National Mtg Assn		10/19/2016	10,000,000.00	9,922,700.00	9,997,500.00	1.250	1.258	251	01/07/2020
3135G0Q30	11110	Federal National Mtg Assn		10/24/2016	10,000,000.00	9,948,500.00	10,000,000.00	1.180	1.180	149	09/27/2019
3136G4DR1	11114	Federal National Mtg Assn		10/26/2016	10,000,000.00	9,937,800.00	9,987,500.00	1.100	1.143	169	10/17/2019
3135G0Q71	11116	Federal National Mtg Assn		10/28/2016	10,000,000.00	9,942,000.00	10,000,000.00	1.250	1.250	180	10/28/2019
3135G0P72	11129	Federal National Mtg Assn		11/10/2016	10,000,000.00	9,909,400.00	10,000,000.00	1.375	1.375	334	03/30/2020
3136G3D51	11133	Federal National Mtg Assn		11/15/2016	15,000,000.00	14,955,750.00	14,992,500.00	1.250	1.269	86	07/26/2019
3136G4GU1	11146	Federal National Mtg Assn		11/29/2016	10,000,000.00	9,939,100.00	9,985,000.00	1.400	1.451	208	11/25/2019
3136G4HH9	11151	Federal National Mtg Assn		11/30/2016	10,000,000.00	9,930,700.00	10,000,000.00	1.500	1.500	301	02/26/2020
3136G3K38	11166	Federal National Mtg Assn		12/14/2016	15,000,000.00	14,953,200.00	14,940,000.00	1.260	1.415	93	08/02/2019
3136G4GU1	11172	Federal National Mtg Assn		12/19/2016	15,000,000.00	14,908,650.00	14,888,700.00	1.400	1.660	208	11/25/2019
3135G0S38	11184	Federal National Mtg Assn		01/09/2017	15,000,000.00	14,892,150.00	14,973,150.00	2.000	2.038	980	01/05/2022
3136G4GU1	11242	Federal National Mtg Assn		04/07/2017	9,000,000.00	8,945,190.00	8,968,500.00	1.400	1.536	208	11/25/2019
3136G3K46	11255	Federal National Mtg Assn		04/21/2017	15,000,000.00	14,953,200.00	14,970,000.00	1.260	1.349	93	08/02/2019
3135G0P23	11263	Federal National Mtg Assn		04/27/2017	15,000,000.00	14,941,800.00	14,943,000.00	1.250	1.417	114	08/23/2019
3135G0T60	11309	Federal National Mtg Assn		08/01/2017	10,000,000.00	9,894,200.00	9,969,700.00	1.500	1.604	456	07/30/2020
3135G0T60	11310	Federal National Mtg Assn		08/01/2017	10,000,000.00	9,894,200.00	9,969,700.00	1.500	1.604	456	07/30/2020
3135G0T78	11331	Federal National Mtg Assn		10/06/2017	15,000,000.00	14,857,650.00	14,990,100.00	2.000	2.014	1,253	10/05/2022
3135G0T78	11332	Federal National Mtg Assn		10/06/2017	10,000,000.00	9,905,100.00	9,993,400.00	2.000	2.014	1,253	10/05/2022
3136G3UN3	11338	Federal National Mtg Assn		10/18/2017	5,000,000.00	4,989,700.00	4,965,000.00	1.200	1.620	58	06/28/2019
3136G4PK3	11398	Federal National Mtg Assn		12/14/2017	15,000,000.00	14,873,550.00	14,898,600.00	1.750	2.000	516	09/28/2020
3136G4QB2	11422	Federal National Mtg Assn		01/16/2018	15,000,000.00	14,885,700.00	14,884,500.00	1.850	2.140	531	10/13/2020
3136G4RB1	11463	Federal National Mtg Assn		03/27/2018	8,000,000.00	7,975,440.00	7,912,800.00	2.150	2.551	636	01/26/2021
3135G0U27	11479	Federal National Mtg Assn		04/13/2018	10,000,000.00	10,034,100.00	9,985,100.00	2.500	2.552	713	04/13/2021
3136G4SD6	11502	Federal National Mtg Assn		04/26/2018	15,000,000.00	15,014,100.00	15,000,000.00	2.750	2.751	1,001	01/26/2022
3135G0U43	11568	Federal National Mtg Assn		09/14/2018	20,000,000.00	20,455,800.00	19,918,000.00	2.875	2.964	1,595	09/12/2023
3135G0U84	11588	Federal National Mtg Assn		11/01/2018	10,000,000.00	10,079,700.00	9,994,200.00	2.875	2.905	548	10/30/2020
