

# PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 22, 2019

## NEW ISSUE - FULL BOOK-ENTRY

**RATING: Moody's: "Aa3"**

**See "RATING" herein.**

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2019G Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."*

**\$10,000,000\***

**EMERY UNIFIED SCHOOL DISTRICT  
(Alameda County, California)  
General Obligation Bonds  
Election of 2010, Series 2019G**

**\$27,000,000\***

**EMERY UNIFIED SCHOOL DISTRICT  
(Alameda County, California)  
2019 General Obligation Refunding Bonds  
(Federally Taxable)**

**Dated: Date of Delivery**

**Due: August 1, as shown on inside front cover**

**Authority and Purpose.** The above captioned General Obligation Bonds, Election of 2010, Series 2019G (the "Series G Bonds") and the 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds" and, together with the Series G Bonds, the "Bonds") are being issued by the Emery Unified School District (the "District") pursuant to certain provisions of the California Government Code and resolutions of the Board of Trustees of the District adopted on August 14, 2019 (together, the "Bond Resolutions"). The Series G Bonds were authorized at an election of the registered voters of the District held on November 2, 2010, which authorized the issuance of \$95,000,000 principal amount of general obligation bonds for the purpose of financing the replacement and upgrading of school facilities. The Series G Bonds are the seventh series of bonds to be issued under this authorization. The Refunding Bonds are being issued to refund certain maturities of the District's outstanding General Obligation Bonds, 2010 Election, 2013 Series D. See "THE BONDS – Authority for Issuance" and "THE FINANCING PLAN" herein.

**Security.** The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected respectively by Alameda County (the "County"). The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation within the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other outstanding issues of general obligation bonds which are similarly payable from *ad valorem* taxes levied on parcels in the District and will be payable on a parity basis with the Bonds. See "SECURITY FOR THE BONDS."

**Book-Entry Only.** The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and APPENDIX F.

**Payments.** The Series G Bonds are dated the date of delivery, and are being issued as current interest bonds. The Series G Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2020. The Refunding Bonds are dated the date of delivery, and are being issued as capital appreciation bonds. The Refunding Bonds accrete interest at the accretion rates set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2020, until payment of the accreted value thereof at maturity or upon earlier redemption. Payments of principal and accreted value of and interest on the Bonds will be paid by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

**Redemption\*.** Certain maturities of the Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "Mandatory Sinking Fund Redemption."

**Bond Insurance.** The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds, and will decide prior to the sale of the Bonds whether to purchase such insurance.

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## MATURITY SCHEDULE

(See inside cover)

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**Cover Page.** This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

*The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall, A Professional Law Corporation is also serving as Disclosure Counsel to the District. Chapman and Cutler LLP, Chicago, Illinois, is serving as Underwriter's Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about September 12, 2019.*

**RAYMOND JAMES®**

The date of this Official Statement is August \_\_, 2019.

*\*Preliminary; subject to change.*

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 be 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 such jurisdiction.

# MATURITY SCHEDULES\*

## EMERY UNIFIED SCHOOL DISTRICT (Alameda County, California) General Obligation Bonds Election of 2010, Series 2019G

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (291119)
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\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_; Yield; \_\_\_\_\_%; Price: \_\_\_\_\_; CUSIP† \_\_\_\_\_

## EMERY UNIFIED SCHOOL DISTRICT (Alameda County, California) 2019 General Obligation Refunding Bonds (Federally Taxable)

\$ \_\_\_\_\_ Denominational Amount  
(\$ \_\_\_\_\_ Maturity Value)  
Capital Appreciation Bonds

Maturity Date (August 1)	Denominational Amount	Accretion Rate	Yield to Maturity	Maturity Value	CUSIP† (291119)
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\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_; Yield; \_\_\_\_\_%; Price: \_\_\_\_\_; CUSIP† \_\_\_\_\_

\*Preliminary; subject to change.

† CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

**No Offering Except by This Official Statement.** No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

**No Unlawful Offers or Solicitations.** This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Information in Official Statement.** The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

**Involvement of Underwriter.** The following statement has been provided by the Underwriter of the Bonds: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**Stabilization of and Changes to Offering Prices.** The Underwriter may over allot or take other steps that stabilize or maintain the market prices of the Bonds at levels above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

**Document Summaries.** All summaries of the Bond Resolutions or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

**No Securities Laws Registration.** The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

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

**EMERY UNIFIED SCHOOL DISTRICT  
(Alameda County, California)**

**BOARD OF TRUSTEES\***

Brynnda Collins, *Vice President*  
Susan Donaldson, *Clerk*  
Sarah Nguyen, *County Representative*  
Cruz Vargas, *Trustee*

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**DISTRICT ADMINISTRATION**

Dr. Quiauna Scott, *Superintendent*  
Dora Siu, *Fiscal Services Director*

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**PROFESSIONAL SERVICES**

**FINANCIAL ADVISOR**

Caldwell Flores Winters, Inc.  
*Emeryville, California*

**BOND AND DISCLOSURE COUNSEL**

Jones Hall, A Professional Law Corporation  
*San Francisco, California*

**BOND REGISTRAR, TRANSFER AGENT, PAYING AGENT AND ESCROW AGENT**

U.S. Bank National Association  
*San Francisco, California*

**VERIFICATION AGENT**

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

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\* There is currently a vacancy on the Board, which the District expects to fill in September, 2019.

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
THE FINANCING PLAN.....	3
The Series G Bonds.....	3
The Refunding Bonds .....	4
SOURCES AND USES OF FUNDS .....	5
THE BONDS .....	6
Authority for Issuance .....	6
Description of the Bonds.....	6
Book-Entry Only System.....	8
Optional Redemption .....	8
Mandatory Sinking Fund Redemption.....	9
Notice of Redemption .....	9
Partial Redemption of Bonds .....	10
Right to Rescind Notice of Redemption .....	10
Registration, Transfer and Exchange of Bonds .....	10
Defeasance.....	11
APPLICATION OF PROCEEDS OF THE BONDS .....	12
Building Fund.....	12
Debt Service Fund .....	12
Investment of Proceeds of Bonds.....	12
DEBT SERVICE SCHEDULES.....	14
SECURITY FOR THE BONDS .....	17
<i>Ad Valorem</i> Taxes .....	17
Debt Service Fund .....	18
Not a County Obligation.....	18
PROPERTY TAXATION .....	19
Property Tax Collection Procedures .....	19
Taxation of State-Assessed Utility Property.....	19
Assessed Valuation .....	20
Reassessments and Appeals of Assessed Value.....	21
Tax Rates.....	23
Tax Levies and Delinquencies .....	23
Major Taxpayers .....	25
Direct and Overlapping Debt.....	26
BOND INSURANCE .....	27
TAX MATTERS.....	27
Tax Exemption .....	27
Tax Exemption .....	28
CERTAIN LEGAL MATTERS .....	30
Legality for Investment.....	30
Absence of Litigation.....	30
Compensation of Certain Professionals.....	30
CONTINUING DISCLOSURE.....	30
RATING .....	31
UNDERWRITING.....	31
ADDITIONAL INFORMATION .....	31
EXECUTION .....	32
APPENDIX A - GENERAL AND FINANCIAL INFORMATION FOR THE EMERY UNIFIED SCHOOL DISTRICT .....	A-1
APPENDIX B - EMERY UNIFIED SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18 .....	B-1
APPENDIX C - ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF EMERYVILLE AND ALAMEDA COUNTY .....	C-1
APPENDIX D - PROPOSED FORMS OF OPINIONS OF BOND COUNSEL .....	D-1
APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE.....	E-1
APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM.....	F-1
APPENDIX G - ALAMEDA COUNTY INVESTMENT POLICY AND INVESTMENT REPORT .....	G-1
APPENDIX H – TABLE OF ACCRETED VALUES.....	H-1

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**\$10,000,000\***  
**EMERY UNIFIED SCHOOL DISTRICT**  
**(Alameda County, California)**  
**General Obligation Bonds**  
**Election of 2010, Series 2019G**

**\$27,000,000\***  
**EMERY UNIFIED SCHOOL DISTRICT**  
**(Alameda County, California)**  
**2019 General Obligation Refunding Bonds**  
**(Federally Taxable)**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the (i) General Obligation Bonds Election of 2010, Series 2019G (the “**Series G Bonds**”) and (ii) 2019 General Obligation Refunding Bonds (the “**Refunding Bonds**”) and, together with the Series G Bonds, the “**Bonds**”) by the Emery Unified School District (the “**District**”).

### 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 and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

**The District.** The District was established in 1887. Encompassing approximately 1.2 square miles, the District is located in Alameda County (the “**County**”) in the State of California (the “**State**”) and serves the residents of the City of Emeryville (the “**City**”), a small municipality located in a corridor between the cities of Berkeley and Oakland, extending to the shore of the San Francisco Bay, which is home to numerous biotech and software companies. The District currently operates two school sites, the Anna Yates Elementary School serving grades kindergarten through eight, and the Emery Secondary School serving grades nine through twelve. In fiscal year 2018-19, enrollment in the District was 743 students.

For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See also APPENDIX C for demographic and other statistical information regarding the City and the County.

**Purpose.** The net proceeds of the Series G Bonds will be used to replace and upgrade school facilities as approved by the voters at an election held in the District on November 2, 2010 (the “**Bond Election**”) which authorized a total of \$95,000,000 principal amount of general obligation bonds (the “**2010 Authorization**”) to finance new construction and additions to modernization of school facilities for the District. The Series G Bonds are the seventh series of bonds issued pursuant to the 2010 Authorization. The Refunding Bonds are being issued by the District to refund certain maturities of the District’s outstanding General Obligation Bonds, 2010 Election, 2013 Series D, and to pay related costs of issuance. See “THE FINANCING PLAN” herein.

**Authority for Issuance of the Bonds.** The Series G Bonds are being issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and pursuant to a resolution adopted by the Board of Trustees of the District (the “**Board**”) on August 14, 2019 (the “**Series G Bond Resolution**”). The Refunding Bonds are being issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550

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\*Preliminary, subject to change.

thereof, and pursuant to a resolution adopted by the Board on August 14, 2019 (the “**Refunding Bond Resolution**”). See “THE BONDS - Authority for Issuance” herein.

**Payment and Registration of the Bonds.** The Series G Bonds are being issued as current interest bonds. The Refunding Bonds are being issued as capital appreciation bonds. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be dated their date of original issuance and delivery (the “**Dated Date**”), and will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “THE BONDS” and APPENDIX F.

Interest on the Series G Bonds accrues from the Dated Date and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. Interest on the Refunding Bonds accretes interest from the Dated Date and is compounded semiannually on February 1 and August 1, commencing February 1, 2020, until payment of the accreted value thereof at maturity, or upon earlier redemption. See “THE BONDS - Description of the Bonds.”

**Redemption.\*** The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS – Optional Redemption” and “– Mandatory Sinking Fund Redemption.”

**Security and Sources of Payment for the Bonds.** The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See “SECURITY FOR THE BONDS.”

**Legal Matters.** Issuance of the Bonds is subject to the approving opinions of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel (“**Bond Counsel**”), to be delivered in substantially the forms attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District (“**Disclosure Counsel**”). Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

**Tax Matters.** In the opinion of Bond Counsel, interest on the Series G Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax. In the opinion of Bond Counsel, interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See “TAX MATTERS” for additional information, and APPENDIX D hereto for the forms of Bond Counsel’s opinions to be delivered concurrently with the Bonds.

**Bond Insurance.** The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds, and will decide prior to the sale of the Bonds whether to purchase such insurance.

**Continuing Disclosure.** The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed in connection

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\*Preliminary, subject to change.



with the Bonds. The form of the Continuing Disclosure Certificate is included in APPENDIX E hereto. See "CONTINUING DISCLOSURE" herein.

**Other Information.** This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the District from the Superintendent's Office at Emery Unified School District 4727 San Pablo Avenue, Emeryville, California 94608, Phone: (510) 601-4906. The District may impose a charge for copying, mailing and handling.

## THE FINANCING PLAN

### The Series G Bonds

The net proceeds of the Series G Bonds will be used to finance projects approved by more than the requisite 55% of District voters at the Bond Election. The abbreviated form of the 2010 Authorization is as follows:

*"Shall Emery Unified School District: maintain academic excellence/student performance, attract and retain quality teachers by: replacing/upgrading outdated schools no longer meeting seismic safety standards; provide updated classrooms, technology, science/computer labs: improve school safety; create energy efficient cost-saving facilities that provide job training, after-school, pre-school, and other community services by issuing \$95 million dollars in bonds at legal rates with independent citizens' oversight, audits, and NO money for administrator salaries, benefits, or pensions?"*

Pursuant to the 2010 Authorization, the District has previously issued the following general obligation bonds:

- \$25,499,599.80 original principal amount of General Obligation Bonds, 2010 Election, 2011 Series A (the "**Series A Bonds**"),
- \$15,000,000 original principal amount of General Obligation Bonds, 2010 Election, 2011 Series B (Federally Taxable Direct-Pay Qualified School Construction Bonds) (the "**Series B Bonds**"),
- \$7,640,000 original principal amount of General Obligation Bonds, 2010 Election, 2012 Series C (Federally Taxable Direct-Pay Qualified School Construction Bonds) (the "**Series C Bonds**"),
- \$17,450,146.55 original principal amount of General Obligation Bonds, 2010 Election, 2013 Series D (the "**Series D Bonds**"),
- \$4,500,000 original principal amount of General Obligation Bonds, 2010 Election, Series 2015 E (the "**Series E Bonds**"), and
- \$1,300,000 original principal amount of General Obligation Bonds, Election of 2010, Series 2017 F (the "**Series F Bonds**").

The Series G Bonds are the seventh series of bonds issued pursuant to the 2010 Authorization. Following the issuance of the Series G Bonds there will be \$13,600,000\* remaining under the 2010 Authorization. See “DEBT SERVICE SCHEDULES” and APPENDIX A under the heading “FINANCIAL INFORMATION – Existing Debt Obligations.”

## The Refunding Bonds

On February 11, 2013, the District issued the Series D Bonds, as current interest bonds and capital appreciation bonds, in the aggregate principal amount of \$17,450,146.55, in order to finance building a new school and improvements to educational facilities, including the repair, reconstruction, or replacement of the District’s facilities. The Series D Bonds are currently outstanding in the aggregate denominational amount of \$17,079,600.

Proceeds of the Refunding Bonds will be used to refinance certain maturities of the outstanding Series D Bonds, as more particularly described below, and to pay related costs of issuance.

The maturities of the Series D Bonds that were issued as capital appreciation bonds will be refunded with proceeds of the Refunding Bonds (the “**Refunded Bonds**”) as identified in the following table.

### Identification of Refunded Bonds\*

Maturities Payable from Escrow (August 1)	CUSIP†	Original Denominational Amount*	Accreted Value at Maturity	Redemption Price	Redemption Date	Accreted Value at Redemption
2032	291119 FW0	\$241,283.70	\$630,000.00	100%	08/01/2023	\$404,283.60
2033	291119 FX8	424,116.25	1,175,000.00	100	08/01/2023	714,270.75
2034	291119 FY6	448,588.80	1,320,000.00	100	08/01/2023	759,369.60
2035	291119 FZ3	440,164.80	1,380,000.00	100	08/01/2023	749,685.00
2036	291119 GA7	1,702,861.95	5,695,000.00	100	08/01/2023	2,918,174.95
2037	291119 GB5	1,658,940.75	5,925,000.00	100	08/01/2023	2,860,293.75
2038	291119 GC3	1,614,428.55	6,165,000.00	100	08/01/2023	2,800,636.20
2039	291119 GD1	1,577,448.50	6,415,000.00	100	08/01/2023	2,747,672.80
2040	291119 GE9	1,548,333.00	6,675,000.00	100	08/01/2023	2,702,507.25
2041	291119 GF6	1,523,316.30	6,945,000.00	100	08/01/2023	2,661,532.35
2042	291119 GG4	1,498,176.00	7,225,000.00	100	08/01/2023	2,620,290.75
2043	291119 GH2	1,472,940.00	7,515,000.00	100	08/01/2023	2,578,772.25
2044	291119 GJ8	1,448,498.60	7,820,000.00	100	08/01/2023	2,538,528.40
2045	291119 FT7	160,503.20	920,000.00	100	08/01/2023	281,860.40
		\$15,759,600.40	\$65,805,000.00			\$27,337,878.05

\*Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

The maturities of the Series D Bonds issued as current interest bonds (the “**Unrefunded Bonds**”) are not being refunded and will remain outstanding following the issuance of the Refunding Bonds, as identified in the following table.

\*Preliminary, subject to change.

## Identification of Unrefunded Bonds\*

Maturities to Remain Outstanding (August 1)	CUSIP†	Principal Amount	Redemption Date	Redemption Price
2045	291119 GK5	\$1,320,000.00	8/01/23	100%

\*Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

**Deposits in Escrow Fund.** The District will deliver the net proceeds of the Refunding Bonds to U.S. Bank National Association, San Francisco, California (the “**Escrow Bank**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under an Escrow Deposit Agreement (the “**Escrow Agreement**”), between the District and the Escrow Bank. The Escrow Bank will apply such funds, together with interest earnings thereon, to pay the principal of and interest on the Refunded Bonds, as set forth above, on the redemption date identified above.

Sufficiency of the deposits in the Escrow Fund for those purposes will be verified by Causey Demgen & Moore P.C., certified public accountants (the “**Verification Agent**”). See “**VERIFICATION OF MATHEMATICAL ACCURACY**” herein. As a result of the deposit of funds with the Escrow Bank on the date of issuance of the Refunding Bonds, the Refunded Bonds will be legally defeased and will be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be secured by *ad valorem* property taxes levied in the District.

*The amounts held by the Escrow Bank in the Escrow Fund are pledged solely to the payment of the Refunded Bonds. The funds deposited in the Escrow Fund will not be available for the payment of debt service with respect to the Refunding Bonds or the Series G Bonds.*

## SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

<u>Sources of Funds</u>	<u>Series G Bonds</u>	<u>Refunding Bonds</u>
Principal Amount of Bonds		
[Net] Original Issue [Premium]/		
[Discount]		
<b>Total Sources</b>		
<u>Uses of Funds</u>		
Deposit to Building Fund		
Deposit to Debt Service Fund <sup>(1)</sup>		
Deposit to Escrow Fund		
Costs of Issuance <sup>(2)</sup>		
<b>Total Uses</b>		

<sup>(1)</sup> Represents original issue premium received by the District on the Series G Bonds.

<sup>(2)</sup> All estimated costs of issuing the Bonds including, but not limited to, fees of Bond Counsel Disclosure Counsel, the Financial Advisor, the Paying Agent and the rating agency, bond insurance premium (if any), and Underwriter's discount.

## THE BONDS

### Authority for Issuance

**Series G Bonds.** The Series G Bonds will be issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, the Series G Bond Resolution and the 2010 Authorization. The Series G Bonds represent the seventh series of bonds issued pursuant to the 2010 Authorization.

**Refunding Bonds.** The Refunding Bonds will be issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 and of Part 1 of Division 2 of Title 5 of the California Government Code and the Refunding Bond Resolution.

### Description of the Bonds

The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “Book-Entry Only System” below and APPENDIX F.

#### **Series G Bonds**

The Series G Bonds shall be issued as current interest bonds in the denominations of \$5,000 principal amount each or any integral multiple thereof. Interest on the Series G Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2020 (each, an “**Interest Payment Date**”). Each Series G Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15<sup>th</sup>) day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2020, in which event it will bear interest from the date of delivery of the Refunding Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Series G Bond is in default at the time of authentication thereof, such Series G Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Series G Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Series G Bonds.

#### **Refunding Bonds**

The following terms used herein are defined in the Series G Bond Resolution to have the following meanings with respect to the Refunding Bonds:

“**Accreted Value**” means, with respect to any Refunding Bond, the total amount of principal thereof and interest payable thereon as of any Compounding Date determined solely by reference to the Table of Accreted Values set forth on such Refunding Bond, which is attached to this Official Statement as APPENDIX H. The Accreted Value of any Refunding Bond as of any date other than a Compounding Date will be the sum of (a) the Accreted Value as of the Compounding Date immediately preceding the date as of which the calculation is being made plus (b) interest on the Accreted Value determined under the preceding clause (a), computed to the date as of which the

calculation is being made at the Accretion Rate set forth on such Refunding Bond (computed on the basis of a 360-day year of twelve 30-day months).

**“Accretion Rate”** means the rate which, when applied to the principal amount of any Refunding Bond and compounded semiannually on each Compounding Date, produces the Maturity Value of such Refunding Bond on the maturity date thereof.

**“Closing Date”** means the date upon which there is a delivery of the Refunding Bonds in exchange for the amount representing the purchase price of the Refunding Bonds by the Underwriter (as defined herein).

**“Compounding Date”** means, with respect to any Refunding Bond, each February 1 and August 1, commencing February 1, 2020, to and including the date of maturity or redemption of such Refunding Bond.

**“Denominational Amount”** means, with respect to any Refunding Bond, the original amount of such Refunding Bond as of the Closing Date.

**“Maturity Value”** means, with respect to any Refunding Bond, the Accreted Value of such Refunding Bond to be paid at maturity.

As provided in the Refunding Bond Resolution, references therein and in this Official Statement to the payment of the principal of and interest on the Refunding Bonds includes payment of the Accreted Value and Maturity Value of the Refunding Bonds, unless otherwise required by the context or by the express provisions of such reference. Further, whenever in the Refunding Bond Resolution or in this Official Statement, any reference is made to the rights of the owners of the Refunding Bonds as measured by the principal amount of such Bonds, the principal amount of the Refunding Bonds is deemed to be the Accreted Value thereof as of the date of exercise of such rights.

The Refunding Bonds are dated the date of delivery, and accrete interest from such date. The Denominational Amount of each maturity of the Refunding Bonds shall be as shown on the inside cover page hereof. The Refunding Bonds are issued in denominations such that the Maturity Value thereof shall equal \$5,000 or an integral multiple thereof. The Refunding Bonds are payable only at maturity, in the years and amounts set forth on the inside cover page hereof.

Interest on the Refunding Bonds is compounded on February 1 and August 1 of each year, commencing February 1, 2020. Each Refunding Bond accretes in value daily over the term to its maturity, from its Denominational Amount on the Closing Date to its Accreted Value on its maturity date. The Accreted Value payable on any date shall be determined solely by reference to the Table of Accreted Values attached to such Refunding Bond. See APPENDIX H for the table of accreted values.

The interest portion of the Accreted Value of any Refunding Bond that is payable on the date of maturity shall represent interest accreted and coming due on such date. The Accreted Value of any Refunding Bond at maturity shall be payable by check or draft mailed by first-class mail, in lawful money of the United State of America upon presentation and surrender of such Bond at the Office of the Paying Agent. See APPENDIX F.

## **Book-Entry Only System**

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers of the Bonds (the “**Beneficial Owners**”) will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association (the “**Paying Agent**”) to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice. See APPENDIX F.