3135G0U92	11644	Federal National Mtg Assn		01/11/2019	10,000,000.00	10,080,300.00	9,992,800.00	2.625	2.650	986	01/11/2022
3135G0U92	11645	Federal National Mtg Assn		01/11/2019	10,000,000.00	10,080,300.00	9,992,800.00	2.625	2.650	986	01/11/2022
3135G0V59	11718	Federal National Mtg Assn		04/12/2019	15,000,000.00	14,973,150.00	14,950,800.00	2.250	2.364	1,077	04/12/2022
3135G0V59	11719	Federal National Mtg Assn		04/12/2019	30,000,000.00	29,946,300.00	29,870,400.00	2.250	2.400	1,077	04/12/2022

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Agency Callables (Aaa/AA+)											
3136G05D9	11745	Federal National Mtg Assn		04/29/2019	25,000,000.00	24,921,541.67	24,917,541.67	1.660	2.358	569	11/20/2020
		Subtotal and Average	**2,400,867,244.62**		**2,643,900,000.00**	**2,634,631,889.05**	**2,639,376,425.55**		**2.020**	**613**	
Asset Backed Securities											
36257FAD2	11726	GM Financial		04/17/2019	4,000,000.00	4,005,160.00	3,999,674.40	2.650	2.668	1,752	02/16/2024
36257FAB6	11727	GM Financial		04/17/2019	5,000,000.00	5,001,650.00	4,999,550.00	2.660	2.681	1,142	06/16/2022
44932NAB6	11703	Hyundai Auto Rec Trust		04/10/2019	2,000,000.00	2,001,320.00	1,999,997.00	2.670	2.685	959	12/15/2021
44932NAD2	11706	Hyundai Auto Rec Trust		04/10/2019	3,000,000.00	3,005,220.00	2,999,605.20	2.660	2.630	1,506	06/15/2023
		Subtotal and Average	**7,699,359.59**		**14,000,000.00**	**14,013,350.00**	**13,998,826.60**		**2.667**	**1,368**	
Municipal Bonds											
798189PB6	11516	SAN JOSE EVERGREEN		06/05/2018	5,000,000.00	4,998,550.00	5,000,000.00	2.657	2.659	123	09/01/2019
91412GS71	11281	UNIVHGR		05/18/2017	2,500,000.00	2,499,250.00	2,500,000.00	1.610	1.610	14	05/15/2019
		Subtotal and Average	**7,500,000.00**		**7,500,000.00**	**7,497,800.00**	**7,500,000.00**		**2.309**	**87**	
		Total and Average	**6,625,659,814.34**		**6,705,570,000.00**	**6,687,739,337.54**	**6,684,548,617.33**		**2.306**	**399**	

Alameda County Investment Pool
Transaction Activity Report
April 1, 2019 - April 30, 2019
Sorted by Fund - Transaction Date
All Funds

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
11690	100	SYS11690	BRIDGE 2.39% MAT	Purchase	04/02/2019	Bridge Bank	40,000,000.00			**-40,000,000.00**
11274	100	0258M0EK1	AMEX 1.875% MAT	Redemption	04/02/2019	American Express		1,999,180.00		**1,999,180.00**
11274	100	0258M0EK1	AMEX 1.875% MAT	Cap G/L	04/02/2019	American Express		820.00		**820.00**
11483	100	3133EJLT4	FEDERAL FARM CR	Redemption	04/02/2019	Federal Farm Credit		10,000,000.00		**10,000,000.00**
11586	100	3133EJPE3	FEDERAL FARM CR	Redemption	04/02/2019	Federal Farm Credit		9,954,000.00		**9,954,000.00**
11586	100	3133EJPE3	FEDERAL FARM CR	Cap G/L	04/02/2019	Federal Farm Credit		46,000.00		**46,000.00**
11274	100	0258M0EK1	AMEX 1.875% MAT	Interest	04/02/2019	American Express			15,520.83	**15,520.83**
11483	100	3133EJLT4	FEDERAL FARM CR	Interest	04/02/2019	Federal Farm Credit			136,666.67	**136,666.67**
11586	100	3133EJPE3	FEDERAL FARM CR	Interest	04/02/2019	Federal Farm Credit			38,513.89	**38,513.89**