The Paying Agent, the District, and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

## **Optional Redemption\***

**Series G Bonds.** The Series G Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to maturity. The Series G Bonds maturing on or after August 1, 20\_\_ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20\_\_, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

**Refunding Bonds.** The Refunding Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to maturity. The Refunding Bonds maturing on or after August 1, 20\_\_ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20\_\_, or on any date thereafter, at a price equal to 100% of the Accreted Value thereof as of the date of redemption, without premium.

**Selection of Bonds for Purpose of Redemption.** For the purpose of selection for optional redemption, Bonds will be deemed to consist of \$5,000 portions, and any such portion may be separately redeemed. Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond will be deemed to consist of individual bonds of \$5,000 denominational amounts. The Bonds may all be separately redeemed.

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\*Preliminary, subject to change.

## Mandatory Sinking Fund Redemption

**Series G Bonds.** The Series G Bonds maturing on August 1, 20\_\_, (the “**Series G Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedule set forth below. The Series G Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments in the amounts and on the dates set forth below, without premium.

\$\_\_\_\_\_ **Series G Term Bonds Maturing August 1, 20\_\_**

Redemption Date (August 1)	Sinking Fund Redemption
_____	_____

**Refunding Bonds.** The Refunding Bonds maturing on August 1, 20\_\_ (the “**Refunding Term Bonds**” and, together with the Series G Term Bonds, the “**Term Bonds**”) are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedule set forth below. The Term Refunding Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

\$\_\_\_\_\_ **Refunding Term Bonds Maturing August 1, 20\_\_**

Redemption Date (August 1)	Sinking Fund Redemption
_____	_____

If any such 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 Maturity Value (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

## Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Bonds, at the expense of the District, at least 20 days but not more than 60 days prior to the date fixed for redemption. Notice of any redemption of Bonds shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Neither failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

## **Partial Redemption of Bonds**

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor, series and maturity and of authorized denominations (or of like Accreted Value in the case of the Refunding Bonds) equal in transfer amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

## **Conditional Notice; Right to Rescind Notice of Redemption**

Redemption notices may be conditional. The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolutions.

## **Registration, Transfer and Exchange of Bonds**

If the book entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; none of the District, the County or the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided the Bond Resolutions.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in San Francisco, California for a like aggregate principal amount of Bonds of authorized denominations and of the same series and maturity. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolutions, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.



## Defeasance

The Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

- (a) by paying or causing to be paid the principal or redemption price of and interest on the Series G Bonds (or the Maturity Value or Accreted Value thereof, in the case of Refunding Bonds), as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolutions) to pay or redeem such Bonds; or
- (c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in the Bond Resolutions it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under the Bond Resolutions and will be:

- (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolutions or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or
- (ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Bond Resolutions or provision satisfactory to the Paying Agent is made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the County and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

**“Federal Securities”** means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

## **APPLICATION OF PROCEEDS OF THE BONDS**

### **Building Fund**

Pursuant to the Series G Bond Resolution, the net proceeds from the sale of the Series G Bonds will be paid and credited to the fund established and held by the County Treasurer (the **“County Treasurer”**) and designated as the “Emery Unified School District, Election of 2010, Series G Building Fund” (the **“Building Fund”**). Amounts credited to the Building Fund will be expended by the District solely for the financing of projects for which the Series G Bond proceeds are authorized to be expended under the 2010 Authorization (which includes related costs of issuance). All interest and other gain arising from the investment of proceeds of the Series G Bonds will be retained in the Building Fund and used for the purposes thereof. All moneys held in the Building Fund will be invested in Authorized Investments (as defined in the Series G Bond Resolution) in accordance with the investment policies of the County (the **“County”**), as such policies exist at the time of investment. Pursuant to the Series G Bond Resolution and applicable provisions of the Education Code, a portion of the proceeds of the Bonds may be deposited with a fiscal agent for the purpose of paying costs of issuance. See also APPENDIX G.

### **Escrow Fund.**

Pursuant to the Refunding Bond Resolution, net proceeds from the sale of the Refunding Bonds will be transferred the Escrow Bank, for deposit in the Escrow Fund. The Escrow Bank will apply such funds, together with interest earnings thereon, to pay the principal of and interest on the Refunded Bonds. See “FINANCING PLAN – Deposits in the Escrow Fund.”

### **Debt Service Funds**

Pursuant to the Series G Bond Resolution, premium, if any, received by the County on behalf of the District from the sale of the Series G Bonds, will be deposited and kept separate and apart in the respective fund established and held by the County Treasurer and designated as the “Emery Unified School District Election of 2010, Series 2019G General Obligation Bonds Debt Service Fund.” The County will also establish and maintain the “Emery Unified School District 2019 General Obligation Refunding Bonds Debt Service Fund,” which is pledged for the payment of the principal of and, in the case of Capital Appreciation Bonds, accreted value of, and interest on the Bonds when and as the same become due. All taxes levied by the County for the payment of the principal of and, in the case of Capital Appreciation Bonds, accreted value of, and interest and premium (if any) on the Bonds will be deposited in the respective debt service fund by the County promptly upon apportionment of said levy.

Any moneys remaining in either debt service fund after the respective series of Bonds and the interest thereon have been paid, shall be transferred to any other interest and sinking fund or account for general obligation bond indebtedness of the District, including refunding bonds, and in the event there is no such debt outstanding, shall be transferred to the District’s general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

### **Investment of Proceeds of Bonds**

All moneys held in any of the funds or accounts established with the County under either of the Bond Resolutions will be invested in Authorized Investments (as defined in the Bond Resolutions) in accordance with the investment policies of the County, as such policies exist at the time of investment. Obligations purchased as an investment of moneys in any fund or account will be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Bond Resolutions will be deposited in the fund or account from which such investment was made, and will be expended for the purposes thereof.

In accordance with Government Code Section 53600 *et seq.*, the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, the County is required to establish its own investment policies which may impose limitations beyond those required by the Government Code. See APPENDIX G.

## DEBT SERVICE SCHEDULES

**Series G Bonds.** The following table shows the debt service schedule with respect to the Series G Bonds, assuming no optional redemptions.

### EMERY UNIFIED SCHOOL DISTRICT Series G Bonds Debt Service Schedule

August 1	Series G Bonds Principal	Series G Bonds Interest	Series G Bonds Total Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
TOTAL			

**Refunding Bonds.** The following table shows the debt service schedule with respect to the Refunding Bonds, assuming no optional redemptions.

**EMERY UNIFIED SCHOOL DISTRICT  
Refunding Bonds  
Annual Debt Service Schedule**

<b>August 1</b>	<b>Refunding Bonds Principal</b>	<b>Refunding Bonds Interest</b>	<b>Refunding Bonds Total Debt Service</b>
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
<b>TOTAL</b>			

**General Obligation Bond Combined Debt Service.** The following table shows the combined debt service schedule with respect to all outstanding general obligation bonds of the District, together with the Series G Bonds and the Refunding Bonds assuming no optional redemptions. See APPENDIX A under the heading “FINANCIAL INFORMATION – Existing Debt Obligations” for additional information.

**EMERY UNIFIED SCHOOL DISTRICT  
Combined Debt Service Schedule**

<b>Period Ending (Aug. 1)</b>	<b>2010 Election Series A</b>	<b>2010 Election Series B</b>	<b>2010 Election Series C <sup>(2)</sup></b>	<b>2010 Election Series D <sup>(1)</sup></b>	<b>2010 Election Series E</b>	<b>2015 Refunding Bonds</b>	<b>Series F Bonds</b>	<b>2017 Refunding Bonds</b>	<b>Series G Bonds</b>	<b>Refunding Bonds</b>	<b>Aggregate Annual Debt Service</b>
2020	315,000.00	\$1,306,792.50	\$653,216.00	\$66,000.00	\$198,106.26	\$543,500.00	\$171,250.00	\$1,178,681.26			
2021	330,000.00	1,346,945.00	667,208.00	66,000.00	212,656.26	353,750.00	177,050.00	1,166,281.26			
2022	--	1,643,233.50	769,544.00	66,000.00	221,756.26	152,250.00	176,800.00	1,163,831.26			
2023	--	1,678,100.00	790,256.00	66,000.00	225,556.26	--	180,600.00	1,156,031.26			
2024	--	1,713,378.00	803,484.00	66,000.00	238,756.26	--	184,000.00	1,153,431.26			
2025	--	1,748,826.00	819,504.00	66,000.00	251,356.26	--	189,625.00	1,141,806.26			
2026	--	759,202.50	488,040.00	66,000.00	262,606.26	--	--	2,720,431.26			
2027	--	753,773.50	488,136.00	66,000.00	273,106.26	--	--	2,818,681.26			
2028	--	747,137.00	492,404.00	66,000.00	287,856.26	--	--	2,907,931.26			
2029	--	744,293.00	485,568.00	66,000.00	301,606.26	--	--	3,008,181.26			
2030	--	--	1,223,180.00	66,000.00	317,256.26	--	--	3,113,431.26			
2031	--	--	1,214,116.00	66,000.00	332,306.26	--	--	3,217,931.26			
2032	--	--	601,146.00	696,000.00	311,756.26	--	--	2,976,181.26			
2033	--	--	--	1,241,000.00	326,656.26	--	--	3,639,931.26			
2034	--	--	--	1,386,000.00	335,718.76	--	--	3,715,481.26			
2035	--	--	--	1,446,000.00	349,312.50	--	--	3,985,781.26			
2036	--	--	--	5,761,000.00	362,000.00	--	--	--			
2037	--	--	--	5,991,000.00	374,750.00	--	--	--			
2038	--	--	--	6,231,000.00	391,250.00	--	--	--			
2039	--	--	--	6,481,000.00	406,250.00	--	--	--			
2040	--	--	--	6,741,000.00	424,750.00	--	--	--			
2041	--	--	--	7,011,000.00	436,500.00	--	--	--			
2042	--	--	--	7,291,000.00	456,750.00	--	--	--			
2043	--	--	--	7,581,000.00	--	--	--	--			
2044	--	--	--	7,886,000.00	--	--	--	--			
2045	--	--	--	2,306,000.00	--	--	--	--			
<b>TOTAL</b>	<b>\$645,000.00</b>	<b>\$1,306,792.50</b>	<b>\$653,216.00</b>	<b>\$66,000.00</b>	<b>\$198,106.26</b>	<b>\$543,500.00</b>	<b>\$171,250.00</b>	<b>\$1,178,681.26</b>			

(1) For purposes of presentation in this Preliminary Official Statement, the combined debt service table does not assume refunding of the Refunded Bonds as described under “THE FINANCING PLAN- The Refunding Bonds.”  
(2) Represents gross debt service; however, the District receives a Federal QSCB subsidy for which the amount is subject to change from time to time.

## SECURITY FOR THE BONDS

### **Ad Valorem Taxes**

**Bonds Payable from Ad Valorem Property Taxes.** The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County are empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding which will be payable on a parity basis with the Bonds. See “DEBT SERVICE SCHEDULES” and APPENDIX A under the heading “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations.”

**Other Non-District Debt Payable from Ad Valorem Property Taxes.** In addition to the Bonds and the District’s other outstanding general obligation bonds, there is other debt issued by entities within the jurisdiction of the District, which is payable from *ad valorem* taxes levied on parcels in the District. See “PROPERTY TAXATION – Tax Rates” and “– Direct and Overlapping Debt” below.

**Levy and Collection.** The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service on the Bonds. Such taxes, when collected, will be deposited into the Debt Service Funds for the Bonds, which are maintained by the County and which are irrevocably pledged for the payment of principal of, and, in the case of Capital Appreciation Bonds, accreted value of, and interest on the Refunding Bonds, and interest on the Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

**Statutory Lien on Ad Valorem Tax Revenues.** In accordance with Section 53515 of the California Government Code, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* tax imposed to service the Bonds. This lien automatically arises without the need for any action or authorization by the District or the Board. The revenues received pursuant to the levy and collection of the *ad valorem* tax shall be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

**Annual Tax Rates.** The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District’s control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

## **Debt Service Funds**

As described herein under the heading “APPLICATION OF PROCEEDS OF THE BONDS - Debt Service Fund,” the County Treasurer will establish a Debt Service Fund for each of the Series G Bonds and the Refunding Bonds. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the respective debt service fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the respective series of Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

## **Not a County Obligation**

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt or obligation of the County.



## PROPERTY TAXATION

### Property Tax Collection Procedures

In California, property subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing state assessed public utilities’ property and real property, the taxes on which create a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the respective county.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

### Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (“SBE”) and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as “unitary property”, a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and

“operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the County based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

## Assessed Valuation

**Assessed Valuation History.** The table below shows a recent history of the District’s assessed valuation.

### EMERY UNIFIED SCHOOL DISTRICT Assessed Valuations of All Taxable Property Fiscal Years 2010-11 to 2018-19

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2010-11	\$3,773,809,193	\$523,096	\$337,754,858	\$4,112,087,147	--
2011-12	3,445,206,844	523,096	385,393,438	3,831,123,378	(6.8)%
2012-13	3,563,171,350	523,096	351,830,065	3,915,524,511	2.2
2013-14	3,700,448,794	523,096	341,138,517	4,046,110,407	3.3
2014-15	3,902,832,501	74,276	318,089,008	4,220,995,785	4.3
2015-16	4,390,986,640	74,276	325,594,592	4,716,655,508	11.7
2016-17	4,646,993,323	74,276	365,775,461	5,012,843,060	6.3
2017-18	4,900,717,863	71,063	401,138,217	5,301,927,143	5.8
2018-19	5,150,493,064	71,063	471,632,031	5,622,196,158	6.0
2019-20 <sup>(1)</sup>	5,443,862,726	71,063	540,982,229	5,984,916,018	6.5

Source: California Municipal Statistics, Inc. for fiscal years 2010-11 through 2018-19.

(1) Estimated 2019-20 assessed valuations as provided by the County.

**Factors Relating to Increases/Decreases in Assessed Value.** As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

In addition, wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Although the recent natural disasters do not include territory within the District’s boundaries, the District cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides or any other natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

The District cannot predict or make any representations regarding the effects that natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

**Assessed Valuation by Land Use.** The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2018-19.

**EMERY UNIFIED SCHOOL DISTRICT  
2018-19 Assessed Valuation and Parcels by Land Use**

<b>Non-Residential:</b>	<b>2018-19 Assessed Valuation <sup>(1)</sup></b>	<b>% of Total</b>	<b>No. of Parcels</b>	<b>% of Total</b>
Commercial/Office	\$2,497,279,168	48.49%	252	4.85%
Vacant Commercial	51,898,702	1.01	21	0.40
Industrial	321,736,794	6.25	154	2.96
Vacant Industrial	15,929,465	0.31	14	0.27
Recreational/Marina	19,221,983	0.37	432	8.31
Government/Social/Institutional	<u>25,321,137</u>	<u>0.49</u>	<u>188</u>	<u>3.62</u>
Subtotal Non-Residential	\$2,931,387,249	56.91%	1,061	20.42%
<b>Residential:</b>				
Single Family Residence	\$ 65,375,600	1.27%	198	3.81%
Condominium/Townhouse	1,308,978,860	25.41	3,677	70.75
2-4 Residential Units	69,116,001	1.34	184	3.54
5+ Residential Units/Apartments	748,458,756	14.53	57	1.10
Vacant Residential	<u>27,176,598</u>	<u>0.53</u>	<u>20</u>	<u>0.38</u>
Subtotal Residential	\$2,219,105,815	43.09%	4,136	79.58%
<b>Total</b>	<b>\$5,150,493,064</b>	<b>100.00%</b>	<b>5,197</b>	<b>100.00%</b>

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

**Reassessments and Appeals of Assessed Value**

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" in APPENDIX A.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

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

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

## Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a representative tax rate area (TRA 14-003) during fiscal years 2014-15 through 2018-19.

**EMERY UNIFIED SCHOOL DISTRICT**  
**Typical Tax Rates per \$100 of Assessed Valuation**  
**(TRA 14-003)<sup>(1)</sup>**  
**Fiscal Years 2014-15 through 2018-19**

	2014-15	2015-16	2016-17	2017-18	2018-19
General Tax Rate	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Alameda County	--	--	--	--	.0112
Emery Unified School District	.0759	.0682	.0680	.0656	.0594
Peralta Community College District	.0412	.0337	.0256	.0310	.0269
Bay Area Rapid Transit District	.0045	.0026	.0080	.0084	.0070
East Bay Regional Park District	.0085	.0067	.0032	.0021	.0057
East Bay Municipal Utility District Special District No. 1	.0047	.0034	.0028	.0011	--
<b>Total Tax Rate</b>	<b>\$1.1348</b>	<b>\$1.1146</b>	<b>\$1.1076</b>	<b>\$1.1082</b>	<b>\$1.1102</b>

(1) 2018-19 assessed valuation for TRA 14-003 is \$2,667,494, 700, which is 47.45% of the District's total assessed valuation.  
Source: California Municipal Statistics, Inc.

## Tax Levies and Delinquencies

For the District's share of the 1% general fund apportionment, the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**") as provided for in the State Revenue and Taxation Code, which requires the County to pay 100% of such secured property taxes due to local agencies in the fiscal year such taxes are due. Pursuant to these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

Because of this method of tax collection, the K-12 districts located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies for the 1% general fund apportionment if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in any penalties due to delinquent payments. This method of tax collection and distribution is subject to future discontinuance at the County's option or if demanded by the participating taxing agencies.

Because the County does not participate in the Teeter Plan with respect to tax levies for debt service on general obligation bonds, secured property taxes actually collected for such purpose are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when such secured property taxes are actually collected. As a consequence, the

District's receipt of taxes levied for its general obligation bonds, including the Bonds, is subject to delinquencies.

The following table shows a recent history of secured tax charges and delinquencies in the District.

**EMERY UNIFIED SCHOOL DISTRICT  
Secured Tax Charges and Delinquency Rates  
Fiscal Years 2010-11 through 2017-18**

<u>Fiscal Year</u>	<u>Secured Tax Charge</u> <sup>(1)</sup>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2010-11	\$502,317	\$6,159	1.23%
2011-12	523,096	19,618	0.86
2012-13	2,358,027	13,299	0.56
2013-14	3,265,656	45,466	1.39
2014-15	2,978,745	14,311	0.48
2015-16	3,009,246	48,109	1.60
2016-17	3,158,080	42,982	1.36
2017-18	3,207,200	10,271	0.32

(1) All taxes collected by the county within the district.  
Source: California Municipal Statistics, Inc.

## Major Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2018-19. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

### EMERY UNIFIED SCHOOL DISTRICT Largest 2018-19 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>Total <sup>(1)</sup></u>
1.	5616 Bay Street Investors LLC	Shopping Center	\$ 319,449,989	6.20%
2.	Pixar	Studio Office	259,440,636	5.04
3.	KBSIII Towers Emeryville LLC	Office Building	257,135,038	4.99
4.	Novartis Vaccines & Diagnostics Inc.	Office Building	155,101,633	3.01
5.	BRE Powell Property Owner LLC	Office Building	143,529,022	2.79
6.	Windsor Metropolitan LP	Apartments	124,197,558	2.41
7.	G C Diagnostics Corp.	Industrial	121,414,157	2.36
8.	Bay Center Investor LLC	Office Building	120,268,455	2.34
9.	STRS Ohio CA Real Estate Investments LLC	Apartments	112,670,283	2.19
10.	ES East LLC	Office Building	95,257,064	1.85
11.	East Bay Bridge Retail LLC	Shopping	93,610,944	1.82
12.	BRE Properties Inc.	Apartments	91,340,923	1.77
13.	CLPF ET LP	Office Building	91,295,100	1.77
14.	Archstone Emeryville Residential LLC	Apartments	81,200,060	1.58
15.	Emery Station Joint Venture LLC	Office Building	80,314,888	1.56
16.	Rockwood Christie LLC	Apartments	73,761,942	1.43
17.	AG CCRP Public Market LP	Shopping	67,477,726	1.31
18.	Health Care REIT Inc.	Apartments	62,980,323	1.22
19.	Emery Station West LLC	Commercial	62,488,165	1.21
20.	Emerystation Triangle LLC	Office Building	<u>58,278,829</u>	<u>1.13</u>
			<u>\$2,471,212,735</u>	<u>47.98%</u>

(1) 2018-19 Local Secured Assessed Valuation: \$5,150,493,064.

Source: California Municipal Statistics, Inc.

## Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. for debt issued as of August 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

### **EMERY UNIFIED SCHOOL DISTRICT** **Statement of Direct and Overlapping Bonded Debt** **(Debt Issued as of August 1, 2019)**

**2018-19 Assessed Valuation:** \$5,622,196,158

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b><u>% Applicable</u></b>	<b><u>Debt 8/1/19</u></b>
Alameda County	1.940%	\$ 4,229,200
Bay Area Rapid Transit District	0.748	5,837,953
Peralta Community College District	5.433	19,112,207
<b>Emery Unified School District</b>	<b>100.000</b>	<b>66,276,060<sup>(1)</sup></b>
East Bay Regional Park District	1.185	2,117,714
City of Emeryville 1915 Act Bonds	95.817	<u>1,844,477</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$99,417,611</b>
 <b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>		
Alameda County General Fund Obligations	1.940%	\$16,844,487
Alameda-Contra Costa Transit Authority	2.297	252,670
Peralta Community College District Pension Obligation Bonds	5.433	7,633,621
City of Emeryville General Fund Obligations	99.989	<u>2,865,285</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$27,596,063</b>
 <b><u>OVERLAPPING TAX INCREMENT DEBT:</u></b>		
Emeryville Redevelopment Agency (Successor Agency)	100.000%	<u>\$84,035,000</u>
<b>TOTAL TAX INCREMENT DEBT</b>		<b>\$84,035,000</b>
 <b>COMBINED TOTAL DEBT</b>		 <b>\$211,048,674<sup>(2)</sup></b>

**Ratios to 2018-19 Assessed Valuation:**

<b>Direct Debt (\$66,276,060)</b> .....	<b>1.18%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	1.77%
Combined Total Debt .....	3.75%

**Ratios to Redevelopment Incremental Valuation (\$4,952,315,203):**

Overlapping Tax Increment Debt .....	1.70%
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(1) Excludes issue to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.



## BOND INSURANCE

The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds and, if a commitment is issued to insure the Bonds, will determine prior to the sale of the Bonds whether to obtain such insurance.

## TAX MATTERS

### Series G Bonds

**Federal Tax Status – Tax Exemption.** In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series G Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Series G Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Series G Bonds.

**Tax Treatment of Original Issue Discount and Premium.** The issue price for original issue discount (as further discussed below) and market discount purposes (the "**OID Issue Price**") for each maturity of the Series G Bonds is the price at which a substantial amount of such maturity of the Series G Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Series G Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the OID Issue Price of a maturity of the Series G Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Series G Bonds (the "**OID G Bonds**") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID G Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID G Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID G Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID G Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year.