11600	100	SYS11600	CBC 2.5% MAT	Interest	04/02/2019	California Bank of C			21,615.25	**21,615.25**
11601	100	SYS11601	EWEST 2.8% MAT	Interest	04/02/2019	East West Bank			60,277.80	**60,277.80**
10472	100	SYS10472	CTRSTF 0.1%	Interest	04/02/2019	CalTrust - Short Ter			81,006.85	**81,006.85**
11691	100	SYS11691	BSB 2.5% MAT	Purchase	04/03/2019	Beneficial State Ban	10,000,000.00			**-10,000,000.00**
11579	100	55379WQJ8	MUFG 2.67% MAT	Redemption	04/03/2019	MUFG UNION BANK		50,000,000.00		**50,000,000.00**
11579	100	55379WQJ8	MUFG 2.67% MAT	Interest	04/03/2019	MUFG UNION BANK			593,333.35	**593,333.35**
11694	100	62478TZ69	MUFG 2.59% MAT	Purchase	04/05/2019	MUFG UNION BANK	50,000,000.00			**-50,000,000.00**
11695	100	63873NR52	NATXNY 2.6% MAT	Purchase	04/05/2019	NATXNY	50,000,000.00			**-50,000,000.00**
11692	100	912796RT8	UNITED STATES	Purchase	04/05/2019	Treasury Bill	49,119,777.78			**-49,119,777.78**
11693	100	912796RT8	UNITED STATES	Purchase	04/05/2019	Treasury Bill	49,121,666.67			**-49,121,666.67**
11697	100	89114MA80	TD 2.58% MAT	Purchase	04/05/2019	Toronto Dominion	50,000,000.00			**-50,000,000.00**
11696	100	89233HZC1	TOYOTA ZERO CPN	Purchase	04/05/2019	TOYOTA MOTOR	49,118,013.89			**-49,118,013.89**
10470	100	SYS10470	CAMP 0.24%	Purchase	04/05/2019	California Asset Mgm	30,000,000.00			**-30,000,000.00**
11037	100	3133EGJW6	FEDERAL FARM CR	Redemption	04/05/2019	Federal Farm Credit		15,000,000.00		**15,000,000.00**
11037	100	3133EGJW6	FEDERAL FARM CR	Interest	04/05/2019	Federal Farm Credit			77,250.00	**77,250.00**
11601	100	SYS11601	EWEST 2.8% MAT	Interest	04/05/2019	East West Bank			214,431.46	**214,431.46**
11331	100	3135G0T78	FNMA 2.% MAT	Interest	04/06/2019	Federal National Mtg			150,000.00	**150,000.00**
11332	100	3135G0T78	FNMA 2.% MAT	Interest	04/06/2019	Federal National Mtg			100,000.00	**100,000.00**
10954	100	3133EFZ26	FEDERAL FARM CR	Interest	04/07/2019	Federal Farm Credit			105,000.00	**105,000.00**
11655	100	SYS11655	BANKSF 2.5% MAT	Interest	04/07/2019	Bank of San Francisc			10,763.89	**10,763.89**
11667	100	SYS11667	CBB 2.5% MAT	Interest	04/07/2019	Community Bank of th			11,111.11	**11,111.11**
11698	100	3134GTGA5	FEDERAL HOME LN	Purchase	04/08/2019	Federal Home Loan	15,000,000.00			**-15,000,000.00**
11699	100	31422BEK2	FAMCA 2.76% MAT	Purchase	04/09/2019	FARMER MAC	11,988,000.00			**-11,988,000.00**
11700	100	31422BEK2	FAMCA 2.76% MAT	Purchase	04/09/2019	FARMER MAC	5,985,000.00			**-5,985,000.00**
11701	100	459516GW4	IFCDN DISC NOTE	Purchase	04/09/2019	IFC Discount Notes	29,867,175.00			**-29,867,175.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
11702	100	912828VV9	UNITED STATES	Purchase	04/09/2019	U.S. Treasury	49,933,848.51			**-49,933,848.51**
11343	100	931142DY6	WMT 1.75% MAT	Interest	04/09/2019	Walmart			35,000.00	**35,000.00**
11704	100	3134GTBE2	FEDERAL HOME LN	Purchase	04/10/2019	Federal Home Loan	10,000,000.00			**-10,000,000.00**
11705	100	3134GTDV2	FEDERAL HOME LN	Purchase	04/10/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11707	100	3134GTDC4	FEDERAL HOME LN	Purchase	04/10/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11703	100	44932NAB6	HART 2.67% MAT	Purchase	04/10/2019	Hyundai Auto Rec Tru	1,999,997.00			**-1,999,997.00**
11706	100	44932NAD2	HART 2.66% MAT	Purchase	04/10/2019	Hyundai Auto Rec Tru	2,999,605.20			**-2,999,605.20**
11589	100	SYS11589	5STAR 2.51% MAT	Interest	04/10/2019	Five Star Bank			21,342.47	**21,342.47**
11710	100	17275RAX0	CISCO SYS INC, SR	Purchase	04/11/2019	CISCO SYSTEMS	10,066,044.44			**-10,066,044.44**
11711	100	SYS11711	EWEST 2.8% MAT	Purchase	04/11/2019	East West Bank	10,000,000.00			**-10,000,000.00**
11708	100	3134GTFS7	FEDERAL HOME LN	Purchase	04/11/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11714	100	62478TZ85	MUFG 2.57% MAT	Purchase	04/11/2019	MUFG UNION BANK	50,000,000.00			**-50,000,000.00**
11712	100	912828F21	UNITED STATES	Purchase	04/11/2019	U.S. Treasury	49,803,417.44			**-49,803,417.44**
11713	100	912828H52	UNITED STATES	Purchase	04/11/2019	U.S. Treasury	49,652,106.35			**-49,652,106.35**
11715	100	912828H52	UNITED STATES	Purchase	04/11/2019	U.S. Treasury	49,652,106.35			**-49,652,106.35**
11709	100	92826CAB8	VISA 2.2% MAT	Purchase	04/11/2019	VISA Inc.	10,020,000.00			**-10,020,000.00**
11652	100	912796RG6	UNITED STATES	Redemption	04/11/2019	Treasury Bill		50,000,000.00		**50,000,000.00**
11680	100	912796RG6	UNITED STATES	Redemption	04/11/2019	Treasury Bill		50,000,000.00		**50,000,000.00**
11098	100	3133EGXK6	FEDERAL FARM CR	Interest	04/11/2019	Federal Farm Credit			84,000.00	**84,000.00**
11117	100	3130A9NJ6	FEDERAL HOME	Interest	04/11/2019	Federal Home Loan			60,000.00	**60,000.00**
11211	100	3133EGXK6	FEDERAL FARM CR	Interest	04/11/2019	Federal Farm Credit			28,000.00	**28,000.00**
11717	100	3133EKGV2	FEDERAL FARM CR	Purchase	04/12/2019	Federal Farm Credit	14,990,250.00			**-14,990,250.00**
11716	100	3134GTDE0	FEDERAL HOME LN	Purchase	04/12/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11718	100	3135G0V59	FNMA 2.25% MAT	Purchase	04/12/2019	Federal National Mtg	14,950,800.00			**-14,950,800.00**
11719	100	3135G0V59	FNMA 2.25% MAT	Purchase	04/12/2019	Federal National Mtg	29,870,400.00			**-29,870,400.00**
10470	100	SYS10470	CAMP 0.24%	Purchase	04/12/2019	California Asset Mgm	200,000,000.00			**-200,000,000.00**
11616	100	89233HRC0	TOYOTA DISC NOTE	Redemption	04/12/2019	TOYOTA MOTOR		50,000,000.00		**50,000,000.00**
11627	100	55379WUC8	MUFG 2.81% MAT	Redemption	04/12/2019	MUFG UNION BANK		50,000,000.00		**50,000,000.00**
11628	100	459516EF3	IFCDN DISC NOTE	Redemption	04/12/2019	IFC Discount Notes		50,000,000.00		**50,000,000.00**
11630	100	313384EF2	FHDN DISC NOTE	Redemption	04/12/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
11632	100	459516EF3	IFCDN DISC NOTE	Redemption	04/12/2019	IFC Discount Notes		50,000,000.00		**50,000,000.00**
11640	100	313384EF2	FHDN DISC NOTE	Redemption	04/12/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
11649	100	89233HRC0	TOYOTA DISC NOTE	Redemption	04/12/2019	TOYOTA MOTOR		50,000,000.00		**50,000,000.00**
11653	100	62478YRC4	MUFG DISC NOTE	Redemption	04/12/2019	MUFG UNION BANK		50,000,000.00		**50,000,000.00**