Owners of Bonds who dispose of Series G Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series G Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Series G Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series G Bond is purchased at any time for a price that is less than the Series G Bond's stated redemption price at maturity or, in the case of an OID G Bond, its OID Issue Price plus accreted original issue discount (the "**Revised Issue Price**"), the purchaser will be treated as having purchased a Series G Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series G Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID G Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series G Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series G Bonds.

An investor may purchase a Series G Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series G Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Series G Bond. Investors who purchase a Series G Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series G Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series G Bond.

**California Tax Status.** In the further opinion of Bond Counsel, interest on the Series G Bonds is exempt from California personal income taxes.

## **Refunding Bonds**

**Federal Tax Status – No Tax Exemption.** Interest on the Refunding Bonds, including accrued original issue discount as described below is includible in gross income for federal income purposes. Ownership of the Refunding Bonds may result in other federal income tax consequences to certain taxpayers. Bondholders should consult their tax advisors with respect to the inclusion of interest on the Bonds in gross income for federal income tax purposes and any collateral tax consequences.

**California Tax Status.** In the opinion of Bond Counsel, interest on the Refunding Bonds is exempt from California personal income taxes.

**State and Local Collateral Consequences.** Ownership of the Refunding Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Refunding Bonds. Prospective purchasers of the Refunding Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The District may deposit moneys or securities in escrow in such amount and manner as to cause the Refunding Bonds to be deemed to be no longer outstanding under the Refunding Bond Resolution

(a “**defeasance**”). A defeasance of the Refunding Bonds may be treated as an exchange of the Refunding Bonds by the holders thereof and may therefore result in gain or loss to the holders. Refunding Bond holders should consult their own tax advisors about the consequences if any of such a defeasance

The issue price for original issue discount (as further discussed below) and market discount purposes (the “**OID Issue Price**”) for each maturity of the Refunding Bonds is the price at which a substantial amount of such maturity of the Refunding Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Refunding Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

The OID Issue Price of each maturity of the Refunding Bonds is less than the amount payable at maturity. The difference between the OID Issue Price of each maturity of the Refunding Bonds and the amount payable at maturity is original issue discount.

Each maturity of the Refunding Bonds is expected to be sold with original issue discount. Generally, original issue discount is taxed as it accrues. Bondholders should consult their tax advisors concerning the computation of original issue discount accruing in each tax year.

#### **Other Tax Considerations.**

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Series G Bonds to be subject, directly or indirectly, to federal income taxation or the Bonds 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, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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

## CERTAIN LEGAL MATTERS

### Legality for Investment

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

### Absence of Litigation

No litigation is pending or threatened to restrain the issuance, sale, execution or delivery of the Bonds or in any way concerning the validity or enforceability of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

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

### Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Chapman and Cutler LLP, as counsel to the Underwriter, and Caldwell Flores Winters, Inc., as financial advisor to the District, is contingent upon issuance of the Bonds.

## CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as APPENDIX E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an “**Annual Report**”) not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing March 31, 2020 with the report for the 2018-19 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in APPENDIX E. These covenants have been made in order to assist the Underwriter with complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”).

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the District's outstanding debt. See information in APPENDIX A under the heading “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations.” Specific instances of non-compliance with such undertakings in the previous five years include the failure to timely file notice of a rating change, which notice has since been filed.

In order to ensure compliance with the undertaking to be entered into in connection with the Bonds, the District has engaged Keygent LLC to serve as its dissemination agent.

## RATING

Moody's Investors Service ("**Moody's**") has assigned a rating of "Aa3" to the Bonds. The District has provided certain additional information and materials to Moody's (some of which does not appear in this Official Statement). Such a rating reflects only the view of Moody's, and explanations of the significance of such a rating may be obtained only from Moody's. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by Moody's if, in the rating agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

## UNDERWRITING

**The Series G Bonds.** The Series G Bonds are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Series G Bonds at a price of \$\_\_\_\_\_ which is equal to the initial principal amount of the Series G Bonds of \$\_\_\_\_\_, plus original issue premium of \$\_\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_\_. The purchase contract relating to the Series G Bonds provides that the Underwriter will purchase all of the Series G Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

**The Refunding Bonds.** The Underwriter has agreed to purchase the Refunding Bonds at a price of \$\_\_\_\_\_ which is equal to the initial principal amount of the Refunding Bonds of \$\_\_\_\_\_, plus original issue premium of \$\_\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_\_. The purchase contract relating to the Refunding Bonds provides that the Underwriter will purchase all of the Refunding Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

## ADDITIONAL INFORMATION

The discussions herein about the Bond Resolutions and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the Financial Advisor and following delivery of the Bonds will be on file at the offices of the Paying Agent in San Francisco, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

## **EXECUTION**

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 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the District.

### **EMERY UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Superintendent

## APPENDIX A

### GENERAL AND FINANCIAL INFORMATION FOR THE EMERY UNIFIED SCHOOL DISTRICT

#### GENERAL DISTRICT INFORMATION

*The information in this and other sections concerning the District's operations and operating budget 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 and, in the case of Capital Appreciation Bonds, accreted value of, or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

#### General Information

The District was established in 1887. Encompassing approximately 1.2 square miles, the District is located in Alameda County (the "**County**") and serves the residents of the City of Emeryville (the "**City**"), a small municipality located in a corridor between the cities of Berkeley and Oakland, extending to the shore of the San Francisco Bay, which is home to numerous biotech and software companies. The District currently operates two school sites, the Anna Yates Elementary School serving grades kindergarten through eight, and the Emery Secondary School serving grades nine through twelve. In fiscal year 2018-19, enrollment in the District was 743 students.

#### Administration

The District is governed by a five-member Board of Trustees (the "**Board**"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. There is currently a vacancy on the Board, which the District expects to fill in September of 2019. Current members of the Board, together with their office and the date their term expires, are listed below.

#### BOARD OF TRUSTEES Emery Unified School District

Name	Position	Term Expires
Brynnda Collins	Vice President	December 2022
Susan Donaldson	Clerk	December 2022
Sarah Nguyen	County Representative	December 2022
Cruz Vargas	Member	December 2020

**Superintendent and Administrative Personnel.** The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Quiauna Scott, Ed.D., is the District Superintendent and Dora Siu is the Fiscal Services Director.

## Recent Enrollment Trends

The following table shows recent enrollment history for the District with projections for fiscal year 2019-20.

### ANNUAL ENROLLMENT Fiscal Years 2008-09 through 2019-20 Emery Unified School District

School Year	Enrollment	% Change
2008-09	783	--%
2009-10	765	(2.3)
2010-11	778	1.7
2011-12	721	(7.3)
2012-13	751	4.2
2013-14	726	(3.3)
2014-15	695	(4.3)
2015-16	698	0.4
2016-17	687	(1.6)
2017-18	690	0.4
2018-19	743	7.7
2019-20 <sup>(1)</sup>	738	(0.7)

(1) Budgeted.

Source: California Department of Education for 2009-10 through 2018-19; Emery Unified School District for 2019-20

## Employee Relations

The District has 50 certificated, 18 classified, and 12 management full-time equivalent positions. Two unions represent District employees. The following table identifies the number of employees covered and the current status of the contracts with the bargaining units. The District has not experienced any recent work disputes with employees or any work-related disruptions.

### BARGAINING UNITS Emery Unified School District

Bargaining Unit	Type of Employees Covered	Current Contract Expiration Date
California Teachers Association	Certificated	June 30, 2019 <sup>(1)</sup>
California School Employees Association	Classified	June 30, 2020

(1) The District and employees represented by the union continue to work under the expired contract while negotiations are in process.

Source: Emery Unified School District.



## DISTRICT FINANCIAL INFORMATION

*The information in this and other sections concerning the District's operations and operating budget 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 and, in the case of Capital Appreciation Bonds, accreted value of, or interest on the Bonds is payable from the General Fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.*

### Education Funding Generally

School districts in California receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the California Constitution. As a result, decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues. Districts which had local property tax revenues which exceeded its revenue limit entitlement were deemed "Basic Aid Districts" and received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded its revenue limit funding entitlement.

The fiscal year 2013-14 State budget package (the "**2013-14 State Budget**") replaced the previous K-12 finance system with a formula known as the Local Control Funding Formula (the "**LCFF**"). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English 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 education agency’s base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district’s proportionate share of the appropriations included in the State budget based on the percentage of each district’s students who are low-income, English learners, and foster youth (“**Targeted Students**”), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district’s funding gap.

Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2018-19 are set forth in the following table. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

**Fiscal Year 2018-19 Base Grant\* Under LCFF by Grade Span  
(Targeted Entitlement)**

Grade Span	2018-19 Base Grant Per ADA	2018-19 COLA (3.70%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2018-19 Base Grant/Adjusted Base Grant Per ADA
K-3	\$7,193	\$266	\$776	\$8,235
4-6	7,301	270	n/a	7,571
7-8	7,518	278	n/a	7,796
9-12	8,712	322	235	9,269

\*Does not include supplemental and concentration grant funding entitlements.  
Source: California Department of Education.

The new legislation included a “hold harmless” provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the 2013-14 State Budget created the California Collaborative for

Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

### **District Accounting Practices**

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

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The Governmental Accounting Standards Board (“**GASB**”) published its Statement No. 34 “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management’s Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

### **District Accounting Practices**

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

District accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial

resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

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## **Financial Statements**

**General.** The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2018 Audited Financial Statements were prepared by Cossolias Wilson Dominguez, Certified Public Accountants, San Diego, California and are attached hereto as APPENDIX B (the “Auditor”). The Auditor also prepared the audited financial statements of the district for fiscal year 2017-18, 2016-17 and 2015-16. The District’s audited financial statement for fiscal years 2013-14 were prepared by Crowe Horwath, LLP, Sacramento, California. The change in auditors in fiscal year 2014-15 resulted in the District presenting certain financial information differently in its audited financial statements. Thus, the information presented in the tables for fiscal year 2013-14 is categorized differently than in 2014-15 through 2017-18. Although historical total revenue and expenditure figures are comparatively consistent, the categorical breakdown of revenues and expenditures is different for the revised accounting formats and is not directly comparable.

Audited financial statements are on file with the District and available for public inspection at the Office of the Director of Fiscal Services, Emery Unified School District, San Pablo Avenue, Emeryville, California 94608; telephone (510) 601-4902. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

**General Fund Revenues, Expenditures and Changes in Fund Balance.** The following table shows the audited income and expense statements for the District for fiscal years 2014-15 through 2017-18.

**GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Fiscal Years 2014-15 through 2017-18 (Audited)  
Emery Unified School District**

	<b>Audited 2014-15</b>	<b>Audited 2015-16</b>	<b>Audited 2016-17</b>	<b>Audited 2017-18</b>
<b><u>Revenues</u></b>				
LCFF	\$5,540,722	\$6,186,558	\$6,788,922	\$6,534,878
Federal revenues	292,672	445,221	335,946	301,866
Other state revenues	365,241	1,048,884	972,461	934,610
Other local revenues	3,241,759	3,354,012	3,984,120	4,161,381
<b>Total Revenues</b>	<b>9,440,394</b>	<b>11,034,675</b>	<b>12,081,449</b>	<b>11,932,735</b>
<b><u>Expenditures</u></b>				
Instruction	5,302,617	6,110,309	6,8810,070	7,043,180
Instruction-related activities:				
Supervision of instruction	364,408	428,566	351,613	371,980
Library, media and technology	218,595	147,145	153,968	204,447
School sites administration	955,199	831,585	744,209	779,145
Pupil services:				
Home-to-school transportation	128,604	25,855	72,451	31,287
Food services	--	--	--	--
All other pupil services	611,713	658,839	527,313	684,221
General Administration:				
Data processing	98,627	221,276	219,434	198,472
All other general admin.	1,376,473	1,090,807	1,175,194	1,281,458
Plant services	362,158	344,848	1,218,776	1,189,382
Facility acquisition, construction	--	--	--	--
Ancillary services	100,243	85,538	125,370	104,533
Debt service: principal	--	--	--	--
Debt service: interest	--	--	--	--
<b>Total Expenditures</b>	<b>9,518,637</b>	<b>9,944,768</b>	<b>11,398,398</b>	<b>11,888,105</b>
Excess of Revenues Over/(Under) Expend.	(78,243)	1,089,907	683,051	44,630
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	--	--	--	--
Operating transfers out	(1,294,430)	(81,184)	(101,521)	(116,822)
<b>Total Other Financing Source(Uses)</b>	<b>(1,294,430)</b>	<b>(81,184)</b>	<b>(105,521)</b>	<b>(116,822)</b>
<b>Net change in fund balance</b>	<b>(1,372,673)</b>	<b>(1,008,723)</b>	<b>581,530</b>	<b>(72,192)</b>
<b>Fund Balance, July 1</b>	<b>3,797,727</b>	<b>2,425,054</b>	<b>3,433,777</b>	<b>4,015,307</b>
<b>Fund Balance, June 30</b>	<b>\$2,425,054</b>	<b>\$3,433,777</b>	<b>\$4,015,307</b>	<b>\$3,943,115</b>

Source: District Audited Financial Reports.

## District Budget and Interim Financial Reporting

***Budgeting and Interim Reporting Procedures.*** 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**").

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

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

A State law adopted in 1991 ("**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified

certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Under California law, any school district and office of education that has 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 anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

***District's Budget Approval/Disapproval and Certification History.*** Each of the District's budgets have been approved in the previous five years. The following summarizes the County Office of Education's certifications of the District's interim reports during the previous five years:

Interim Report	Certification Assigned
1 <sup>st</sup> Interim 2014-15	Positive
2 <sup>nd</sup> Interim 2014-15	Qualified
1 <sup>st</sup> Interim 2015-16	Positive
2 <sup>nd</sup> Interim 2015-16	Positive
1 <sup>st</sup> Interim 2016-17	Positive
2 <sup>nd</sup> Interim 2016-17	Positive
1 <sup>st</sup> Interim 2017-18	Positive
2 <sup>nd</sup> Interim 2017-18	Positive
1 <sup>st</sup> Interim 2018-19	Positive
2 <sup>nd</sup> Interim 2018-19	Positive

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at Emery Unified School District, 4727 San Pablo Avenue, Emeryville, California 94608, Phone: (510) 601-4906. The District may impose charges for copying, mailing and handling.

**District's General Fund.** The following table shows the general fund figures for the District for fiscal year 2018-19 (estimated actuals) and 2019-20 (adopted budget).

**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Fiscal Year 2018-19 (Estimated Actuals)**  
**Fiscal Year 2019-20 (Adopted Budget) <sup>(1)</sup>**  
**Emery Unified School District**

<u>Revenues</u>	<u>Estimated Actuals</u> <u>2018-19</u>	<u>Adopted Budget</u> <u>2019-20</u>
LCFF Sources	\$7,461,972	\$7,823,454
Federal revenues	289,695	275,585
Other state revenues	830,872	739,333
Other local revenues	4,143,996	4,115,914
Total Revenues	12,726,535	12,954,286
<u>Expenditures</u>		
Certificated salaries	5,044,890	4,998,834
Classified salaries	1,226,314	1,258,765
Employee benefits	3,356,588	3,474,957
Books and supplies	361,514	501,655
Contract services & operating exp.	3,079,227	3,224,517
Capital outlay	--	--
Other outgo (excluding indirect costs)	--	--
Other outgo – transfers of indirect costs	(30,180)	(27,845)
Total expenditures	13,038,353	13,430,883
Excess of revenues over/(under) expenditures	(311,818)	(476,597)
<u>Other financing sources (Uses)</u>		
Operating transfers in	--	--
Operating transfers out	(298,400)	(226,142)
Total other financing sources (uses)	(298,400)	(226,142)
Net change in fund balance	(610,218)	(702,739)
Fund balance, July 1	3,907,061	3,296,843
Fund balance, June 30	\$3,296,843	\$2,594,104

(1) Totals may not add due to rounding.

Source: Emery Unified School District 2019-20 Adopted Budget.

**District Reserves.** The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 4% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets the State's minimum requirements.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget ("SB 858"), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which



limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

On October 11, 2017, the Governor signed new legislation (“**SB 751**”) amending Section 42127.01 of the Education Code, effective January 1, 2018. SB 751 raises the reserve cap established under SB 858 to no more than 10% of a school district’s combined assigned or unassigned ending general fund balance and provides that the reserve cap will be triggered only if there is a minimum balance of 3% of the Proposition 98 reserve. Basic aid school districts and small districts with 2,500 or fewer ADA are exempt from the reserve cap.

**Attendance - Revenue Limit and LCFF Funding**

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of average daily attendance (“**ADA**”). With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth LCFF funding for the District for fiscal years 2013-14 through 2019-20 (Budgeted).

**AVERAGE DAILY ATTENDANCE AND STATE FUNDING UNDER LCFF  
Fiscal Years 2013-14 and 2019-20  
Emery Unified School District**

<b>Fiscal Year</b>	<b>ADA</b>	<b>LCFF Entitlement Per ADA</b>
2013-14	697	\$6,700
2014-15	642	8,634
2015-16	665	9,303
2016-17	644	10,538
2017-18	646	10,117
2018-19 <sup>(1)</sup>	686	10,878
2019-20 <sup>(2)</sup>	686	11,404

(1) Estimated Actuals.

(2) Budgeted Source:

*California Department of Education, School Fiscal Services 2013-14 through 2015-16. Emery Unified School District 2018-19 and 2019-20.*

The unduplicated count of the District’s students which are low-income, English learners and/or foster youth is approximately 77% in fiscal year 2018-19 for purposes of determining supplemental and concentration grant funding under LCFF.

## Revenue Sources

The District categorizes its general fund revenues into four sources, being LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

**LCFF Sources.** District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

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

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

**Federal Revenues.** The federal government provides funding for several District programs, including special education programs, programs under the Every Student Succeeds Act, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

**Other State Revenues.** As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives other State revenues.

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "-State Funding of Education."

**Other Local Revenues.** In addition to local property taxes, the District receives additional local revenues from items such as interest earnings and other local sources, including a voter-approved parcel tax.

### Local Revenues – Voter-Approved Parcel Tax Levy

At an election held on June 5, 2007, more than the requisite 2/3 of District voters approved the levy of increasing a parcel tax in the amount of \$.15 per square foot of total building area, excluding parcels owned by residents aged 65 or older who apply for an exemption, for ten years.

On November 4, 2014, District voters approved an extension of the parcel tax levy for an additional ten years, until 2027. Fiscal year 2019-20 receipts from the parcel tax are budgeted at \$2,628,074. The parcel tax revenues are reflected in the District’s audit under “Local Revenues.”

### District Retirement Programs

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers’ Retirement System (“**STRS**”) and classified employees are members of the Public Employees’ Retirement System (“**PERS**”). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

**STRS.** All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District’s employer contributions to STRS for recent fiscal years are set forth in the following table.

**STRS EMPLOYER CONTRIBUTIONS**  
**Fiscal Years 2013-14 through 2019-20**  
**Emery Unified School District**

Fiscal Year	Amount
2013-14	\$352,350
2014-15	352,368
2015-16	776,930
2016-17	813,547
2017-18	945,329
2018-19	1,168,626
2019-20	1,192,107

(1) Estimated Actuals.  
(2) Budgeted.  
Source: Emery Unified School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately \$107.2 billion as of June 30, 2018 (the date of the last actuarial valuation). In connection with the State’s adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (“**AB 1469**”), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates

will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16 through 2018-19 were 10.73%, 12.58%, 14.43% and 16.28%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (STRS)  
Fiscal Years 2019-20 through 2022-23**

Fiscal Year	Employer Contribution Rate <sup>(1)</sup>
2019-20	17.10%
2020-21	18.40
2021-22	18.60
2022-23	18.10

(1) Expressed as a percentage of covered payroll.  
Source: AB 1469

**PERS.** All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the "Schools Pool." Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

**PERS EMPLOYER CONTRIBUTIONS  
Fiscal Years 2013-14 through 2019-20  
Emery Unified School District**

Fiscal Year	Amount
2013-14	\$170,021
2014-15	151,397
2015-16	115,238
2016-17	159,240
2017-18	159,240
2018-19	222,284
2019-20	271,859

(1) Estimated Actuals.  
(2) Budgeted.  
Source: Emery Unified School District.

Like the STRS program, the PERS program has maintained an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately \$27.2 billion as of June 30, 2018 (the date of the last actuarial valuation). To address such unfunded liability, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce

volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

**PERS Discount Rate  
Fiscal Years 2018-19 through 2020-21**

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

*Source: PERS.*

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 11.847%, 13.888%, 15.531%, and 18.062% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (PERS)  
Fiscal Years 2019-20 through 2022-23<sup>(1)</sup>**

Fiscal Year	Employer Contribution Rate <sup>(2)</sup>
2019-20	19.721%
2020-21	22.900
2021-22	24.600
2022-23	25.300

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.

(2) Expressed as a percentage of covered payroll.

*Source: PERS*

**California Public Employees' Pension Reform Act of 2013.** On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least

36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

***Additional Information.*** Additional information regarding the District's retirement programs is available in Note 8 to the District's audited financial statements attached hereto to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, [www.calstrs.com](http://www.calstrs.com) and [www.calpers.ca.gov](http://www.calpers.ca.gov), respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

## **Other Post-Employment Retirement Benefits**

***The Plan Generally.*** The District's postretirement benefit plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical, dental, and vision to eligible retirees and spouses. Membership of the Plan consists of 3 retirees and beneficiaries currently receiving benefits and 65 active plan members.

**Contributions.** Eligible employees are not permitted to make contributions to the Trust. The Plan administrator shall, on behalf of the employer, make all contribution to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates but contributes in an amount sufficient to fully fund the Net OPEB obligation over a period not to exceed 30 years.

**Actuarial Assumptions and Other Inputs.** The District’s total OPEB liability of \$819,176 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation 2.75%, payroll increase 2.75%, investment rate of return 3.80%, and healthcare cost trend rates 4.00%. The discount rate was 3.80%. Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

**Changes in OPEB Liability of the District.** The changes in OPEB liability of the District as of June 30, 2018, is shown in the following table:

**CHANGES IN TOTAL OPEB LIABILITY  
Emery Unified School District**

	<b>Total OPEB Liability</b>
Balance at June 30, 2017	\$669,810
Service Cost	172,048
Interest	27,675
Benefit payments	<u>(50,357)</u>
Net changes	<u>149,366</u>
Balance at June 30, 2018	\$819,176

*Source: Emery Unified School District Audit Report.*

For more information regarding the District’s OPEB and assumptions used in its most recent actuarial study, see Note 6 of APPENDIX B to the Official Statement.

**Insurance-Joint Powers Agreements**

The District is a member with other school districts of a Joint Powers Authority (“**JPA**”), Alameda County Schools Insurance Group (“**ACSIG**”). ACSIG arranges for and provides workers' compensation insurance for its members. ACSIG is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of ACSIG, including selections of management and approval of operating budgets. The JPA agreement for ACSIG provides that the ACSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$25,000 for each insured event for property and liability. The District continues to carry commercial insurance for all other

risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The relationship between the District and ACSIG is such that ACSIG is not a component unit of the District for financial reporting purposes.