11573	100	SYS11573	BRIDGE 2.% MAT	Interest	04/12/2019	Bridge Bank			81,534.21	**81,534.21**
11576	100	3130AF5B9	FEDERAL HOME	Interest	04/12/2019	Federal Home Loan			150,000.00	**150,000.00**
11577	100	3130AF5B9	FEDERAL HOME	Interest	04/12/2019	Federal Home Loan			150,000.00	**150,000.00**
11627	100	55379WUC8	MUFG 2.81% MAT	Interest	04/12/2019	MUFG UNION BANK			452,722.20	**452,722.20**
10957	100	3133EF2L0	FEDERAL FARM CR	Interest	04/13/2019	Federal Farm Credit			105,000.00	**105,000.00**
10961	100	3133EF2L0	FEDERAL FARM CR	Interest	04/13/2019	Federal Farm Credit			105,000.00	**105,000.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
11334	100	3130ACM92	FHLB 1.58922% MAT	Interest	04/13/2019	Federal Home Loan			75,000.00	**75,000.00**
11335	100	3130ACM92	FHLB 1.58922% MAT	Interest	04/13/2019	Federal Home Loan			75,000.00	**75,000.00**
11336	100	3130ACM92	FHLB 1.58922% MAT	Interest	04/13/2019	Federal Home Loan			75,000.00	**75,000.00**
11669	100	SYS11669	SELFHP 2.1% MAT	Interest	04/13/2019	Self-Help Federal Cr			317.33	**317.33**
11720	100	3130AG5Z4	FEDERAL HOME	Purchase	04/15/2019	Federal Home Loan	10,000,000.00			**-10,000,000.00**
10470	100	SYS10470	CAMP 0.24%	Redemption	04/15/2019	California Asset Mgm		200,000,000.00		**200,000,000.00**
10956	100	3133EF2L0	FEDERAL FARM CR	Interest	04/15/2019	Federal Farm Credit			70,000.00	**70,000.00**
11246	100	3130AB3F1	FEDERAL HOME	Interest	04/15/2019	Federal Home Loan			120,000.00	**120,000.00**
11325	100	3130A6JG3	FEDERAL HOME	Interest	04/15/2019	Federal Home Loan			85,000.00	**85,000.00**
11333	100	713448DX3	PEPSICO INC, SR	Interest	04/15/2019	Pepsi Inc.			90,000.00	**90,000.00**
11422	100	3136G4QB2	FEDERAL NATL MTG	Interest	04/15/2019	Federal National Mtg			138,750.00	**138,750.00**
11475	100	3133EJKY4	FEDERAL FARM CR	Interest	04/15/2019	Federal Farm Credit			118,750.00	**118,750.00**
11476	100	3133EJKY4	FEDERAL FARM CR	Interest	04/15/2019	Federal Farm Credit			118,750.00	**118,750.00**
11479	100	3135G0U27	FNMA 2.5% MAT	Interest	04/15/2019	Federal National Mtg			125,000.00	**125,000.00**
11721	100	3130AGBF1	FEDERAL HOME	Purchase	04/16/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11722	100	89233HUX0	TOYOTA DISC NOTE	Purchase	04/16/2019	TOYOTA MOTOR	49,633,416.67			**-49,633,416.67**
11723	100	912828TH3	UNITED STATES	Purchase	04/16/2019	U.S. Treasury	49,871,892.27			**-49,871,892.27**
11724	100	912828TH3	UNITED STATES	Purchase	04/16/2019	U.S. Treasury	49,875,798.52			**-49,875,798.52**
11730	100	SYS11730	CALBT 2.38% MAT	Purchase	04/17/2019	California Bank & Tr	30,000,000.00			**-30,000,000.00**
11725	100	3130AG6T7	FEDERAL HOME	Purchase	04/17/2019	Federal Home Loan	8,000,000.00			**-8,000,000.00**
11726	100	36257FAD2	GM 2.65% MAT	Purchase	04/17/2019	GM Financial	3,999,674.40			**-3,999,674.40**
11727	100	36257FAB6	GM 2.66% MAT	Purchase	04/17/2019	GM Financial	4,999,550.00			**-4,999,550.00**
11729	100	SYS11729	UB-LOC 2.% MAT	Purchase	04/17/2019	Union Bank - LOC	5,000,000.00			**-5,000,000.00**
11247	100	3133EHFP3	FEDERAL FARM CR	Redemption	04/17/2019	Federal Farm Credit		10,000,000.00		**10,000,000.00**
11248	100	3133EHFK4	FEDERAL FARM CR	Redemption	04/17/2019	Federal Farm Credit		15,000,000.00		**15,000,000.00**
11249	100	3133EHFP3	FEDERAL FARM CR	Redemption	04/17/2019	Federal Farm Credit		15,000,000.00		**15,000,000.00**
11491	100	SYS11491	UB-LOC 0.2% MAT	Redemption	04/17/2019	Union Bank - LOC		5,000,000.00		**5,000,000.00**
11584	100	87019VTD9	SWEDBK 2.64% MAT	Redemption	04/17/2019	SWEDISH BANK NY		50,000,000.00		**50,000,000.00**
11688	100	313384EL9	FHLBDN DISC NOTE	Redemption	04/17/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
11114	100	3136G4DR1	FEDERAL NATL MTG	Interest	04/17/2019	Federal National Mtg			55,000.00	**55,000.00**
11247	100	3133EHFP3	FEDERAL FARM CR	Interest	04/17/2019	Federal Farm Credit			69,500.00	**69,500.00**
11248	100	3133EHFK4	FEDERAL FARM CR	Interest	04/17/2019	Federal Farm Credit			99,000.00	**99,000.00**
11249	100	3133EHFP3	FEDERAL FARM CR	Interest	04/17/2019	Federal Farm Credit			104,250.00	**104,250.00**
11491	100	SYS11491	UB-LOC 0.2% MAT	Interest	04/17/2019	Union Bank - LOC			24,444.44	**24,444.44**
11584	100	87019VTD9	SWEDBK 2.64% MAT	Interest	04/17/2019	SWEDISH BANK NY			619,666.65	**619,666.65**
11508	100	3133EJLA5	FEDERAL FARM CR	Interest	04/18/2019	Federal Farm Credit			141,500.00	**141,500.00**
11486	100	3132X0U25	FEDERAL AGRIC	Interest	04/19/2019	FARMER MAC			420,000.00	**420,000.00**
11487	100	3132X0U25	FEDERAL AGRIC	Interest	04/19/2019	FARMER MAC			560,000.00	**560,000.00**
11488	100	3132X0U25	FEDERAL AGRIC	Interest	04/19/2019	FARMER MAC			420,000.00	**420,000.00**
11252	100	3137EAEF2	FEDERAL HOME LN	Interest	04/20/2019	Federal Home Loan			68,750.00	**68,750.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
11253	100	3137EAEF2	FEDERAL HOME LN	Interest	04/20/2019	Federal Home Loan			68,750.00	**68,750.00**
11254	100	3137EAEF2	FEDERAL HOME LN	Interest	04/20/2019	Federal Home Loan			68,750.00	**68,750.00**
11731	100	31422BEV8	FAMCA 2.485% MAT	Purchase	04/22/2019	FARMER MAC	50,000,000.00			**-50,000,000.00**
11732	100	3134GTHU0	FEDERAL HOME LN	Purchase	04/23/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11733	100	3134GTHU0	FEDERAL HOME LN	Purchase	04/23/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11734	100	912828H52	UNITED STATES	Purchase	04/23/2019	U.S. Treasury	99,372,992.92			**-99,372,992.92**
11489	100	3137EAEM7	FEDERAL HOME LN	Interest	04/23/2019	Federal Home Loan			187,500.00	**187,500.00**
11490	100	3137EAEM7	FEDERAL HOME LN	Interest	04/23/2019	Federal Home Loan			187,500.00	**187,500.00**
11493	100	3133EJLZ0	FEDERAL FARM CR	Interest	04/23/2019	Federal Farm Credit			131,250.00	**131,250.00**
11736	100	31422BEX4	FAMCA 2.475% MAT	Purchase	04/24/2019	FARMER MAC	50,000,000.00			**-50,000,000.00**
11735	100	3134GTGY3	FEDERAL HOME LN	Purchase	04/24/2019	Federal Home Loan	14,992,500.00			**-14,992,500.00**
11108	100	3133EGZE8	FEDERAL FARM CR	Interest	04/24/2019	Federal Farm Credit			90,750.00	**90,750.00**
11109	100	3133EGZE8	FEDERAL FARM CR	Interest	04/24/2019	Federal Farm Credit			60,500.00	**60,500.00**
11349	100	3130ACKG8	FEDERAL HOME	Interest	04/24/2019	Federal Home Loan			165,000.00	**165,000.00**