### Existing Debt Obligations

**General Obligation Bonds.** The District has voter-approved general obligation bonds which have been issued pursuant to the authority obtained from voters at elections in past years, which are secured by *ad valorem* property taxes levied and collected in the District. The following table shows the outstanding general obligation bonded debt of the District.

#### SUMMARY OF OUTSTANDING GENERAL OBLIGATION BONDS <sup>(1)</sup> Emery Unified School District

Dated Date	Series	Amount of Original Issue	Final Maturity Date	Outstanding as of August 2, 2019
<u>2010 Authorization</u>				
04/21/2011	General Obligation Bonds, 2010 Election, 2011 Series A	\$24,499,599.80	08/01/2021	\$206,458.00
10/12/2011	General Obligation Bonds, 2010 Election, Series B	15,000,000.00	08/01/2029	9,975,000.00
02/23/2012	General Obligation Bonds, 2010 Election, Series C	7,640,000.00	02/01/2032	6,580,000.00
02/11/2013	General Obligation Bonds, 2010 Election, 2013 Series D <sup>(2)</sup>	17,450,146.55	08/01/2045	17,079,600.00
12/23/2015	General Obligation Bonds, 2010 Election, 2015 Series E	4,500,000.00	08/01/2042	4,210,000.00
06/22/2017	General Obligation Bonds, 2010 Election, 2017 Series F	1,300,000.00	08/01/2025	970,000.00
<u>Refunding Bonds</u>				
12/23/2015	2015 General Obligation Refunding Bonds	2,860,000.00	08/01/2022	970,000.00
06/22/2017	2017 General Obligation Refunding Bonds	27,085,000.00	08/01/2035	26,285,000.00
<b>Total</b>		<b>\$100,334,746.35</b>		<b>\$66,276,098.40</b>

(1) Does not include the Series G Bonds or the Refunding Bonds offered for sale in the Official Statement.

(2) Certain maturities expected to be refunded with Refunding Bonds proceeds as described in the Official Statement.

**Public Facilities Loan.** In January 2008, the Emeryville Redevelopment Agency (the “Agency”) provided a loan of \$2,836,684 to the District. Payment of the loan and interest due is made semi-annually from the District’s share of the Agency’s AB1290 statutory pass-through payments. The District is required to repay the loan, plus accreted interest at a rate of 4.57% to the Agency, through 2023. The balance outstanding on the public facilities loan as of June 30, 2018 is \$ 2,268,478 with \$232,672 due within one year.

### Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the Alameda County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code.



## **Effect of State Budget on Revenues**

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see “—State Funding of Education – Revenue Limits” above). State funds typically make up the majority of a district’s LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. See “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS” on the following page.

## STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

### State Funding of Education

**General.** The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. School districts in California receive operating income primarily from two sources: (1) the State funded portion which is derived from the State's general fund, and (2) a locally funded portion, being a district's share of the 1% general *ad valorem* tax levy authorized by the California Constitution (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). School districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

*The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. None of the District, the Purchaser or the County is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.*

**The Budget Process.** The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each House of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

## Recent State Budgets

Certain information about the State budgeting process and the State budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

- The California State Treasurer internet home page at [www.treasurer.ca.gov](http://www.treasurer.ca.gov), under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State budget, past State budgets, and the impact of those budgets on school districts in the State.
- The California State Treasurer's Office Internet home page at [www.treasurer.ca.gov](http://www.treasurer.ca.gov), under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.
- The California Department of Finance's Internet home page at [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget", includes the text of proposed and adopted State budgets.
- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at [www.lao.ca.gov](http://www.lao.ca.gov) under the heading "Subject Area – Budget (State)".

***Prior Years' Budgeting Techniques.*** Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2018-19 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

**2013-14 State Budget: Significant Change in Education Funding.** As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

## **2019-20 State Budget**

On June 27, 2019, the Governor signed the 2019-20 State budget (the "**2019-20 State Budget**") into law. The 2019-20 State Budget calls for total spending of \$214.8 billion, with \$147.8 billion in general fund spending. The 2019-20 State Budget provides for \$81.1 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of \$2.7 billion, or 3.4%, from the 2018-19 State budget. Of that \$81.1 billion, \$62.9 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2019-20, restoring every school district in the State to at least pre-recession funding levels.

The 2019-20 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to \$16.5 billion by the end of the budget year. Additionally, revenues have been set aside in new savings funds, including a \$900 million reserve for safety net programs. Other significant features of the 2019-20 State Budget include:

- \$1.5 billion anticipated in Proposition 51 bond funds for school facilities and an additional \$1.2 billion of ongoing Proposition 51 bond funds;
- \$5 million one-time funding for a long-term strategic plan to provide childcare and preschool for children from birth through age twelve;
- \$300 million one-time funding to construct new or retrofit existing facilities to support full-day kindergarten programs;
- \$645.3 million ongoing funding for special education, including \$152.6 million to provide all Special Education Local Plan Areas with at least the statewide target rate for base special education funding.
- \$147.4 million one-time and ongoing funding to address the shortage of teachers;
- \$918 million in additional funding to identify and implement recommendations and solutions to reduce wildfire risk, bolster the state's emergency preparedness capacity and protect vulnerable communities;
- \$518,000 one-time funding to reimburse cities, counties and special districts for 2018-2019 property tax losses and a corresponding \$530,000 that will be used to backfill property tax revenue losses for K-14 schools in those cities, counties and districts;
- \$460 million one-time general funding to increase the quality and availability of child care, including \$263 million for child care and preschool facilities

expansion and \$195 million for childcare and preschool workforce development;

- one-time funding of \$750 million to support local governments in increasing and accelerating housing production; and
- one-time funding of \$650 million to support local governments in addressing homelessness, to be used for emergency shelters and navigation centers, rapid rehousing, permanent supportive housing, job programs and hotel/motel conversions.

***Disclaimer Regarding State Budgets.*** The implementation of the foregoing 2019-20 State Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2018-19 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitments with the District, the County, the Purchaser or the owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the sources of information listed below are reliable, neither the District nor the Purchaser assumes any responsibility for the accuracy of State budget information set forth or referred to or incorporated in this Official Statement.

***Availability of State Budgets.*** The complete 2019-20 State Budget is available from the California Department of Finance website at [www.ebudget.ca.gov](http://www.ebudget.ca.gov). An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at [www.lao.ca.gov/budget](http://www.lao.ca.gov/budget). The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Bonds.

***Uncertainty Regarding Future State Budgets.*** The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures, or possible future budget deficits. Future State budgets will be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

### **Legal Challenges to State Funding of Education**

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest and, in the case of Capital Appreciation Bonds, accreted value of the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIII A, XIII B, XIII C, and XIII D of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIII A and all applicable laws.

### Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

### Article XIII A of the California Constitution

**Basic Property Tax Levy.** On June 6, 1978, California voters approved Proposition 13 (“**Proposition 13**”), which added Article XIII A to the State Constitution (“**Article XIII A**”). Article XIII A 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) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) 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 (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIII A approved by State voters on November 7, 2000) 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. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIII A 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 XIII A 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.

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

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

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

**Inflationary Adjustment of Assessed Valuation.** As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home’s taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIII A, when the assessor tried to “recapture” the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year’s assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the “recapture” provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

### **Article XIII B of the California Constitution**

Article XIII B (“**Article XIII B**”) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIII B, as amended.

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

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

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

### **Unitary Property**

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

### **Articles XIII C and XIII D of the California 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 California Constitution Articles XIII C and XIII D (respectively, "**Article XIII C**" and "**Article XIII D**"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIII C 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 XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.



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

Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While 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), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

### **Proposition 98**

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

The Accountability Act also 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 school districts. Any such

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

## **Proposition 111**

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation. The most significant provisions of Proposition 111 are summarized as follows:

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

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

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

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

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

### **Proposition 39**

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

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

### **Proposition 1A and Proposition 22**

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government

revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, a constitutional initiative entitled the “Local Taxpayer, Public Safety, and Transportation Protection Act of 2010,” approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State’s control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State’s authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

### **Proposition 30 and Proposition 55**

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “**Proposition 30**”), temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by:

(i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$500,000 but less than \$600,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$600,000 but less than \$1,000,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

The California Children’s Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales or excise tax increases of Proposition 30.

### **California Senate Bill 222**

Senate Bill 222 (“**SB 222**”) was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections such as the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 111, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under the State’s initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.



**APPENDIX B**

**EMERY UNIFIED SCHOOL DISTRICT  
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18**

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# EMERY UNIFIED SCHOOL DISTRICT

AUDIT REPORT  
JUNE 30, 2018



COSSOLIAS | WILSON  
DOMINGUEZ | LEAVITT  
CERTIFIED PUBLIC ACCOUNTANTS

**EMERY UNIFIED SCHOOL DISTRICT  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

---

**FINANCIAL SECTION**

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	11
Statement of Activities.....	12
Fund Financial Statements	
Governmental Funds – Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances.....	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	16
Fiduciary Funds – Statement of Net Position.....	17
Notes to Financial Statements.....	18

**REQUIRED SUPPLEMENTARY INFORMATION**

General Fund – Budgetary Comparison Schedule.....	54
Schedule of Changes in the Net OPEB Liability and Related Ratios.....	55
Schedule of Contributions - OPEB.....	56
Schedule of Proportionate Share of the Net Pension Liability.....	57
Schedule of Contributions - Pensions.....	58
Notes to Required Supplementary Information.....	59

**SUPPLEMENTARY INFORMATION**

Organization.....	61
Schedule of Average Daily Attendance (ADA).....	62
Schedule of Instructional Time.....	63
Schedule of Financial Trends and Analysis - Unaudited.....	64
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....	65
Schedule of Charter Schools.....	66
Combining Statements - Non-Major Governmental Funds	
Combining Balance Sheet.....	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	68
Notes to Supplementary Information.....	69

**EMERY UNIFIED SCHOOL DISTRICT  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

---

**OTHER INDEPENDENT AUDITORS' REPORTS**

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 72  
Independent Auditors' Report on State Compliance ..... 74

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Summary of Auditors' Results ..... 78  
Financial Statement Findings ..... 79  
State Award Findings and Questioned Costs ..... 80  
Summary Schedule of Prior Audit Findings ..... 81

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# **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Emery Unified School District  
Emeryville, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Emery Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Emery Unified School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Emery Unified School District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 6 to the financial statements, the District implemented the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This Statement replaces the requirements of GASB Statements No. 45, "Accounting and Reporting for Employers Post-Employment Benefits Other than Pensions", as amended, and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 10, the budgetary comparison information on page 54, the schedule of proportionate share of the net pension liability on page 57 and the schedule of contributions - OPEB on page 56, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Emery Unified School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2018 on our consideration of Emery Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Emery Unified School District's internal control over financial reporting and compliance.

*CWDL, Certified Public Accountants*

San Diego, California  
December 15, 2018

# **EMERY UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018**

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This section of the Emery Unified School District's annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2018. Please read it in conjunction with the Independent Auditor's Report presented on page 1, and the District's financial statements, which immediately follow this section.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 11 and 12, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 13 through 16, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statement on page 17 provides financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

## **FINANCIAL HIGHLIGHTS**

- The District's financial condition has decreased during the 2017-18 fiscal year. Over the course of the year, total net position decreased by 0.67%.
- On the Statement of Activities, total current year revenues were less than total current year expenditures by \$244,888
- On the Statement of Revenues, Expenditures, and Changes in Fund Balances, total fund balances decreased by \$779,041
- Capital assets decreased \$409,625 due primarily to increases in accumulated depreciation, offset by increases in construction-in-progress.
- Total long-term liabilities decreased \$1,564,878 during the 2017-18 fiscal year. The schedule of changes in long-term liabilities on page 34 provides additions and deductions to the District's liabilities.
- The District's P-2 average daily attendance (ADA), excluding adult education, remained at 650 ADA for 2017-18 compared with fiscal year 2016-17.



**EMERY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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**THE FINANCIAL REPORT**

The full annual financial report consists of four separate parts, including the basic financial statements, required supplementary information, other supplementary information and Management's Discussion and Analysis. The four sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
  - ❖ Basic services funding is described in the governmental fund statements. These statements include short-term financing and identify the balance remaining for future spending.
  - ❖ Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary fund statements.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's fiscal year ending June 30, 2018 is included.

Reporting the District as a Whole

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

**EMERY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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**THE FINANCIAL REPORT, continued**

Reporting the District as a Whole, continued

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

*Governmental Activities:*

The basic services provided by the District, such as regular and special education, administration, and transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition and child development are also included here but are financed by a combination of state and federal contracts and grants, and local revenues.

*Business-type Activities:*

The District does not provide any services that should be included in this category.

Reporting the District's Most Significant Funds:

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

*Governmental Funds*

The major governmental funds of the Emery Unified School District for the 2017-18 year are the General Fund, Building Fund, and the Bond Interest and Redemption Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

*Proprietary Funds*

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. These include both Enterprise funds and Internal Service funds. Enterprise funds are considered business-type activities and are also reported under a full accrual method. This is the same basis as business-type activities; therefore, no reconciling entries are required. Internal service funds are reported with the Governmental Funds. The District has no funds of this type.

*Fiduciary Funds*

The District is the trustee, or fiduciary, for its scholarship and student activity funds. All of the District's fiduciary activities are reported in separate fiduciary statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**EMERY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

GOVERNMENTAL ACTIVITIES

The District's net position decreased from \$12,144,126 at June 30, 2017 to \$12,062,911 at June 30, 2018, approximately 0.67%. Net position decreased by \$81,215.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
Current and other assets	\$ 10,600,854	\$ 11,410,394	\$ (809,540)
Capital assets	94,847,993	95,257,618	(409,625)
Deferred outflows	2,922,669	1,801,532	1,121,137
<b>Total Assets and Deferred Outflows</b>	<b>108,371,516</b>	<b>108,469,544</b>	<b>(98,028)</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
Current liabilities	1,553,121	2,341,528	788,407
Net pension liability	9,761,707	8,701,714	(1,059,993)
Long-term liabilities	82,949,792	84,514,670	1,564,878
Deferred inflows	1,286,077	767,506	(518,571)
Due to grantor government	757,908	-	(757,908)
<b>Total Liabilities and Deferred Inflows</b>	<b>96,308,605</b>	<b>96,325,418</b>	<b>16,813</b>
<b>NET POSITION</b>			
Net investment in capital assets	13,173,015	12,886,564	286,451
Restricted	5,053,202	4,658,788	394,414
Unrestricted	(6,163,306)	(5,401,226)	(762,080)
<b>Total Net Position</b>	<b>\$ 12,062,911</b>	<b>\$ 12,144,126</b>	<b>\$ (81,215)</b>

**EMERY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

---

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, continued**

GOVERNMENTAL ACTIVITIES, continued

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 9,763	\$ 7,601	\$ 2,162
Operating grants and contributions	3,756,329	3,725,116	31,213
General revenues			
Property taxes	12,242,343	10,874,161	1,368,182
Unrestricted federal and state aid	1,501,068	2,778,407	(1,277,339)
Other	597,480	2,947,078	(2,349,598)
<b>Total Revenues</b>	<b>18,106,983</b>	<b>20,332,363</b>	<b>(2,225,380)</b>
<b>EXPENSES</b>			
Instruction	7,443,371	7,293,800	149,571
Instruction-related services	1,483,925	1,303,803	180,122
Pupil services	1,254,300	1,280,930	(26,630)
General administration	1,644,683	1,485,279	159,404
Plant services	1,310,967	1,495,189	(184,222)
Interest	3,002,227	9,672,710	(6,670,483)
Other outgo	2,040,806	1,866,602	174,204
Community services	171,592	-	171,592
<b>Total Expenses</b>	<b>18,351,871</b>	<b>24,398,313</b>	<b>(6,046,442)</b>
<b>Change in net position</b>	<b>(244,888)</b>	<b>(4,065,950)</b>	<b>3,821,062</b>
<b>Net Position - Beginning</b>	<b>12,144,126</b>	<b>16,210,076</b>	<b>(4,065,950)</b>
<b>Prior Period Adjustment - (Note 10)</b>	<b>163,673</b>	<b>-</b>	<b>163,673</b>
<b>Net Position - Ending</b>	<b>\$ 12,062,911</b>	<b>\$ 12,144,126</b>	<b>\$ (81,215)</b>

**EMERY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, continued**

GOVERNMENTAL ACTIVITIES, continued

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 930,622	\$ 930,622	\$ -
Construction in progress	16,126,631	14,807,508	1,319,123
Improvement of sites	1,452,572	1,452,572	-
Buildings & improvements	86,925,087	86,925,087	-
Machinery & equipment	502,147	501,758	389
Accumulated depreciation	(11,089,066)	(9,359,929)	(1,729,137)
<b>Total Capital Assets</b>	<b>\$ 94,847,993</b>	<b>\$ 95,257,618</b>	<b>\$ (409,625)</b>

Capital assets decreased \$409,625 due primarily to the increases in accumulated depreciation

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
General obligation bonds	\$ 79,833,152	\$ 81,200,818	\$ (1,367,666)
Public facilities loan	2,268,478	2,454,256	(185,778)
Compensated absences	28,986	26,113	2,873
OPEB	819,176	833,483	(14,307)
<b>Total Long-term Liabilities</b>	<b>\$ 82,949,792</b>	<b>\$ 84,514,670</b>	<b>\$ (1,564,878)</b>

The general obligation bonds and accrued interest are financed by the local taxpayers and represent 96.1% of the District's total long-term liabilities. The public facilities loan is financed by RDA pass-thru funds and represents 2.9% of the District's total long-term liabilities. The remaining components of the District's total long-term liabilities account for 1.0% of the District's total long-term liabilities and are financed by various District funds.

**EMERY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May revised figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget throughout the year. The original budget is presented on page 54 of the audit report.

**ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

The District currently provides health benefits to all employees who retire after attaining the age of 55 until age 65 provided the employee has met certain service requirements. The District's cost for health benefits is a concern to the District and has resulted in a continued search for solutions to this issue.

Based on the most recent student enrollment information available, the District anticipates no change in student enrollment during fiscal year 2018-19. Since student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California, no change indicates that the District's Local Control Funding Formula will also remain stable.

The State's economic situation is also a major factor affecting the District's future. The financial well-being of the District is tied in large measure to the State's K-12 funding as prescribed by Proposition 98. Although Proposition 98 funding is generally referred to as a "guarantee", when the state applies a deficit factor to a district's funding or reduces the required payment, as happened in both the 2011-12 and the 2012-13 fiscal years respectively, the funding can no longer be considered a "guarantee". The State with its new funding model, Local Control Funding Formula, proposes to increase funding to schools to the 2008 funding levels by 2020.

As LCFF funding is near its full implementation, the large funding growth is behind us. The District is faced with unrestrained expenses (employer contributions to retirement benefits are expected to rise annually, along with medical premiums, special education costs and inflation among others). The District will continue to plan accordingly to meet its present and future educational needs while maintaining fiscal solvency.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the Business Office, Emery Unified School District, 4727 San Pablo Ave, Emeryville, California 94608.

**EMERY UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,896,675
Accounts receivable	523,241
Due from grantor government	145,197
Prepaid expenses	35,151
Stores inventory	590
Capital assets, not depreciated	17,057,253
Capital assets, net of accumulated depreciation	77,790,740
<b>Total Assets</b>	<b>105,448,847</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	2,922,669
<b>LIABILITIES</b>	
Accrued liabilities	1,526,214
Unearned revenue	26,907
Due to grantor government	757,908
Net pension liability	9,761,707
Long-term liabilities, current portion	2,237,672
Long-term liabilities, non-current portion	80,712,120
<b>Total Liabilities</b>	<b>95,022,528</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	1,286,077
<b>NET POSITION</b>	
Net investment in capital assets	13,173,015
Restricted:	
Capital projects	1,534,612
Debt service	3,232,747
Educational programs	285,843
Unrestricted	(6,163,306)
<b>Total Net Position</b>	<b>\$ 12,062,911</b>

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

**EMERY UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Function/Programs	Expenses	Program Revenues		Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 7,443,371	\$ -	\$ 1,185,105	\$ (6,258,266)
Instruction-related services				
Instructional supervision and administration	416,770	-	143,037	(273,733)
Instructional library, media, and technology	212,406	-	10,612	(201,794)
School site administration	854,749	-	46,434	(808,315)
Pupil services				
Home-to-school transportation	31,287	-	-	(31,287)
Food services	480,282	9,157	368,826	(102,299)
All other pupil services	742,731	-	323,881	(418,850)
General administration				
Centralized data processing	227,036	-	-	(227,036)
All other general administration	1,417,647	487	120,924	(1,296,236)
Plant services	1,310,967	-	578,763	(732,204)
Ancillary services	110,027	-	1,072	(108,955)
Interest on long-term debt	3,002,227	-	-	(3,002,227)
Community services	171,592	-	-	(171,592)
Enterprise activities	7,372	119	4,811	(2,442)
Other outgo	194,270	-	972,864	778,594
Depreciation (unallocated)	1,729,137	-	-	(1,729,137)
<b>Total Governmental Activities</b>	<b>\$ 18,351,871</b>	<b>\$ 9,763</b>	<b>\$ 3,756,329</b>	<b>\$ (14,585,779)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes			\$	5,269,318
Property taxes, levied for debt service				3,589,174
Property taxes, levied for other specific purposes				3,383,851
Federal and state aid not restricted for specific purposes				1,501,068
Interest and investment earnings				40,996
Interagency revenues				49,293
Miscellaneous				507,191
<b>Subtotal, General Revenue</b>				<b>14,340,891</b>
<b>CHANGE IN NET POSITION</b>				<b>(244,888)</b>
<b>Net Position - Beginning</b>				<b>12,144,126</b>
<b>Prior Period Adjustment - (Note 10)</b>				<b>163,673</b>
<b>Net Position - Ending</b>				<b>\$ 12,062,911</b>

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



**EMERY UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018**

	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,442,375	\$ 1,702,205	\$ 3,229,777	\$ 522,318	\$ 9,896,675
Accounts receivable	439,712	1,976	2,970	78,583	523,241
Due from grantor government	145,197	-	-	-	145,197
Due from other funds	880,970	-	-	2,664	883,634
Stores inventory	-	-	-	590	590
Prepaid expenditures	33,896	-	-	1,255	35,151
<b>Total Assets</b>	<b>5,942,150</b>	<b>1,704,181</b>	<b>3,232,747</b>	<b>605,410</b>	<b>11,484,488</b>
<b>LIABILITIES</b>					
Accrued liabilities	580,663	291	-	81,345	662,299
Due to other funds	633,557	169,278	-	80,799	883,634
Current loans	757,908	-	-	-	757,908
Due to grantor government	757,908	-	-	-	757,908
Deferred revenue	26,907	-	-	-	26,907
<b>Total Liabilities</b>	<b>1,999,035</b>	<b>169,569</b>	<b>-</b>	<b>162,144</b>	<b>2,330,748</b>
<b>FUND BALANCES</b>					
Nonspendable	43,897	-	-	1,846	45,743
Restricted					
Educational programs	285,843	-	-	-	285,843
Capital projects	-	1,534,612	-	426,652	1,961,264
Debt service	-	-	3,232,747	-	3,232,747
Committed					
Assigned	36,055	-	-	15,614	51,669
Unassigned	3,577,320	-	-	(846)	3,576,474
<b>Total Fund Balances</b>	<b>3,943,115</b>	<b>1,534,612</b>	<b>3,232,747</b>	<b>443,266</b>	<b>9,153,740</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,942,150</b>	<b>\$ 1,704,181</b>	<b>\$ 3,232,747</b>	<b>\$ 605,410</b>	<b>\$ 11,484,488</b>