11737	100	57636QAF1	MASTER 2.% MAT	Purchase	04/25/2019	Mastercard Inc.	9,942,055.56			**-9,942,055.56**
11500	100	3133EJMC0	FEDERAL FARM CR	Redemption	04/25/2019	Federal Farm Credit		19,972,200.00		**19,972,200.00**
11500	100	3133EJMC0	FEDERAL FARM CR	Cap G/L	04/25/2019	Federal Farm Credit		27,800.00		**27,800.00**
11106	100	3134GAUL6	FEDERAL HOME LN	Interest	04/25/2019	Federal Home Loan			90,000.00	**90,000.00**
11111	100	3130A9PB1	FEDERAL HOME	Interest	04/25/2019	Federal Home Loan			60,000.00	**60,000.00**
11135	100	45905UZJ6	IBRD 1.3% MAT	Interest	04/25/2019	International Bank R			65,000.00	**65,000.00**
11227	100	45905UZJ6	IBRD 1.3% MAT	Interest	04/25/2019	International Bank R			65,000.00	**65,000.00**
11256	100	3134GBHY1	FHLMC 1.5% MAT	Interest	04/25/2019	Federal Home Loan			112,500.00	**112,500.00**
11354	100	742718EZ8	PROCTER AND	Interest	04/25/2019	Proctor & Gamble			17,500.00	**17,500.00**
11500	100	3133EJMC0	FEDERAL FARM CR	Interest	04/25/2019	Federal Farm Credit			300,000.00	**300,000.00**
11738	100	313384EY1	BRV DISC NOTE	Purchase	04/26/2019	Federal Home Loan	49,990,208.33			**-49,990,208.33**
11739	100	313384EY1	BRV DISC NOTE	Purchase	04/26/2019	Federal Home Loan	49,990,208.33			**-49,990,208.33**
11740	100	313384EY1	BRV DISC NOTE	Purchase	04/26/2019	Federal Home Loan	49,990,208.33			**-49,990,208.33**
10968	100	3135G0K28	FEDERAL NATL MTG	Redemption	04/26/2019	Federal National Mtg		15,000,000.00		**15,000,000.00**
11548	100	3134GSSB2	FHLMC 2.85% MAT	Redemption	04/26/2019	Federal Home Loan		15,000,000.00		**15,000,000.00**
10968	100	3135G0K28	FEDERAL NATL MTG	Interest	04/26/2019	Federal National Mtg			93,750.00	**93,750.00**
11502	100	3136G4SD6	FEDERAL NATL MTG	Interest	04/26/2019	Federal National Mtg			206,250.00	**206,250.00**
11548	100	3134GSSB2	FHLMC 2.85% MAT	Interest	04/26/2019	Federal Home Loan			106,875.00	**106,875.00**
11268	100	3134GBHC9	FEDERAL HOME LN	Interest	04/27/2019	Federal Home Loan			46,250.00	**46,250.00**
11385	100	3133EFKY2	FEDERAL FARM CR	Interest	04/28/2019	Federal Farm Credit			115,600.00	**115,600.00**
11746	100	3130ACH72	FEDERAL HOME	Purchase	04/29/2019	Federal Home Loan	24,896,736.11			**-24,896,736.11**
11743	100	313384GT0	FHLBDN DISC NOTE	Purchase	04/29/2019	Federal Home Loan	49,856,666.67			**-49,856,666.67**
11741	100	3134GTHL0	FEDERAL HOME LN	Purchase	04/29/2019	Federal Home Loan	20,000,000.00			**-20,000,000.00**
11742	100	3134GTKY8	FEDERAL HOME LN	Purchase	04/29/2019	Federal Home Loan	50,000,000.00			**-50,000,000.00**
11745	100	3136G05D9	FEDERAL NATL MTG	Purchase	04/29/2019	Federal National Mtg	24,917,541.67			**-24,917,541.67**
11744	100	9128282D1	UNITED STATES	Purchase	04/29/2019	U.S. Treasury	48,205,842.39			**-48,205,842.39**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
11654	100	45905UZ56	IBRD 2.85% MAT	Redemption	04/29/2019	International Bank R		10,000,000.00		**10,000,000.00**
11738	100	313384EY1	BRV DISC NOTE	Redemption	04/29/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
11739	100	313384EY1	BRV DISC NOTE	Redemption	04/29/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