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

**EMERY UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION**  
**JUNE 30, 2018**

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**Total Fund Balance - Governmental Funds** \$ 9,153,740

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

	Capital assets	\$ 105,937,059	
	Accumulated depreciation	<u>(11,089,066)</u>	94,847,993

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:

(863,915)

Net OPEB obligation:

In governmental funds, postretirement benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, they are recognized in the period they are incurred. The net OPEB obligation at the end of the period was:

(819,176)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

	Net pension liability	\$ 9,761,707	
	Compensated absences	28,986	
	General obligation bonds	79,833,152	
	Other general long-term debt	<u>2,268,478</u>	(91,892,323)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

	Deferred outflows of resources relating to pensions:	\$ 2,922,669	
	Deferred inflows of resources relating to pensions:	<u>(1,286,077)</u>	1,636,592

**Total Net Position - Governmental Activities** \$ 12,062,911

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

**EMERY UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 6,534,878	\$ -	\$ -	\$ -	\$ 6,534,878
Federal sources	301,866	-	843,205	363,713	1,508,784
Other state sources	934,610	-	7,895	201,114	1,143,619
Other local sources	4,161,381	894,595	3,602,088	23,584	8,681,648
<b>Total Revenues</b>	<b>11,932,735</b>	<b>894,595</b>	<b>4,453,188</b>	<b>588,411</b>	<b>17,868,929</b>
<b>EXPENDITURES</b>					
Current					
Instruction	7,043,180	-	-	-	7,043,180
Instruction-related services		-			
Instructional supervision and administration	371,980	-	-	-	371,980
Instructional library, media, and technology	204,447	-	-	-	204,447
School site administration	779,145	-	-	-	779,145
Pupil services					
Home-to-school transportation	31,287	-	-	-	31,287
Food services	-	-	-	457,480	457,480
All other pupil services	684,221	-	-	-	684,221
General administration					
Centralized data processing	198,472	-	-	-	198,472
All other general administration	1,281,458	60	-	24,601	1,306,119
Plant services	1,189,382	-	-	30,711	1,220,093
Facilities acquisition and maintenance	-	859,495	-	840,065	1,699,560
Ancillary services	104,533	-	-	-	104,533
Community services	-	-	-	171,592	171,592
Enterprise activities	-	-	-	5,968	5,968
Debt service					
Principal	-	-	2,350,000	-	2,350,000
Interest and other	-	-	2,019,893	-	2,019,893
<b>Total Expenditures</b>	<b>11,888,105</b>	<b>859,555</b>	<b>4,369,893</b>	<b>1,530,417</b>	<b>18,647,970</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>44,630</b>	<b>35,040</b>	<b>83,295</b>	<b>(942,006)</b>	<b>(779,041)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	31,059	-	85,763	116,822
Transfers out	(116,822)	-	-	-	(116,822)
<b>Net Financing Sources (Uses)</b>	<b>(116,822)</b>	<b>31,059</b>	<b>-</b>	<b>85,763</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(72,192)</b>	<b>66,099</b>	<b>83,295</b>	<b>(856,243)</b>	<b>(779,041)</b>
<b>Fund Balance - Beginning</b>	<b>4,015,307</b>	<b>1,468,513</b>	<b>3,149,452</b>	<b>1,299,509</b>	<b>9,932,781</b>
<b>Fund Balance - Ending</b>	<b>\$ 3,943,115</b>	<b>\$ 1,534,612</b>	<b>\$ 3,232,747</b>	<b>\$ 443,266</b>	<b>\$ 9,153,740</b>

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

**EMERY 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**

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**Net Change in Fund Balances - Governmental Funds** \$ (779,041)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 1,319,512	
Depreciation expense:	<u>(1,729,137)</u>	(409,625)

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

2,535,778

Unmatured interest on long-term debt

In governmental funds, accreted interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period.

(1,336,877)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(2,873)

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

(457,427)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB costs are recognized when employer OPEB contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:

(149,366)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is:

354,543

**Change in Net Position of Governmental Activities**

\$ (244,888)

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

**EMERY UNIFIED HIGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

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	<u>Student Body Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,603
<b>LIABILITIES</b>	
Due to student groups	\$ 10,603

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

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The District has evaluated whether any other reporting entity should be included in these financial statements and concluded that there are no component units requiring inclusion for the year ended June 30, 2018.

Basis of Presentation - Government-Wide Financial Statements

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

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

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

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

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Basis of Presentation - Fund Accounting

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

A. Major Funds

1. General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. The balances of the Special Reserve for Other Postemployment Benefits Fund are included with the General Fund for financial reporting purposes.

2. Building Fund:

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

3. Capital Facilities Fund:

The Capital Facilities Fund is used to account for resources used for the acquisition of capital facilities by the District.

4. Bond Interest and Redemption Fund

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

B. Other Funds

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

The Student Body Fund is a Fiduciary Fund for which the District acts as an agent. All cash activity and assets of the various student bodies of the District are accounted for in the Student Body Fund.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Basis of Accounting

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

Accrual

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

Modified Accrual

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

Budgets and Budgetary Accounting

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

Receivables

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

Store's Inventory

Store's inventory in the Cafeteria Fund consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.



**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Capital Assets

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District does not have any item of this type.

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

Compensated Absences

Compensated absences totaling \$28,986 are recorded as a long-term liability of the District.

Accumulated Sick Leave

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

Unearned Revenue

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

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Property Taxes

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

Restricted Net Position

Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for unspent categorical program revenues represents the portion of net position restricted to specific program expenditures. The restriction for special revenues represents the portion of net position the District plans to expend in the future for special purposes. The restriction for capital projects represents the portion of net position the District plans to expend in the future on capital projects. The restriction for debt service represents the amount the District plans to expend in the ensuing fiscal year on debt service. It is the District's policy to first use restricted net position when allowable expenditures are incurred.

Fund Balance Classifications

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

A. Nonspendable Fund Balance:

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

B. Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net assets as reported in the government-wide and fiduciary trust fund statements.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Fund Balance Classifications, continued

C. Committed Fund Balance

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2018, the District had no committed fund balances.

D. Assigned Fund Balance

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances, however, as of June 30, 2018, no such designation has occurred.

E. Unassigned Fund Balance

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy

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

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Fund Balance Policy, continued

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. The District has established a minimum fund balance policy to protect the District against revenue shortfalls and unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties in the General Fund equal to no less than 3% of General Fund expenditures and other financing uses. At June 30, 2018, the District has not established a stabilization arrangement.

Custodial Relationships

The balance sheet for agency funds represents the assets, liabilities and trust accounts of various student organizations within the District. As the funds are custodial in nature, no measurement of operating results is involved.

Encumbrances

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

Eliminations and Reclassifications

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

Estimates

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

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Change in Accounting Principles, continued

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

Single employers are those whose employees are provided with defined benefit pensions through single employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a State or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Change in Accounting Principles, continued

Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

New Accounting Pronouncements, continued

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan's assets over time and provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution that investment earnings provide to the OPEB plan's ability to pay benefits to plan members when they come due.



**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

New Accounting Pronouncements, continued

This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

**EMERY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 2 – CASH AND INVESTMENTS**

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

	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>
Cash in county	\$ 9,880,251	\$ -
Cash on hand and in banks	10,000	6,424
<b>Total</b>	<b>\$ 9,890,251</b>	<b>\$ 6,424</b>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Alameda County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Alameda County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2018, the Alameda County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Deposits- Custodial Credit Risk

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount of the District's accounts was \$29,338, all of which was insured.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 2 – CASH AND INVESTMENTS, continued**

General Authorizations

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	40%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	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 County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$9,860,824 and an amortized book value of \$9,880,251. The average weighted maturity for this pool is 357 days.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 2 – CASH AND INVESTMENTS, continued**

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2018, pooled investments in the County Treasury were rated at least A by Moody’s Investors Service.

**NOTE 3 – INTERFUND TRANSACTIONS**

Interfund Activity

Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2018 were as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 880,970	\$ 633,557
Child Development Fund	-	270
Cafeteria Fund	2,664	70,503
Building Fund	-	10,026
Capital Facilities Fund	-	169,278
Totals	\$ 883,634	\$ 883,634

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 3 – INTERFUND TRANSACTIONS, continued**

Interfund Transfers

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

Interfund transfers for the 2017-18 fiscal year were as follows:

Transfer from the General Fund to the Cafeteria Fund to support operations.	\$ 116,822
	<u>\$ 116,822</u>

**NOTE 4 – CAPITAL ASSETS**

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

	<b>Balance July 01, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 930,622	\$ -	\$ -	\$ 930,622
Construction in progress	14,807,508	1,319,123	-	16,126,631
Total Capital Assets not Being Depreciated	15,738,130	1,319,123	-	17,057,253
Capital assets being depreciated				
Improvement of sites	1,452,572	-	-	1,452,572
Buildings	86,925,087	-	-	86,925,087
Machinery and equipment	501,758	389	-	502,147
Total Capital Assets Being Depreciated	88,879,417	389	-	88,879,806
Less Accumulated Depreciation				
Improvement of sites	4,487,849	58,228	-	4,546,077
Buildings	4,610,177	1,649,873	-	6,260,050
Machinery and equipment	261,903	21,036	-	282,939
Total Accumulated Depreciation	9,359,929	1,729,137	-	11,089,066
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 95,257,618</b>	<b>\$ (409,625)</b>	<b>\$ -</b>	<b>\$ 94,847,993</b>

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 5 – LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2018 consisted of the following:

	Adjusted Balance			Balance June 30, 2018	Balance Due In One Year
	July 01, 2017	Additions*	Deductions		
<b>Governmental Activities</b>					
General obligation bonds*	\$ 77,184,705	\$ 1,336,877	\$ 2,350,000	\$ 76,171,582	\$ 2,005,000
GO bond premiums	4,016,113	-	354,543	3,661,570	-
Public facilities loan	2,454,256	-	185,778	2,268,478	232,672
OPEB	669,810	149,366	-	819,176	-
Compensated absences	26,113	2,873	-	28,986	-
<b>Total</b>	<b>\$ 84,350,997</b>	<b>\$ 1,489,116</b>	<b>\$ 2,890,321</b>	<b>\$ 82,949,792</b>	<b>\$ 2,237,672</b>

\*Includes accreted interest.

Compensated Absences

Total unpaid employee compensated absences as of June 30, 2018 amounted to \$28,986. This amount is included as part of long-term liabilities in the government-wide financial statements.

Bonded Debt

The outstanding bonded debt of Emery Unified School District at June 30, 2018 is shown below:

Series	Issuance Date	Interest Yield	Maturity Date	Amount of Original Issue	Bonds			Bonds	
					Outstanding July 1, 2017	Additions	Redeemed	Outstanding June 30, 2018	Due Within One Year
2011 Series A	4/21/2011	5.23-6.00%	8/1/2035	\$ 25,499,600	\$ 637,084	\$ 78,655	\$ -	\$ 715,739	\$ -
2011 Series B QSCB	10/12/2011	4.83%	8/1/2029	15,000,000	12,415,000	-	810,000	11,605,000	890,000
2012 Series C QSCB	2/23/2012	5.52%	2/1/2032	7,640,000	7,420,000	-	275,000	7,145,000	305,000
2013 Series D	1/31/2013	1.00-5.45%	8/1/2045	17,450,147	21,477,621	1,258,222	-	22,735,843	-
2015 Series E	12/2/2015	0.79-3.26%	8/1/2042	4,500,000	4,500,000	-	185,000	4,315,000	105,000
2015 Refunding	12/2/2015	2.00-5.00%	8/1/2022	2,860,000	2,350,000	-	450,000	1,900,000	455,000
2017 Series F	6/22/2017	0.88-1.78%	8/1/2025	1,300,000	1,300,000	-	-	1,300,000	165,000
2017 Refunding	6/22/2017	0.77-3.39%	8/1/2035	27,085,000	27,085,000	-	630,000	26,455,000	85,000
<b>Total</b>				<b>\$ 101,334,747</b>	<b>\$ 77,184,705</b>	<b>\$ 1,336,877</b>	<b>\$ 2,350,000</b>	<b>\$ 76,171,582</b>	<b>\$ 2,005,000</b>

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 5 – LONG-TERM DEBT, continued**

Bonded Debt, continued

On July 21, 2005, the District issued 2005 General Obligation Refunding Bonds in the amount of \$6,825,000 for the purpose of refunding 1996, 1997, and 1998 General Obligation Bonds. Upon issuance of the 2005 General Obligation Refunding Bonds, the District deposited \$6,630,806 in an escrow account for the advance refunding. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore, removed as a liability from the District's long-term obligations. In the 2015-16 fiscal year the 2005 General Obligation Refunding Bonds were fully refunded by the issuance of the 2015 General Obligation Refunding Bonds.

On April 21, 2011, the District issued 2010 Series A General Obligation Bonds, Election of 2010, totaling \$25,499,600. Of the total issuance amount, \$324,600 were issued as Capital Appreciation Bonds. The Bonds bear interest at rates ranging from 5.75% to 6.5% per annum from the date of issuance and are payable on August 1 and February 1 of each year through August 2036. The bonds were partially refunded during the 2016-17 year by the 2017 Refunding Bonds.

Fiscal Year	Principal	Interest	Accreted Interest	Total
2019	\$ -	\$ -	\$ -	\$ -
2020	118,141	-	191,859	310,000
2021	106,842	-	208,158	315,000
2022	99,617	-	230,383	330,000
Accretion	391,139	-	(391,139)	-
	<u>\$ 715,739</u>	<u>\$ -</u>	<u>\$ 239,261</u>	<u>\$ 955,000</u>

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 5 – LONG-TERM DEBT, continued**

Bonded Debt, continued

On October 12, 2011, the District issued 2011 Series B General Obligation Bonds, Election of 2010, totaling \$15,000,000. The Bonds were issued as federally taxable direct-pay qualified school construction bonds, bear interest at 4.83% per annum from the date of issuance and are payable on August 1 and February 1 of each year through August 2030.

Fiscal Year	Principal	Interest	Interest	
			Subsidy	Total
2019	\$ 890,000	\$ 539,028	\$ (506,664)	\$ 922,364
2020	740,000	499,663	(469,663)	770,000
2021	825,000	461,869	(434,137)	852,732
2022	905,000	420,090	(394,867)	930,223
2023	1,245,000	368,167	(346,062)	1,267,105
2024-2027	4,955,000	824,843	(775,317)	5,004,526
2028-2030	2,045,000	150,815	(141,761)	2,054,054
	<u>\$ 11,605,000</u>	<u>\$ 3,264,475</u>	<u>\$ (3,068,471)</u>	<u>\$ 11,801,004</u>

Bonded Debt, continued

On February 23, 2012, the District issued 2012 Series C General Obligation Bonds, Election of 2010, totaling \$7,640,000. The Bonds were issued as federally taxable direct pay qualified school construction bonds, bear interest at 5.52% per annum from the date of issuance, and are payable on August 1 and February 1 of each year through August 2032.

Fiscal Year	Principal	Interest	Interest	
			Subsidy	Total
2019	\$ 305,000	\$ 385,986	\$ (344,730)	\$ 346,256
2020	260,000	370,392	(330,803)	344,589
2021	290,000	355,212	(317,246)	297,966
2022	320,000	338,376	(302,209)	326,167
2023	440,000	317,400	(283,475)	353,925
2024-2027	1,850,000	1,000,224	(893,317)	1,956,907
2028-2032	3,680,000	722,982	(645,706)	3,757,276
	<u>\$ 7,145,000</u>	<u>\$ 3,490,572</u>	<u>\$ (3,117,486)</u>	<u>\$ 7,383,086</u>



**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 5 – LONG-TERM DEBT, continued**

On February 11, 2013, the District issued 2013 Series D General Obligation Bonds, Election of 2010, totaling \$17,450,147. Of the total issuance amount, \$1,320,000 were issued as Current Interest Bonds. The Bonds bear interest at 5.0% per annum from the date of issuance, and are payable on August 1 and February 1 of each year through August 2045. The remaining \$16,130,147 were issued as Capital Appreciation Bonds, bear interest at rates ranging from 1.0% to 5.45% per annum from the date of issuance, and are payable on August 1 and February 1 of each year through August 2045.

Fiscal Year	Principal	Interest	Accreted	Total
			Interest	
2019	\$ -	\$ 66,000	\$ -	\$ 66,000
2020	-	66,000	-	66,000
2021	-	66,000	-	66,000
2022	-	66,000	-	66,000
2023	-	66,000	-	66,000
2024-2027	-	330,000	-	330,000
2028-2032	-	330,000	-	330,000
2033-2037	3,257,016	330,000	6,942,984	10,530,000
2038-2042	7,922,467	330,000	24,202,533	32,455,000
2043-2046	5,900,117	264,000	18,899,883	25,064,000
Accretion	5,656,243	-	(5,656,243)	-
	<u>\$ 22,735,843</u>	<u>\$ 1,914,000</u>	<u>\$ 44,389,157</u>	<u>\$ 69,039,000</u>

On December 2, 2015, the District issued 2015 Series E General Obligation Bonds, Election of 2010, totaling \$4,500,000. The bonds were issued as Current Interest Bonds, bear interest at 0.79-3.26% per annum from the date of issuance, and are payable on August 1 and February 1 of each year through August 2042.

Fiscal Year	Principal	Interest	Total
2019	\$ 105,000	185,206	\$ 290,206
2020	-	183,106	290,206
2021	15,000	183,106	183,106
2022	30,000	182,656	198,106
2023	40,000	181,756	212,656
2024-2027	270,000	708,276	978,276
2028-2032	725,000	787,132	1,512,132
2033-2037	1,035,000	650,444	1,685,444
2038-2042	1,660,000	373,500	2,033,500
2043	435,000	21,750	456,750
	<u>\$ 4,315,000</u>	<u>\$ 3,456,932</u>	<u>\$ 7,840,382</u>

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 5 – LONG-TERM DEBT, continued**

On December 2, 2015, the District issued 2015 Refunding General Obligation Bonds, totaling \$2,860,000. The bonds were issued as Current Interest Bonds, bear interest at 2.00-5.00% per annum from the date of issuance, and are payable on August 1 and February 1 of each year through August 2022. The bonds refunded the outstanding 2005 Refunding General Obligation Bonds.

Fiscal Year	Principal	Interest	Total
2019	\$ 455,000	\$ 90,450	\$ 545,450
2020	475,000	72,250	547,250
2021	495,000	48,500	543,500
2022	330,000	23,750	353,750
2023	145,000	7,250	152,250
	<u>\$ 1,900,000</u>	<u>\$ 242,200</u>	<u>\$ 2,142,200</u>

On June 22, 2017, the District issued 2017 Series F General Obligation Bonds and 2017 General Obligation Refunding Bonds, totaling \$1,300,000 and \$27,085,000, respectively. The bonds were issued as Current Interest Bonds, bear interest at 0.88-3.39% per annum from the date of issuance, and are payable on August 1 and February 1 of each year through August 2035. The 2017 Refunding bonds refunded the outstanding 2010 Series A General Obligation Bonds.

2017 Series F General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2019	\$ 165,000	\$ 37,850	\$ 202,850
2020	165,000	34,550	202,850
2021	140,000	31,250	199,550
2022	150,000	27,050	171,250
2023	155,000	21,800	177,050
2024-2026	525,000	29,225	554,225
	<u>\$ 1,300,000</u>	<u>\$ 181,725</u>	<u>\$ 1,507,775</u>

2017 General Obligation Refunding Bonds

Fiscal Year	Principal	Interest	Total
2019	\$ 85,000	\$ 1,102,081	\$ 1,187,081
2020	85,000	1,100,381	1,187,081
2021	80,000	1,098,682	1,185,381
2022	70,000	1,096,281	1,178,682
2023	70,000	1,093,831	1,166,281
2024-2027	1,820,000	4,351,700	6,171,700
2028-2032	11,050,000	4,016,156	15,066,156
2033-2036	13,195,000	1,122,376	14,317,376
	<u>\$ 26,455,000</u>	<u>\$ 14,981,488</u>	<u>\$ 41,459,738</u>

**EMERY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 5 – LONG-TERM DEBT, continued**

Public Facilities Loan

In January 2008, the Emeryville Redevelopment Agency provided a public facilities loan (the "Agency loan") of \$2,836,684 to the District. Payments on the Agency loan and interest due thereon will be made semi-annually from the District's share of AB1290 pass-through payments. The District is required to repay the loan, plus accreted interest, at a rate of 4.57% per annum to the Emeryville Redevelopment Agency, through fiscal year 2023. The balance outstanding on the public facilities loan as of June 30, 2018 is \$2,268,478 with \$232,672 due within one year.

City of Emeryville Loan

In October 2002, the City of Emeryville provided a no interest loan of \$1,500,000 to the District. Payments on the loan due thereon were to be made by forgiving the receipt of future rent payments due to the District through fiscal year 2042. During the 2014-15 fiscal year the entire remaining balance was forgiven by the City of Emeryville in exchange for partial ownership of the new ECCL facility.

**NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

Plan Description

Emery Unified School District's postretirement benefit plan (the "Plan") is a single employer defined benefit healthcare plan administered by the District. The Plan provides medical, dental, and vision to eligible retirees and spouses. Membership of the Plan consists of 3 retirees and beneficiaries currently receiving benefits and 65 active plan members. Unfunded portion of the annual required contributions (net OPEB obligation) is presented in the statement of net position as a portion of long-term liabilities.

Employees Covered by Benefit Term

The following is a table of plan participants at June 30, 2018:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	3
Inactive Employees/Dependents Entitled to but not yet Receiving Benefi	-
Active Employees	<u>65</u>
	<u>68</u>

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

Contributions

Eligible employees are not permitted to make contributions to the Trust. The Plan administrator shall, on behalf of the employer, make all contribution to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates but contributes in an amount sufficient to fully fund the Net OPEB obligation over a period not to exceed 30 years.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	3.80%
Discount rate	3.80%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Total OPEB Liability
	(a)	(b)	(a) - (b)
Balance July 1, 2017	\$ 669,810	\$ -	\$ 669,810
Changes for the year:			
Service cost	172,048	-	172,048
Interest	27,675	-	27,675
Employer contributions	-	50,357	(50,357)
Benefit payments	(50,357)	(50,357)	-
Net change	149,366	-	149,366
Balance June 30, 2018	\$ 819,176	\$ -	\$ 819,176

Fiduciary Net Position as a percentage of the Total OPEB Liability was 0% as of June 30, 2018.

Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability calculated using the discount rate of 3.80 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (2.80 percent) and 1 percent higher (4.80 percent):

	Discount Rate 1% Lower (2.80%)	Current Discount Rate (3.80%)	Discount Rate 1% Higher (4.80%)
Net OPEB liability	\$ 858,775	\$ 819,176	\$ 783,737

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4.00 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.00 percent) and 1 percent higher (5.00 percent):

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	\$ 793,197	\$ 819,176	\$ 842,198

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – NET PENSION LIABILITY**

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 7,645,527	\$ 2,121,339	\$ 1,044,757	\$ 788,927
CalPERS	2,116,180	801,330	241,320	531,574
Total	\$ 9,761,707	\$ 2,922,669	\$ 1,286,077	\$ 1,320,501

**Pension Plans – California Public Employees’ Retirement System (CalPERS)**

***General Information about the Pension Plan***

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, 2013 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. 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.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – NET PENSION LIABILITY, continued**

**Pension Plans – California Public Employees’ Retirement System (CalPERS), continued**

**General Information about the Pension Plan, continued**

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	7.000%	6.000%
Required employer contribution rate	13.89%	13.89%

**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 are calculated 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 \$159,240.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$2,116,180. 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, 2018 and June 30, 2017, respectively was 0.009 percent and 0.008 percent, resulting in a net decrease in the proportionate share of 0.003 percent.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – NET PENSION LIABILITY, continued**

**Pension Plans – California Public Employees’ Retirement System (CalPERS), continued**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS. Continued***

For the year ended June 30, 2018, the District recognized a pension expense of \$531,574. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 8,559	\$ -
Differences between expected and actual experience	79,821	-
Changes in assumptions	306,459	30,946
Net changes in proportionate share of net pension liability	220,093	210,374
District contributions subsequent to the measurement date	186,398	-
Total	<u>\$ 801,330</u>	<u>\$ 241,320</u>

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 pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 196,938
2020	53,278
2021	147,474
2022	(24,078)
2023	-
Thereafter	-
	<u>\$ 373,612</u>



**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – NET PENSION LIABILITY, continued**

**Pension Plans – California Public Employees’ Retirement System (CalPERS), continued**

**Actuarial assumptions** - For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and the June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

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

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected 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 (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10*</b>	<b>Real Return Years 11+**</b>
Global Equity	47%	4.90%	5.38%
Fixed Income	19%	0.80%	2.27%
Inflation Assets	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
	100%		

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

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

**EMERY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – NET PENSION LIABILITY, continued**

**Pension Plans – California Public Employees’ Retirement System (CalPERS), continued**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate** - The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 3,113,579	\$ 2,116,180	\$ 1,288,754

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov>.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – NET PENSION LIABILITY, continued**

**Pension Plans – California State Teachers’ Retirement System (CalSTRS)**

**General Information about the Pension Plan**

**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, 2015, 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 provision and benefits in effect as June 30, 2018 are summarized as follows:

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	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%

\*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

**EMERY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – NET PENSION LIABILITY, continued**

**Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued**

**General Information about the Pension Plan, continued**

**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 percent 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 \$676,678.

**On-Behalf Payments** - The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$268,651 to CalSTRS.

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

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:

Total net pension liability, including state share:

District's proportionate share of the net pension liability	\$ 7,645,527
State's proportionate share of the net pension liability associated with the District	4,523,065
Total	<u>\$ 12,168,592</u>

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, 2018 and June 30, 2017, respectively, was 0.008 percent and 0.009 percent, resulting in a net decrease in the proportionate share of 0.0005 percent.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – NET PENSION LIABILITY, continued**

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

For the year ended June 30, 2018, the District recognized pension expense of \$788,927. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 345,068
Differences between expected and actual experience	28,274	145,335
Changes in assumptions	1,416,387	-
Net changes in proportionate share of net pension liability	-	554,354
District contributions subsequent to the measurement date	676,678	-
Total	<u>\$ 2,121,339</u>	<u>\$ 1,044,757</u>

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 pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ (24,409)
2020	(24,409)
2021	103,118
2022	(108,087)
2023	212,915
Thereafter	240,776
	<u>\$ 399,904</u>

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – NET PENSION LIABILITY, continued**

**Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued**

**Actuarial Assumptions**

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

Valuation date	June 30, 2016
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%

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. Based on the model for CalSTRS consulting actuary’s investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on Teachers’ Retirement Board of the California State Teachers’ Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

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

\*20-year geometric average

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – NET PENSION LIABILITY, continued**

**Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued**

**Discount rate** - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate -**

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10% percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 11,226,060	\$ 7,645,527	\$ 4,739,681

**Pension plan fiduciary net position** - Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annual-financial-report>.

**NOTE 8 – JOINT POWERS AGREEMENT**

Actuarial Methods and Assumptions

The District is a member with other school districts of a Joint Powers Authority (JPA), Alameda County Schools Insurance Group (ACSIG). ACSIG arranges for and provides workers' compensation insurance for its members. ACSIG is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of ACSIG, including selections of management and approval of operating budgets. The JPA agreement for ACSIG provides that the ACSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$25,000 for each insured event for property and liability. The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The relationship between the Emery Unified School District and ACSIG is such that ACSIG is not a component unit of the District for financial reporting purposes.

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 9 – 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 and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

**NOTE 10 – PRIOR PERIOD ADJUSTMENT**

The beginning net position increased by \$163,673. This was due to adjustments made to bring on the net OPEB liabilities following the District's implementation of GASB Statements No. 75 during the year ended June 30, 2018. See Note 2, Summary of Significant Accounting Policies, Change in Accounting Principles for further details on the implementation of GASB Statements No. 75.

**NOTE 11 – SUBSEQUENT EVENTS**

The District evaluated subsequent events from June 30, 2018 through December 15, 2018, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements



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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**EMERY UNIFIED SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 6,477,600	\$ 6,539,927	\$ 6,534,878	\$ (5,049)
Federal sources	259,907	301,374	301,866	492
Other state sources	619,558	848,897	934,610	85,713
Other local sources	3,907,407	4,080,650	4,161,095	80,445
<b>Total Revenues</b>	<b>11,264,472</b>	<b>11,770,848</b>	<b>11,932,449</b>	<b>161,601</b>
<b>EXPENDITURES</b>				
Certificated salaries	5,058,300	5,030,965	4,893,151	137,814
Classified salaries	1,166,101	1,186,595	1,197,325	(10,730)
Employee benefits	3,162,833	3,057,443	3,089,661	(32,218)
Books and supplies	300,999	604,784	380,707	224,077
Services and other operating expenditures	2,375,468	2,395,813	2,351,862	43,951
Capital outlay	-	-	-	-
Other outgo				
Transfers of indirect costs	(24,108)	(24,140)	(24,601)	461
<b>Total Expenditures</b>	<b>12,039,593</b>	<b>12,251,460</b>	<b>11,888,105</b>	<b>363,355</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(775,121)</b>	<b>(480,612)</b>	<b>44,344</b>	<b>524,956</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(125,315)	(140,599)	(116,822)	23,777
<b>Net Financing Sources (Uses)</b>	<b>(125,315)</b>	<b>(140,599)</b>	<b>(116,822)</b>	<b>23,777</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(900,436)</b>	<b>(621,211)</b>	<b>(72,478)</b>	<b>548,733</b>
<b>Fund Balance - Beginning</b>	<b>3,979,538</b>	<b>3,979,538</b>	<b>3,979,538</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 3,079,102</b>	<b>\$ 3,358,327</b>	<b>\$ 3,907,060</b>	<b>\$ 548,733</b>

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

- On behalf payments are not included in the actual revenues and expenditures reported in this schedule.
- Other audit adjustments were made and are not reflected on this schedule.
- The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund and Special Reserve for Postemployment Benefit Funds, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to required supplementary information.

**EMERY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	2018
Total OPEB liability	
Service cost	\$ 172,048
Interest on Total OPEB Liability	27,675
Benefit payments	(50,357)
Net change in total OPEB liability	149,366
Total OPEB liability, beginning of year	669,810
Total OPEB liability, end of year (a)	<u>\$ 819,176</u>
Plan fiduciary net position	
Employer contributions	\$ 50,357
Benefit payments	(50,357)
Change in plan fiduciary net position	-
Fiduciary trust net position, beginning of year	-
Fiduciary trust net position, end of year (b)	<u>\$ -</u>
Net OPEB liability(asset), ending (a) - (b)	<u>\$ 819,176</u>
Covered payroll	\$ 5,695,727
Plan fiduciary net position as a percentage of the total OPEB liability(asset)	0.00%
Net OPEB liability(asset) as a percentage of covered payroll	14.38%

*This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.*

**EMERY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF CONTRIBUTIONS - OPEB  
 FOR THE YEAR ENDED JUNE 30, 2018**

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	2018
Actuarially determined contribution	\$ 50,357
Contributions in relations to the actuarially determined contribution	50,357
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 5,695,727
Contribution as a percentage of covered-employee payroll	0.88%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

**EMERY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2018**

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<b>CaISTRS</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.008%	0.009%	0.009%	0.010%
District's proportionate share of the net pension liability	\$ 7,645,527	\$ 7,082,732	\$ 6,257,800	\$ 5,551,760
State's proportionate share of the net pension liability associated with the District	4,523,065	4,032,666	3,309,677	3,355,432
Total	<u>\$ 12,168,592</u>	<u>\$ 11,115,398</u>	<u>\$ 9,567,477</u>	<u>\$ 8,907,192</u>
District's covered - employee payroll	\$ 4,689,383	\$ 4,331,447	\$ 7,240,727	\$ 4,272,162
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	163.04%	163.52%	86.43%	129.95%
Plan fiduciary net position as a percentage of the total pension liability	69.00%	70.00%	74.00%	77.00%
<b>CaIPERS</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.009%	0.008%	0.011%	0.015%
District's proportionate share of the net pension liability	\$ 2,116,180	\$ 1,618,982	\$ 1,622,872	\$ 1,666,246
District's covered - employee payroll	\$ 1,341,958	\$ 1,164,887	\$ 946,902	\$ 1,281,939
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	157.69%	138.98%	171.39%	129.98%
Plan fiduciary net position as a percentage of the total pension liability	71.90%	73.90%	79.40%	83.50%

See accompanying note to required supplementary information.

**EMERY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CONTRIBUTIONS - PENSIONS  
JUNE 30, 2018**

<b>CalSTRS</b>	<b>Reporting Fiscal Year</b>			
	2018	2017	2016	2015
Statutorily required contribution	\$ 676,678	\$ 544,896	\$ 776,930	\$ 379,368
District's contributions in relation to the statutorily required contribution	676,678	544,896	776,930	379,368
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,689,383	\$ 4,331,447	\$ 7,240,727	\$ 4,272,162
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

<b>CalPERS</b>	<b>Reporting Fiscal Year</b>			
	2018	2017	2016	2015
Statutorily required contribution	\$ 186,398	\$ 159,240	\$ 115,238	\$ 151,397
District's contributions in relation to the statutorily required contribution	186,398	159,240	115,238	151,397
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,341,958	\$ 1,164,887	\$ 946,902	\$ 1,281,939
District's contributions as a percentage of covered-employee payroll	13.89%	13.67%	12.17%	11.81%

See accompanying note to required supplementary information.

**EMERY UNIFIED SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**General fund – Budgetary Comparison Schedule**

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

**Schedule of Proportionate Share of the Net Pension Liability**

This schedule is required by GASB Statement No. 68.

**Schedule of Contributions – OPEB**

This schedule is required by GASB Statement No. 71.

**Schedule of Contributions – Pensions**

This schedule is required by GASB Statement No. 68.

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2018, the District incurred an excess of expenditures over appropriations in General Fund presented in the Budgetary Comparison Schedule by major object code as follows:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Classified salaries	\$ 1,186,595	\$ 1,197,325	\$ (10,730)
Employee benefits	\$ 3,057,443	\$ 3,089,661	\$ (32,218)

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**SUPPLEMENTARY  
INFORMATION**

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**EMERY UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
JUNE 30, 2018**

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Emery Unified School District was established in 1887. The District is currently operating one elementary school (K-6) and one secondary school (7-12) and encompasses an area comprising approximately 1.2 square miles. There were no changes in District boundaries for the year ended June 30, 2018.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Brynnda Collins	President	2018
Bailey Langner	Vice President	2018
Barbara Inch	Clerk	2020
Donn Lee Merriam	County Representative	2018
Cruz Vargas	Board Member	2020

ADMINISTRATION

Dr. Quiauna Scott, Superintendent

Dora Siu, Business Manager

**EMERY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
 FOR THE YEAR ENDED JUNE 30, 2018**

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	<b>Second Period Report</b>	<b>Annual Report</b>
Elementary:		
Transitional Kindergarten through Third	223.23	220.89
Fourth through Sixth	155.86	155.42
Seventh and Eighth	102.71	101.79
	<hr/>	<hr/>
	481.80	478.10
High School:		
Ninth through Twelfth	168.29	167.86
	<hr/>	<hr/>
ADA Totals	650.09	645.96
	<hr/>	<hr/>

See accompanying note to supplementary information.

**EMERY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2018**

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<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2017-18</b>	<b>Number of Days</b>		<b>Status</b>
		<b>Actual Minutes</b>	<b>Traditional Calendar</b>	<b>Multitrack Calendar</b>	
Kindergarten	36,000	43,200	180	N/A	Complied
Grade 1	50,400	56,070	180	N/A	Complied
Grade 2	50,400	56,070	180	N/A	Complied
Grade 3	50,400	56,070	180	N/A	Complied
Grade 4	54,000	56,070	180	N/A	Complied
Grade 5	54,000	56,070	180	N/A	Complied
Grade 6	54,000	56,070	180	N/A	Complied
Grade 7	54,000	58,055	180	N/A	Complied
Grade 8	54,000	58,055	180	N/A	Complied
Grade 9	64,800	65,652	180	N/A	Complied
Grade 10	64,800	65,652	180	N/A	Complied
Grade 11	64,800	65,652	180	N/A	Complied
Grade 12	64,800	65,652	180	N/A	Complied

The District participated in Longer Day incentives and is funded at a level for a District that has not met or exceeded its LCFF target funding.

**EMERY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>2019 (Budget)</b>		<b>2018</b>		<b>2017</b>		<b>2016</b>	
General Fund - Budgetary Basis**								
Revenues and Other Financing Sources	\$	12,186,384	\$	11,932,449	\$	12,081,212	\$	11,034,512
Expenditures and Other Financing Uses		12,418,113		12,004,927		11,499,919		10,025,952
Net Change in Fund Balance		(231,729)		(72,478)		581,293		1,008,560
Ending Fund Balance	\$	3,675,331	\$	3,907,060	\$	3,979,538	\$	3,398,245
Available Reserves*	\$	3,168,151	\$	3,577,320	\$	3,598,748	\$	401,039
Available Reserves as a Percentage of Outgo		25.51%		29.80%		31.29%		4.00%
Long-term Debt	\$	80,712,120	\$	82,949,792	\$	84,514,670	\$	78,405,663
Average Daily Attendance at P-2		650		650		650		669

\* Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund and the Special Reserve for Post-Employment.

\*\*This schedule reflects General Fund budgetary fund basis, which excludes the Special Reserve for Post-Employment Benefits.

The budgetary basis General Fund balance has increased by \$508,815 over the past two years. The fiscal year 2018-19 budget projects an decrease of \$(231,729). For a district this size, the state recommends available reserves of at least 4% of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District has incurred an operating deficit in the 2017-18 fiscal year and anticipates incurring an operating deficit during the 2018-19 fiscal year. Total long-term debt has increased by \$4,544,129 over the past two years.

Average daily attendance has decreased by 19 over the past two years. ADA is anticipated to remain the same during fiscal year 2018-19

**EMERY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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There was no adjustment to the unaudited actual financial report which required reconciliation to the audited financial statements at June 30, 2018

**EMERY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2018**

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<b>Charter School</b>	<b>Included in Audit Report</b>
There are currently no charter schools in the District.	N/A

See accompanying note to supplementary information.

**EMERY UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2018**

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	<b>Child Development Fund</b>	<b>Cafeteria Fund</b>	<b>Deferred Maintenance Fund</b>	<b>Building Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,982	\$ 31,266	\$ 15,614	\$ 466,456	\$ 522,318
Accounts receivable	27	76,706	-	1,850	78,583
Stores inventory	-	590	-	-	590
<b>Total Assets</b>	<b>9,009</b>	<b>112,481</b>	<b>15,614</b>	<b>468,306</b>	<b>605,410</b>
<b>LIABILITIES</b>					
Accrued liabilities	8,739	40,978	-	31,628	81,345
Due to other funds	270	70,503	-	10,026	80,799
<b>Total Liabilities</b>	<b>9,009</b>	<b>111,481</b>	<b>-</b>	<b>41,654</b>	<b>162,144</b>
<b>FUND BALANCES</b>					
Non-spendable	-	1,846	-	-	1,846
Spendable					
Restricted					
Capital projects	-	-	-	426,652	426,652
Assigned	-	-	15,614	-	15,614
Unassigned	-	(846)	-	-	(846)
<b>Total Fund Balances</b>	<b>-</b>	<b>1,000</b>	<b>15,614</b>	<b>426,652</b>	<b>443,266</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 9,009</b>	<b>\$ 112,481</b>	<b>\$ 15,614</b>	<b>\$ 468,306</b>	<b>\$ 605,410</b>

See accompanying note to supplementary information.

**EMERY UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>					
Federal sources	\$ -	\$ 363,713	\$ -	\$ -	\$ 363,713
Other state sources	171,441	29,673	-	-	201,114
Other local sources	380	9,630	166	13,408	23,584
<b>Total Revenues</b>	<b>171,821</b>	<b>403,016</b>	<b>166</b>	<b>13,408</b>	<b>588,411</b>
<b>EXPENDITURES</b>					
Pupil services				-	
Food services	-	457,480	-	-	457,480
General administration				-	-
All other general administration	270	24,331	-	-	24,601
Plant services	-	-	-	30,711	30,711
Facilities acquisition and maintenance	-	-	-	840,065	840,065
Community services	171,551	-	41	-	171,592
Enterprise activities	-	5,968	-	-	5,968
<b>Total Expenditures</b>	<b>171,821</b>	<b>487,779</b>	<b>41</b>	<b>870,776</b>	<b>1,530,417</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	-	(84,763)	125	(857,368)	(942,006)
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	85,763	-	-	85,763
<b>Net Financing Sources (Uses)</b>	-	85,763	-	(857,368)	85,763
<b>NET CHANGE IN FUND BALANCE</b>	-	1,000	125	(857,368)	(856,243)
<b>Fund Balance - Beginning</b>	-	-	15,489	1,284,020	1,299,509
<b>Fund Balance - Ending</b>	\$ -	\$ 1,000	\$ 15,614	\$ 426,652	\$ 443,266

See accompanying note to supplementary information.



**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

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**NOTE 1 – PURPOSE OF SCHEDULES**

Organization

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 is a measurement of the number of pupils attending classes in 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. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

Schedule of Financial Trends and Analysis - Unaudited

This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2018-2019 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

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

**EMERY UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

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**NOTE 1 – PURPOSE OF SCHEDULES, continued**

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

**NOTE 2 – EARLY RETIREMENT INCENTIVE PROGRAM**

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

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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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

Independent Auditors' Report

Board of Trustees  
Emery Unified School District  
Emeryville, 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 Emery Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Emery Unified School District's basic financial statements, and have issued our report thereon dated December 15, 2018.

**Emphasis of Matter – Change in Accounting Principles**

As discussed in Note 1 to the financial statements, in 2018, the Districted adopted new accounting guidance, GASB Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. Our opinion is not modified with respect to this matter.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of finding and questioned costs to be significant deficiency. (Findings #2018-01)

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

### **Compliance and Other Matters**

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

### **Emery Unified School District**

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

### **Purpose of this Report**

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

  
San Diego, California  
December 15, 2018



**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Independent Auditors' Report

Board of Trustees  
Emery Unified School District  
Emeryville, California

**Report on State Compliance**

We have audited Emery Unified School District's compliance with the types of compliance requirements described in the 2017-18 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, issued by the California Education Audit Appeals Panel that could have a direct and material effect on each of Emery Unified School District's state programs for the fiscal year ended June 30, 2018, as identified below.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Emery Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2017-18 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Emery Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on State Compliance**

In our opinion, Emery Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2018.

**Other Matters**

Emery Unified School District’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Emery Unified School 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.

**Procedures Performed**

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

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Educator Effectiveness	Yes
California Clean Energy Jobs Act	No, see below
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Yes
Apprenticeship	No, see below

We did not perform any procedures related to Continuation Education because the ADA reported was below the level required for testing.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform any procedures related to Early Retirement Incentive Program.

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

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

The District did not have any expenditures related to the California Clean Energy Jobs Act during the current year; therefore, we did not perform any procedures related to the California Clean Energy Jobs Act.

The District does not have any apprenticeship programs; therefore, we did not perform any procedures related to apprenticeships.

*CWDL, Certified Public Accountants*

San Diego, California  
December 15, 2018



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**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

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**EMERY UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

**STATE AWARDS**

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**EMERY UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

FINDING #2018-01: CASH DISBURSEMENTS (30000)

**Criteria:** The District should ensure a procedure exists to accrue all liabilities during the year end closing process. This will allow the District to verify that proper budget tracking occurs and that proper expenses are reflected in the fiscal year goods or services were provided.

**Condition:** A portion of expenditures were not accrued at June 30, 2018 for a contract with one vendor as the billing was not updated. This causes a potential for budget overages and inaccurate expenses in the fiscal year ending June 30, 2018.

**Cause:** An internal control weakness exists regarding the proper accrual and obtaining updated billing from all vendors during year end close.

**Effect:** Funds are not encumbered in the District budgeting process and all expenses are not properly accrued.  
Perspective: One (1) of 40 expenditures tested did not contain all services provided through June 30, 2018.

- Vendor #1 – Amount accrued \$3,967.43, actual invoice amount that should have been accrued \$23,758.79

**Recommendation:** We recommend that the District ensure all District staff overseeing long term contracts obtain invoices for all services provided through June 30 in any given year, and properly accrue the full amount.

**District Response:** The District concurs with this recommendation and will implement new procedures to ensure that all amounts are properly accrued.

**EMERY UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FIVE DIGIT CODE**

10000  
40000  
41000  
60000  
61000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
CalSTRS  
Miscellaneous  
Classroom Teacher Salaries  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

***There were no state award findings and questioned costs in 2017-18.***

**EMERY UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

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*There were no audit findings or recommendations in 2016-17.*

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## APPENDIX C

### ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF EMERYVILLE AND ALAMEDA COUNTY

*The District is located in the City of Emeryville (the "City") in Alameda County (the "County"). The following information concerning the City and the County is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions, other than the District, and none of the City, the County, the State or any of its political subdivisions, other than the District, is liable therefor.*

#### **General**

***The City.*** Incorporated in 1896, the City is one of California's oldest municipalities. Bounded by the City of Oakland to the south and east, the City of Berkeley to the north, and the San Francisco Bay to the west, the City lies at the western edge of the County, just north of the San Francisco-Oakland Bay Bridge.

The City's population has grown during the past ten years. This growth is the outcome of a surge in housing development to the east of Interstate Highway 80, which bisects the City. With a mild climate, the City enjoys "typical" San Francisco Bay Area weather, which most often is characterized by sunny, but cool, days and fog drifting in from the Golden Gate.

***The County.*** The County of Alameda (the "**County**") is located on the east side of the San Francisco Bay, extending to the City of Albany on the north, the City of Fremont on the south, and to the City of Livermore on the east, and is approximately ten miles west of San Francisco. Automobile access to San Francisco is provided by the San Francisco-Oakland Bay Bridge.

The northern part of Alameda County has direct access to San Francisco Bay and the City of San Francisco. It is highly diversified with residential areas, active commercial areas, traditional heavy industry, the University of California at Berkeley, the Port of Oakland, and sophisticated manufacturing, computer services and biotechnology firms. The middle of the County is also highly developed including older established residential and industrial areas. The southeastern corner of the County, including the cities of Pleasanton and Livermore, has seen strong growth in residential development and manufacturing. Many high-tech firms have moved from neighboring Silicon Valley in Santa Clara County to the County.

## Population

The following sets forth the population estimates for the County as of January 1 for the years 2015 to 2019.

### ALAMEDA COUNTY Population Estimates - Calendar Years 2015 through 2019

	2015	2016	2017	2018	2019
Alameda	77,254	78,750	78,945	78,980	79,316
Albany	18,717	18,749	18,861	19,216	19,393
Berkeley	119,400	120,012	121,328	122,369	123,328
Dublin	56,398	57,879	59,500	61,874	64,577
<b>Emeryville</b>	10,795	11,738	11,883	11,871	11,885
Fremont	228,119	229,687	230,525	231,252	232,532
Hayward	154,321	156,114	158,290	158,693	159,433
Livermore	86,549	87,976	89,517	90,359	91,039
Newark	44,549	44,882	45,479	47,178	48,712
Oakland	420,624	426,850	430,482	431,373	432,897
Piedmont	<b>11,217</b>	<b>11,292</b>	<b>11,368</b>	<b>11,368</b>	<b>11,420</b>
Pleasanton	75,246	76,073	77,097	79,483	80,492
San Leandro	89,143	89,605	89,630	89,552	89,825
Union City	73,203	73,430	74,100	74,058	74,916
Unincorporated	147,633	148,051	149,151	149,258	149,536
Alameda County Total	<b>1,613,168</b>	<b>1,631,088</b>	<b>1,646,156</b>	<b>1,656,884</b>	<b>1,669,301</b>

Source: State Department of Finance, Demographic Research.



## Employment and Industry

The City is included in the Oakland-Hayward-Berkeley Metropolitan Division (“MD”). The unemployment rate in the MD was 3.1% in June 2019, up from a revised 2.6% in May 2019, and below the year-ago estimate of 3.3%. This compares with an unadjusted unemployment rate of 4.1% for the State and 3.1% or the nation during the same period. The unemployment rate was 3.1% in the County and 3.2% in Contra Costa County.

The table below list employment by industry group for Alameda and Contra Costa Counties for the years 2014 to 2018.

### OAKLAND- HAYWARD-BERKELY MD (Alameda and Contra Costa Counties) Annual Averages Civilian Labor Force, Employment and Unemployment, Employment by Industry (March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force <sup>(1)</sup>	1,347,700	1,364,800	1,386,100	1,399,500	1,412,800
Employment	1,267,500	1,298,500	1,325,600	1,347,200	1,369,500
Unemployment	80,300	66,300	60,500	52,300	43,200
Unemployment Rate	6.0%	4.9%	4.4%	3.7%	3.1%
<u>Wage and Salary Employment: <sup>(2)</sup></u>					
Agriculture	1,300	1,200	1,300	1,400	1,300
Mining and Logging	400	300	300	200	200
Construction	58,600	62,800	67,900	71,200	75,400
Manufacturing	83,300	88,100	91,000	95,500	100,400
Wholesale Trade	45,600	47,000	48,100	48,700	48,000
Retail Trade	109,200	111,800	113,400	114,400	114,700
Transportation, Warehousing, Utilities	35,100	37,500	39,200	40,500	42,100
Information	23,000	25,000	26,400	26,800	27,400
Finance and Insurance	36,000	37,400	38,800	38,700	37,200
Real Estate and Rental and Leasing	16,800	16,800	16,900	17,400	17,700
Professional and Business Services	175,100	177,500	181,200	184,700	189,500
Educational and Health Services	173,100	178,600	185,900	191,500	194,900
Leisure and Hospitality	102,100	106,600	111,700	114,900	116,600
Other Services	37,500	38,100	39,100	40,200	40,700
Federal Government	13,800	13,800	13,900	13,800	13,600
State Government	39,300	39,900	39,700	39,300	39,500
Local Government	113,400	115,600	119,800	121,500	122,100
<b>Total, All Industries <sup>(3)</sup></b>	<b>1,063,300</b>	<b>1,098,000</b>	<b>1,134,600</b>	<b>1,160,600</b>	<b>1,181,200</b>

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

## Major Employers

The table below shows the City's major employees.

### CITY OF EMERYVILLE Largest Employers- June 30, 2018

<u>Company</u>	<u>No. of Employees</u>
Pixar	1,225
Grifols Diagnostic Solutions	600
AC Transit	569
Clif Bar & Co.	396
Oaks Card Club	391
IKEA	380
Adobe Systems Inc	326
Peet's Coffee and Tea Inc.	313
Amyris Inc	379
Novartis Corp	182

*Source: City of Emeryville 2017-18 Comprehensive Annual Financial Report.*

The table below lists the major employers in Alameda County, listed alphabetically.

### ALAMEDA COUNTY Major Employers July 2019

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Alameda County Law Enforcement	Oakland	Government Offices-County
Alameda County Sheriff's Ofc	Oakland	Government Offices-County
Alta Bates Summit Med Ctr-Lab	Oakland	Laboratories-Medical
Alta Bates Summit Medical Ctr	Berkeley	Hospitals
BART	Oakland	Transportation
Bayer Health Care	Berkeley	Laboratories-Pharmaceutical (mfrs)
Coopervision Inc	Pleasanton	Optical Goods-Wholesale
East Bay Mud	Oakland	Water & Sewage Companies-Utility
Ebmud	Oakland	Utilities
Grifols Diagnostic Solutions	Emeryville	Pharmaceutical Research Laboratories
Highland Hospital	Oakland	Hospitals
Kaiser Permanente Oakland Med	Oakland	Hospitals
Lawrence Berkeley Lab	Berkeley	Laboratories-Research & Development
Lawrence Livermore Natl Lab	Livermore	University-College Dept/Facility/Office
Lifescan Inc	Fremont	Physicians & Surgeons Equip & Supls-Mfrs
LInl St & T Staff	Livermore	Research Service
Safeway Inc	Pleasanton	Grocers-Retail
San Francisco Bay Area Rapid	Oakland	Transit Lines
Tesla	Fremont	Automobile Dealers-Electric Cars
Transportation Dept-California	Oakland	Government Offices-State
UCSF Benioff Children's Hosp	Oakland	Hospitals
University of CA Berkeley	Berkeley	Schools-Universities & Colleges Academic
University of CA-BERKELEY	Berkeley	University-College Dept/Facility/Office
University-Ca-Berkeley Dept	Berkeley	University-College Dept/Facility/Office
Western Digital Corp	Fremont	Computer Storage Devices (mfrs)

*Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition.*

## Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City, the County, the State and the United States for 2015 through 2019.

**CITY OF EMERYVILLE, ALAMEDA COUNTY,  
STATE OF CALIFORNIA AND UNITED STATES  
Effective Buying Income  
2015 through 2019**

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2015	City of Emeryville	\$487,233	\$56,944
	Alameda County	47,744,408	60,575
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	City of Emeryville	\$530,023	\$60,172
	Alameda County	52,448,661	64,030
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Emeryville	\$640,298	\$68,835
	Alameda County	56,091,066	67,631
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Emeryville	\$696,638	\$76,508
	Alameda County	61,987,949	73,633
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Emeryville	\$774,524	\$77,046
	Alameda County	67,609,653	79,446
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

*Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.*

## Commerce

Total taxable sales reported during the first quarter of calendar year 2018 in the City were reported to be \$182,501,652, an 3.04% increase over the total taxable sales of \$177,111,558 reported during the first quarter of calendar year 2017. Annual figures for calendar year 2018 are not yet available.

**CITY OF EMERYVILLE**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	462	\$586,836	772	\$708,999
2014	463	612,234	761	749,227
2015 <sup>(1)</sup>	487	645,244	847	778,587
2016	453	636,678	813	768,770
2017	447	635,647	804	772,303

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Total taxable sales during the first quarter of calendar year 2018 in the County were reported to be \$7,889,204,811 a 7.30% increase over the total taxable sales of \$7,352,177,917 reported in the first quarter of calendar year 2017. Annual figures for calendar year 2018 are not yet available.

**ALAMEDA COUNTY**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	27,017	\$16,893,102	40,662	\$26,624,571
2014	27,152	17,820,857	40,746	28,377,714
2015 <sup>(1)</sup>	17,260	18,702,806	45,197	29,770,157
2016	27,273	19,386,688	44,799	30,958,480
2017	27,431	20,561,252	45,232	32,476,174

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

## Construction Activity

The tables below summarize building activity in the City and the County for the past five years.

### CITY OF EMERYVILLE Building Activity and Valuation Fiscal Years 2014 through 2018 (Dollars in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Permit Valuation:</u>					
New Single-family	\$0.0	\$315.0	\$224.9	\$623.1	\$0.0
New Multi-family	22,065.9	0.0	0.0	35,515.3	23,530.8
Res. Alterations/Additions	<u>12,725.0</u>	<u>6,733.6</u>	<u>1,451.7</u>	<u>926.2</u>	<u>3,157.9</u>
Total Residential	34,790.9	7,048.6	1,676.6	37,064.5	26,688.7
New Commercial	1,186.3	23,415.7	60,128.7	60,128.7	31,091.4
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	2,209.4	36,217.6	3,181.9	467.5	9,445.9
Com. Alterations/Additions	<u>78,495.1</u>	<u>60,483.1</u>	<u>48,806.1</u>	<u>36,308.1</u>	<u>41,123.6</u>
Total Nonresidential	81,890.8	120,116.4	112,116.6	45,654.4	81,660.9
<u>New Dwelling Units:</u>					
Single Family	0	2	1	2	0
Multiple Family	<u>101</u>	<u>0</u>	<u>0</u>	<u>87</u>	<u>66</u>
TOTAL	101	2	1	89	66

Source: Construction Industry Research Board, Building Permit Summary.

### ALAMEDA COUNTY Building Activity and Valuation Fiscal Years 2014 through 2018 (Dollars in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Permit Valuation</u>					
New Single-family	\$400,498.1	\$576,948.5	\$791,891.2	\$763,677.9	\$689,530.0
New Multi-family	392,331.4	456,361.3	497,341.3	1,307,094.0	1,431,985.0
Res. Alterations/Additions	<u>325,493.9</u>	<u>344,975.9</u>	<u>466,239.3</u>	<u>501,276.2</u>	<u>469,158.5</u>
Total Residential	1,118,323.4	1,378,285.7	1,755,471.8	2,572,048.1	2,590,673.5
New Commercial	175,958.9	187,303.4	444,307.9	585,896.6	551,547.4
New Industrial	102,926.6	92,470.2	53,242.1	26,703.6	302,121.2
New Other	147,944.7	193,029.9	87,213.3	148,820.3	89,686.1
Com. Alterations/Additions	<u>599,941.3</u>	<u>673,633.6</u>	<u>775,031.8</u>	<u>829,413.8</u>	<u>819,040.7</u>
Total Nonresidential	1,026,771.5	1,146,437.1	1,359,795.1	1,590,834.3	1,762,395.4
<u>New Dwelling Units</u>					
Single Family	1,076	1,671	2,348	2,175	1,867
Multiple Family	<u>2,048</u>	<u>3,370</u>	<u>3,171</u>	<u>6,889</u>	<u>6,540</u>
TOTAL	3,124	5,041	5,519	9,064	8,407

Source: Construction Industry Research Board, Building Permit Summary.

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**APPENDIX D**  
**PROPOSED FORMS OF OPINION OF BOND COUNSEL**  
**SERIES G BONDS**

September \_\_, 2019

Board of Trustees  
Emery Unified School District  
4727 San Pablo Avenue  
Emeryville, California 94608

**OPINION:**     \$\_\_\_\_\_ Emery Unified School District (Alameda County,  
California) General Obligation Bonds, Election of 2010, Series 2019G

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Members of the Board of Trustees:

We have acted as bond counsel to the Emery Unified School District (the "District") in connection with the issuance by the District of \$\_\_\_\_\_ principal amount of Emery Unified School District (Alameda County, California) General Obligation Bonds, Election of 2010, Series 2019G, dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), and a resolution of the Board adopted on August 14, 2019 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1.     The District is a duly created and validly existing unified school district with the power to issue the Bonds, and to perform its obligations under the Resolution and the Bonds.
2.     The Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable upon the District.
3.     The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District.

4. The Board of Supervisors of Alameda County is required under the Act to levy an *ad valorem* tax upon the taxable property in the District, unlimited as to rate or amount, for the payment of principal of and interest on the Bonds.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants subsequent to the issuance of the Bonds, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

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

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

Respectfully submitted,

A Professional Law Corporation



**FORMS OF OPINION OF BOND COUNSEL**  
**REFUNDING BONDS**

September \_\_, 2019

Board of Trustees  
Emery Unified School District  
4727 San Pablo Avenue  
Emeryville, California 94608

**OPINION:**     \$\_\_\_\_\_ Emery Unified School District (Alameda County, California)  
2019 General Obligation Refunding Bonds (Federally Taxable)

---

Members of the Board of Trustees:

We have acted as bond counsel to the Emery Unified School District (the "District") in connection with the issuance by the District of \$\_\_\_\_\_ principal amount of Emery Unified School District (Alameda County, California) General Obligation Refunding Bonds (Federally Taxable) (the "Bonds"). The Bonds have been authorized to be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code (the "Bond Law"), and a resolution of the Board adopted on August 14, 2019 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1.       The District is a duly created and validly existing unified school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and the Bonds.
2.       The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable upon the District.
3.       The Bonds have been duly authorized, executed and delivered by the District and are valid and binding general obligations of the District.

4. The Board of Supervisors of Alameda County is required under the Act to levy an *ad valorem* tax upon the taxable property in the District, unlimited as to rate or amount, for the payment of principal of and interest on the Bonds.

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

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

Respectfully submitted,

A Professional Law Corporation

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
EMERY UNIFIED SCHOOL DISTRICT  
(Alameda County, California)  
General Obligation Bonds  
Election of 2010, Series 2019G

\$ \_\_\_\_\_  
EMERY UNIFIED SCHOOL DISTRICT  
(Alameda County, California)  
2019 General Obligation Refunding Bonds  
(Federally Taxable)

### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Emery Unified School District (the “**District**”) in connection with the execution and delivery of the captioned bonds (the “**Bonds**”). The Bonds are being executed and delivered pursuant to resolutions adopted by the Board of Trustees of the District on August 14, 2019 (the “**Resolution**”). U.S. Bank National Association, is initially acting as paying agent for the Bonds (the “**Paying Agent**”). The District hereby 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 S.E.C. Rule 15c2-12(b)(5).

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

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District (currently June 30<sup>th</sup>), or March 31.

“*Dissemination Agent*” means initially Keygent LLC, or any third-party Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

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

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Bonds.

“*Paying Agent*” means U.S. Bank National Association, or any successor thereto.

“*Participating Underwriter*” means Raymond James & Associates, Inc., the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means 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 the Annual Report Date, commencing March 31, 2020 with the report for the 2018-2019 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB (currently through its Electronic Municipal Market Access system), an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, 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 Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided to the MSRB.

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

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information with respect to the most recently completed fiscal year:

- (i) assessed value of taxable property in the District, including identification of top twenty secured property taxpayers and their respective secured property assessed values;
- (ii) property tax levies, collections and delinquencies; and
- (iii) the District's most recently approved Budget or interim report, which is available at the time of filing the Annual Report.

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

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Electronic Municipal Market Access system or filed with the Securities and Exchange Commission. 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 Listed Events with respect to the Bonds in a timely manner as described in (b) below:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of Bondholders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.
- (16) 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.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the Bonds or the District. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a

receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means 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 to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

**Section 6. Identifying Information for Filings with the MSRB.** All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

**Section 7. 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(b).

**Section 8. 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the District and the Paying Agent.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized

bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

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

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

**Section 10. 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 11. Default.** If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.



**Section 12. Duties, Immunities and Liabilities of Dissemination Agent.**

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

**Section 13. 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

**EMERY UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Superintendent

**ACCEPTANCE OF DUTIES  
AS DISSEMINATION AGENT:**

By \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Emery Unified School District (the "District")  
Name of Bond Issue: Emery Unified School District General Obligation Bonds, Election of 2010, Series 2019G  
Name of Bond Issue: Emery Unified School District 2019 General Obligation Refunding Bonds (Federally Taxable)  
Date of Issuance: September \_\_, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of September \_\_, 2019. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

**DISSEMINATION AGENT:**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

cc: Paying Agent and Participating Underwriter

## APPENDIX F

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*None of the District, the Paying Agent or the Underwriter take any responsibility for the information contained in this Section.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (in this Appendix, the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity 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](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or 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 nor its nominee, Paying Agent, or 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 District or 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 securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds 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, Bond certificates will be printed and delivered to DTC.

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

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**APPENDIX G**

**ALAMEDA COUNTY INVESTMENT POLICY AND  
INVESTMENT REPORT**

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# ALAMEDA COUNTY

## Annual Investment Policy

### Calendar Year 2019

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#### Introduction

The Alameda County Board of Supervisors, by Ordinance # O-2018-66 has renewed the annual delegation of its investment authority and responsibility to invest and/or to reinvest the funds in the Alameda County treasury to the Alameda County Treasurer. Accordingly, to provide a framework for the oversight of the Treasurer's investment responsibilities and activities, the *Government Code of the State of California through Section 27133* requires the County Treasurer to prepare an annual investment policy that provides the specific guidelines, pursuant to which, the Treasurer should carry-out investment-related functions. Participation in the Alameda County investment pool is limited to entities that are required by mandate to deposit their revenues in the county treasury.

#### Investment Philosophy

The Alameda County Treasurer shall invest monies in the treasury in accordance with the following basic principles of investing, in the order of priority:

1. **Safety** – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. **Liquidity** – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
3. **Return** - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints of safety.

The investment portfolio shall be diversified and designed to attain a market-average rate of return that considers the cash-flow characteristics and operating cash needs of County departments, the County's various subdivisions, school districts and special districts.

The investment portfolio shall strive to attain an average maturity not to exceed 36 months. Investments shall be made with the general intention of holding to maturity and not for

trading. However, the Treasurer may, from time to time, swap or sell securities to re-position investment holdings to current coupon issues or to take advantage of market value appreciation by realizing profits on securities held by the portfolio.

The Treasurer may sell securities in which actual loss from such sale may be incurred under the following conditions:

1. To raise cash to meet unanticipated cash-flow need.
2. To swap old securities for current coupon securities.
3. To avoid further erosion and loss of investment principal due to deterioration in credit-worthiness or if interest rates are anticipated to continually rise.

### **Investment Guidelines and Eligible Securities**

Section 53600 et seq. of the Government Code of the State of California prescribes the statutory requirements relating to investments by local treasurers, including types of allowable investments, proportional limits by investment type relative to the size of the investment pool, maximum maturity of investments, and credit rating criteria. The term to maturity of investments in the pool shall not exceed a final maturity of 5 years from date of purchase, except when specifically authorized by a resolution of the Alameda County Board of Supervisors. Final maturity limits, investment type limits, and issuer ratings and limits are calculated/considered at time of purchase.

Alameda County investments shall conform to the legal provisions set forth in the Government Code, except that, the County further prescribes the following requirements:  
(Please refer to ATTACHMENT I)

#### **I. Bankers' Acceptance**

- Maximum limit: 30% of the portfolio.
- Ratings requirement: "A" rated by S & P or its equivalent by other rating agencies for domestic banks. "AA" rated by S & P or its equivalent by other rating agencies for US Branch of Foreign Banks.
- Maximum maturity: May not exceed 180 days from purchase date to final maturity.

#### **II. Commercial Paper**

- Maximum limit: 25% of the portfolio.
- Ratings requirement: "P-1" rated by S & P or its equivalent by other rating agencies.
- Maximum maturity: May not exceed 270 days from purchase date to final maturity.

#### **III. Medium-Term Corporate Notes**

- Maximum limit: 30% of the portfolio.

- Ratings requirement: “A” rated by S & P or the equivalent by other rating agencies if maturity is less than 3 years. “AA” rated by S & P or the equivalent by other rating if maturity is more than 3 years from purchase date.
- Maximum maturity: May not exceed 5 years from purchase date to final maturity.

**IV. Negotiable Certificates of Deposits**

- 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. Money Market Mutual Funds**

- 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.S. Treasury Bills, U.S. Government Notes and Bonds, Federal Agency**

**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. **LAIF (Local Agency Investment Fund)**

- Maximum amount: As permitted by the State Treasurer

XI. **CalTRUST (Joint Powers Authority Investment Trust for California Public Agencies)**

- Maximum limit: Twice the limit of LAIF deposits

XII. **CAMP (Joint Powers Authority created to provide a statewide local government investment pool)**

- Maximum limit: Twice the limit of LAIF deposits

XIII. **Collateralized/FDIC - Insured Time Deposits**

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 cashing, 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-to-market 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
CaITRUST	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



T R E A S U R E R - T A X C O L L E C T O R

HENRY C. LEVY  
TREASURER - TAX COLLECTOR

May 28, 2019

Board of Supervisors  
County of Alameda  
1221 Oak Street, 5<sup>th</sup> 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%
<b>Total</b>	<b>\$ 6,684,548,617</b>	<b>100.00%</b>

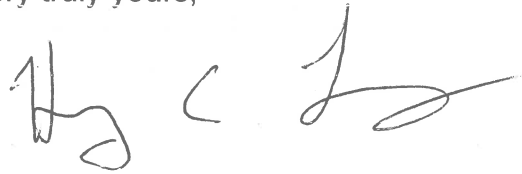
Conclusion

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 transaction 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**.