11740	100	313384EY1	BRV DISC NOTE	Redemption	04/29/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
10805	100	3130A6MH7	FEDERAL HOME	Interest	04/29/2019	Federal Home Loan			43,000.00	**43,000.00**
11116	100	3135G0Q71	FEDERAL NATL MTG	Interest	04/29/2019	Federal National Mtg			62,500.00	**62,500.00**
11260	100	3134GBHQ8	FHLMC 1.7% MAT	Interest	04/29/2019	Federal Home Loan			170,000.00	**170,000.00**
11265	100	3133EHHB2	FEDERAL FARM CR	Interest	04/29/2019	Federal Farm Credit			36,250.00	**36,250.00**
11654	100	45905UZ56	IBRD 2.85% MAT	Interest	04/29/2019	International Bank R			70,458.33	**70,458.33**
11654	100	45905UZ56	IBRD 2.85% MAT	Accr Int	04/29/2019	International Bank R		5,541.67	-5,541.67	**0.00**
11687	100	46625HNX4	JPM 2.55% MAT	Interest	04/29/2019	J.P. Morgan			318,750.00	**318,750.00**
11687	100	46625HNX4	JPM 2.55% MAT	Accr Int	04/29/2019	J.P. Morgan		265,625.00	-265,625.00	**0.00**
11748	100	3130AGCH6	FEDERAL HOME	Purchase	04/30/2019	Federal Home Loan	10,000,000.00			**-10,000,000.00**
11747	100	3134GTKX0	FEDERAL HOME LN	Purchase	04/30/2019	Federal Home Loan	50,000,000.00			**-50,000,000.00**
11749	100	SYS11749	FREMNT 2.41% MAT	Purchase	04/30/2019	Fremont Bank	35,000,000.00			**-35,000,000.00**
11556	100	3134GSSK2	FEDERAL HOME LN	Redemption	04/30/2019	Federal Home Loan		10,000,000.00		**10,000,000.00**
11357	100	3130ACLQ5	FEDERAL HOME	Interest	04/30/2019	Federal Home Loan			100,000.00	**100,000.00**
11556	100	3134GSSK2	FEDERAL HOME LN	Interest	04/30/2019	Federal Home Loan			71,875.00	**71,875.00**
11588	100	3135G0U84	FEDERAL NATL MTG	Interest	04/30/2019	Federal National Mtg			142,951.39	**142,951.39**
11601	100	SYS11601	EWEST 2.8% MAT	Interest	04/30/2019	East West Bank			58,333.35	**58,333.35**
11691	100	SYS11691	BSB 2.5% MAT	Interest	04/30/2019	Beneficial State Ban			18,977.78	**18,977.78**
10472	100	SYS10472	CTRSTF 0.1%	Interest	04/30/2019	CalTrust - Short Ter			97,072.94	**97,072.94**
11464	100	45905UQ80	IBRD 1.95% MAT	Interest	05/09/2019	International Bank R			97,500.00	**97,500.00**
		Totals for General Fund					**2,067,673,500.8**	**1,152,271,166.6**	**9,816,995.52**	**-905,585,338.61**
		Grand Total					**2,067,673,500.8**	**1,152,271,166.6**	**9,816,995.52**	**-905,585,338.61**

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APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this appendix 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 the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Series 2019 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2019 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2019 Bonds (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 maturity of the Securities, 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 and www.dtc.org.

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

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the

actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 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 the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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