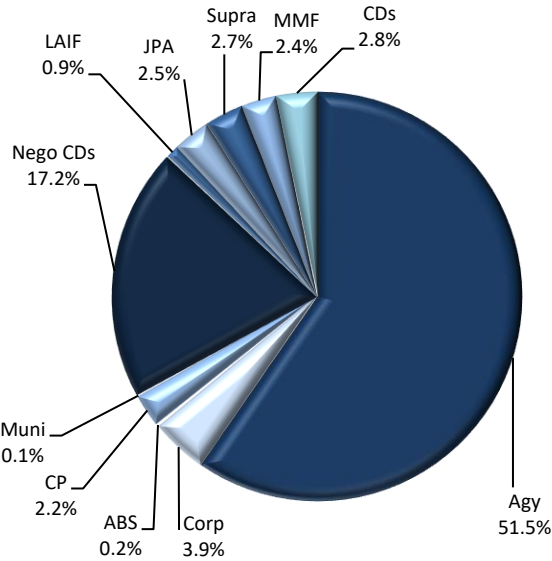
Very truly yours,

A handwritten signature in black ink, appearing to read 'H. C. Levy', written in a cursive style.

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

**SECTOR ALLOCATION**



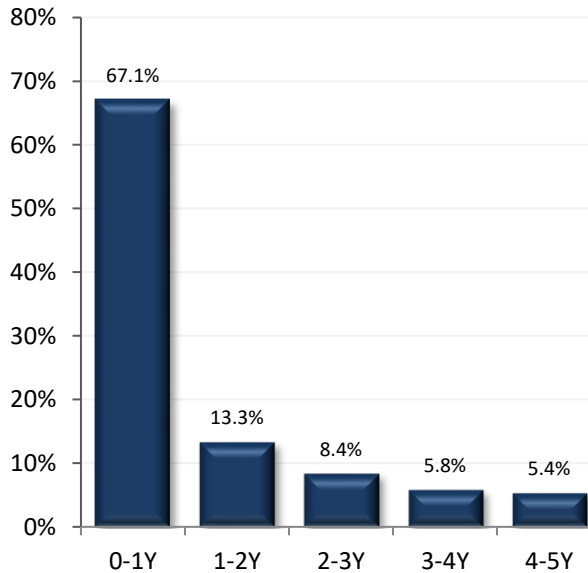
Per Book Value

**ACCOUNT SUMMARY**

	<b>4/30/19</b>	<b>3/31/19</b>
<b>Market Value</b>	\$6,687,739,338	\$6,196,865,375
<b>Book Value*</b>	\$6,684,548,617	\$6,194,165,234
<b>Unrealized G/L</b>	\$3,190,720	\$2,700,141
<b>Par Value</b>	\$6,705,570,000	\$6,210,570,000
<b>Net Asset Value</b>	\$100.048	\$100.044
<b>Book Yield</b>	2.31%	2.28%
<b>Years to Maturity</b>	1.09	0.79
<b>Effective Duration</b>	0.86	0.64

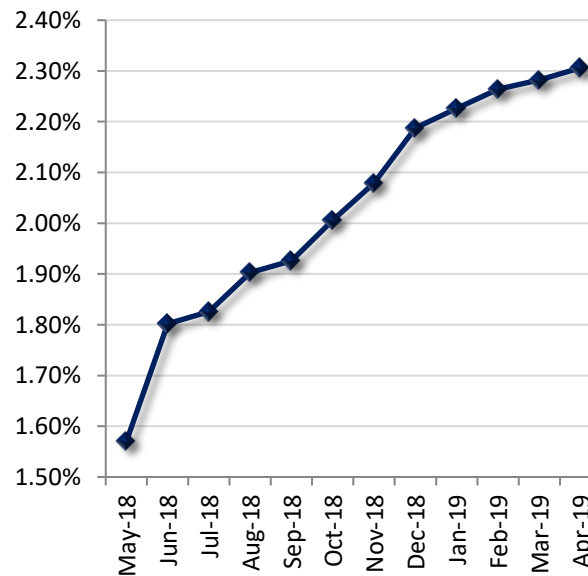
\*Book Value is not Amortized

**MATURITY DISTRIBUTION**



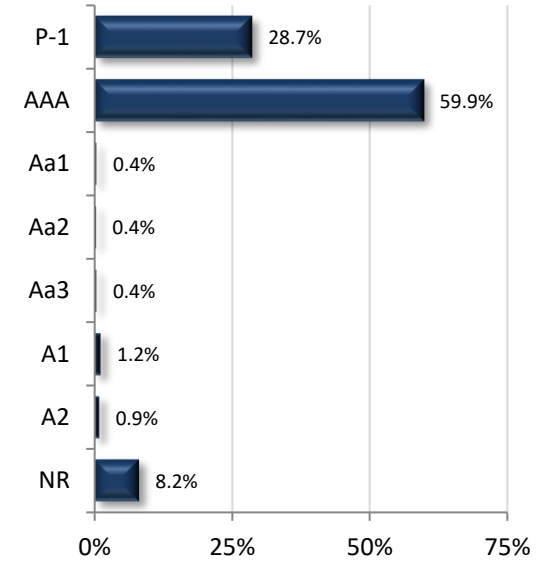
Per Book Value

**PORTFOLIO BOOK YIELD HISTORY**



NR: Not Rated

**CREDIT QUALITY (MOODY'S)**

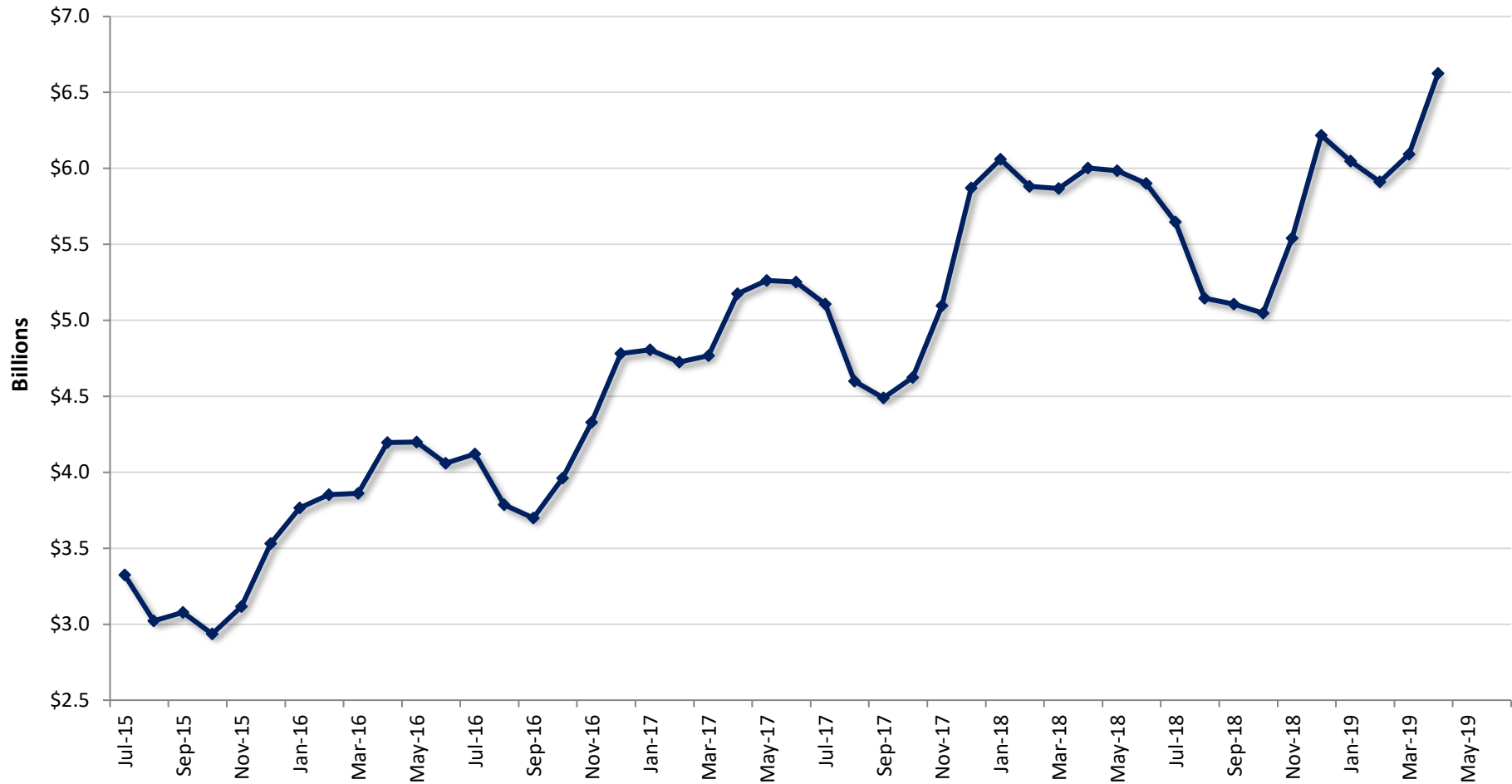


**TOP ISSUERS**

<b>Issuer</b>	<b>% Portfolio</b>
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

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%
Floater, Structured Notes, Derivatives	15% limit for treasuries, agencies, and munis	Yes	0.0%

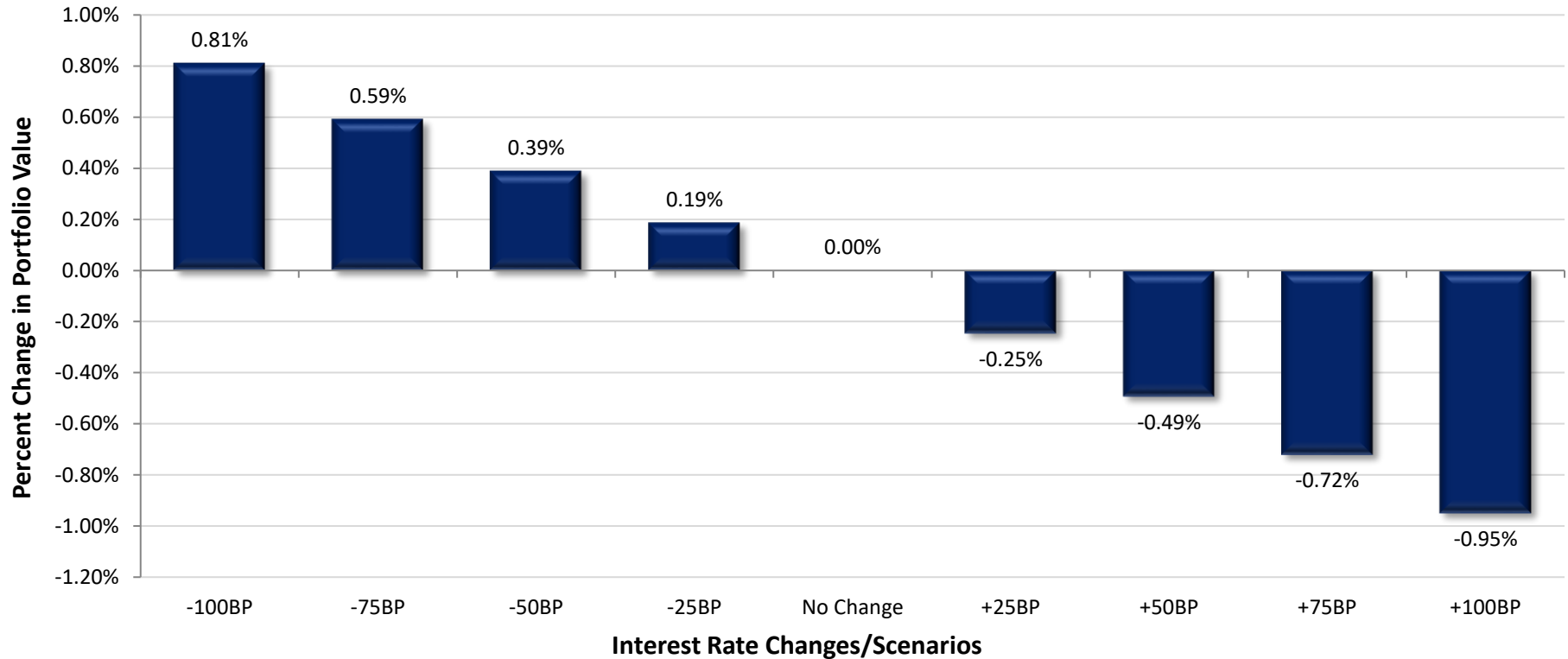


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Fiscal Year 2016</b>	\$3.325	\$3.023	\$3.078	\$2.936	\$3.117	\$3.530	\$3.747	\$3.852	\$3.862	\$4.195	\$4.199	\$4.060
<b>Fiscal Year 2017</b>	\$4.120	\$3.786	\$3.698	\$3.962	\$4.328	\$4.781	\$4.807	\$4.726	\$4.767	\$5.174	\$5.263	\$5.253
<b>Fiscal Year 2018</b>	\$5.107	\$4.600	\$4.490	\$4.625	\$5.096	\$5.818	\$6.011	\$5.881	\$5.868	\$6.002	\$5.984	\$5.901
<b>Fiscal Year 2019</b>	\$5.648	\$5.146	\$5.108	\$5.047	\$5.540	\$6.217	\$6.047	\$5.912	\$6.093	\$6.626		

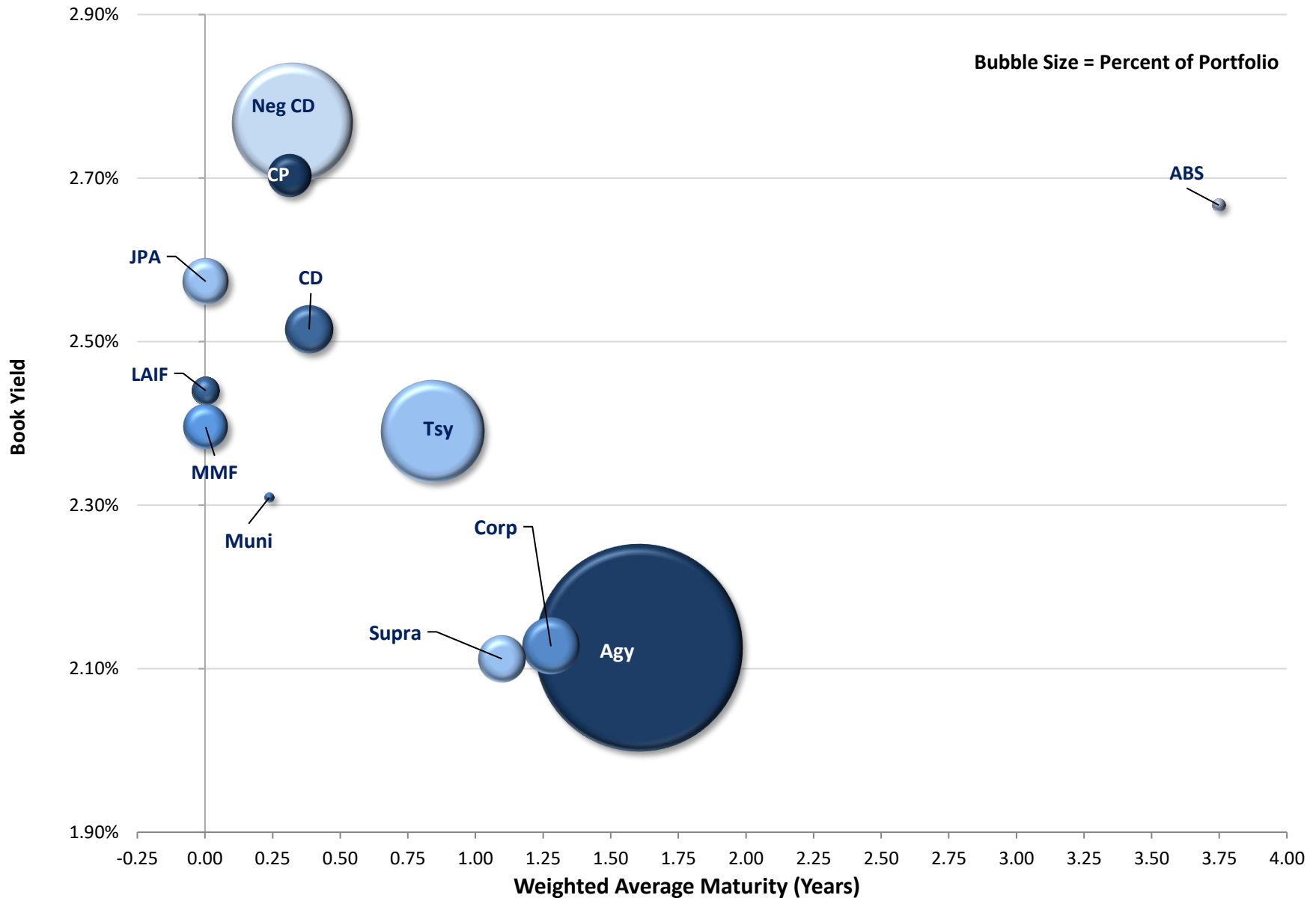
Figures in Billions, Average Daily Balance



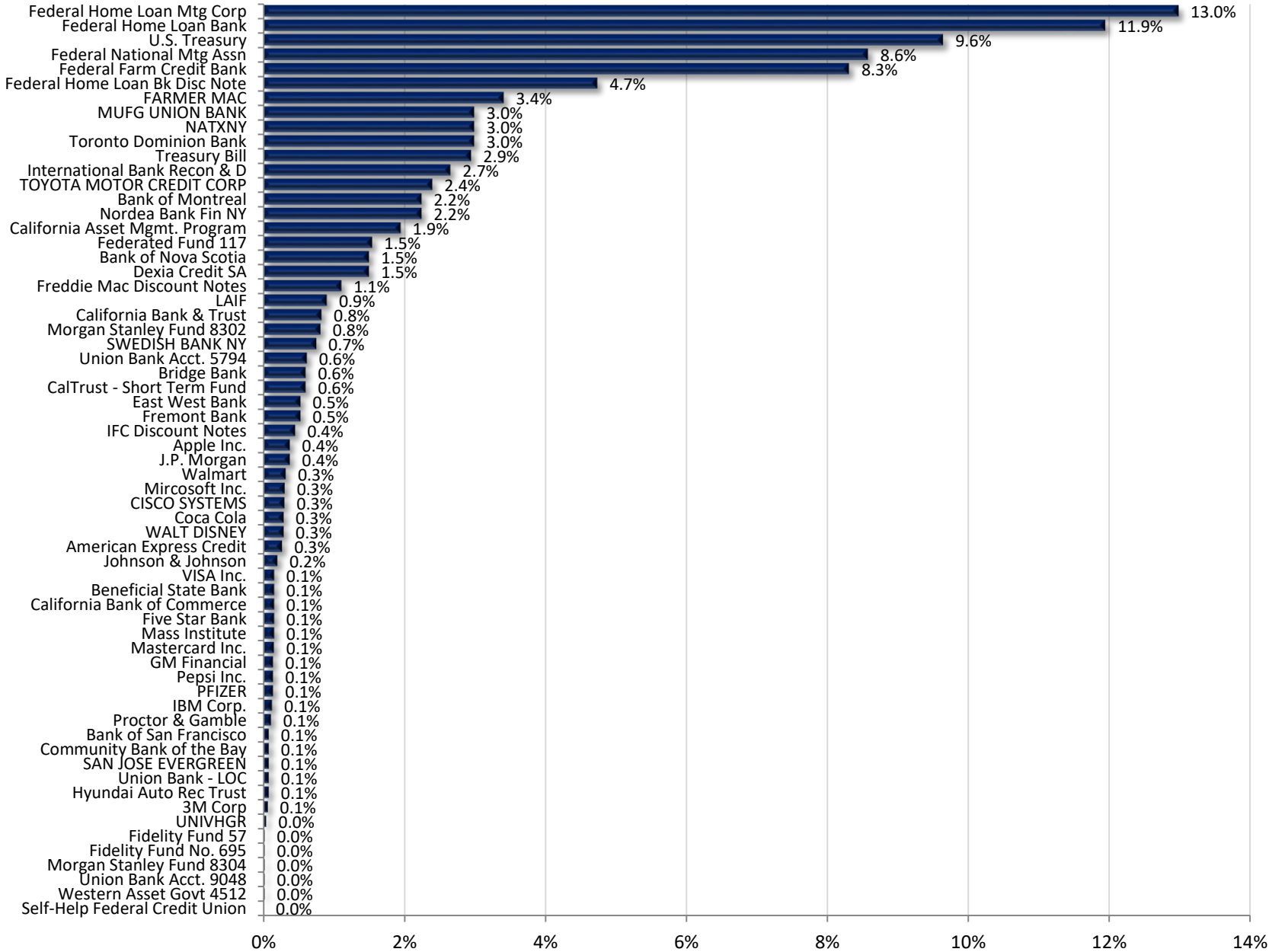
**Instantaneous Interest Rate Changes and Approximate Change in Portfolio's Market Value**



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%



\*Note: Excludes Cash Balance



**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
	<b>6,705,570,000.00</b>	<b>6,687,739,337.54</b>	<b>6,684,548,617.33</b>	<b>100.00%</b>	<b>399</b>	<b>2.306</b>
<b>Investments</b>						

Total Earnings	April 30 Month Ending	Fiscal Year To Date
Current Year	13,003,462.75	97,671,996.45
<b>Average Daily Balance</b>	<b>6,625,659,814.34</b>	<b>5,674,995,555.51</b>
<b>Effective Rate of Return</b>	<b>2.39%</b>	<b>2.07%</b>

Henry C. Levy, Treasurer - Tax Collector

Reporting period 04/01/2019-04/30/2019

Run Date: 05/29/2019 - 14:12

Portfolio POOL  
RC  
PM (PRF\_PM1) 7.3.0  
Report Ver. 7.3.6.1

**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
<b>Non-Negotiable CDs</b>											
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
<b>Subtotal and Average</b>			<b>131,336,666.67</b>		<b>185,170,000.00</b>	<b>185,170,000.00</b>	<b>185,170,000.00</b>		<b>2.515</b>	<b>141</b>	
<b>Local Agency Investment Funds</b>											
SYS10285	10285	LAIF		07/01/2013	60,000,000.00	60,000,000.00	60,000,000.00	2.440	2.440	1	
<b>Subtotal and Average</b>			<b>60,000,000.00</b>		<b>60,000,000.00</b>	<b>60,000,000.00</b>	<b>60,000,000.00</b>		<b>2.440</b>	<b>1</b>	
<b>Joint Powers Authority</b>											
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	
<b>Subtotal and Average</b>			<b>186,000,000.00</b>		<b>170,000,000.00</b>	<b>170,000,000.00</b>	<b>170,000,000.00</b>		<b>2.574</b>	<b>1</b>	
<b>Money Market Mutual Funds</b>											
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	
<b>Subtotal and Average</b>			<b>576,466,666.67</b>		<b>161,000,000.00</b>	<b>161,000,000.00</b>	<b>161,000,000.00</b>		<b>2.395</b>	<b>1</b>	
<b>Money Market Bank Accounts</b>											
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
<b>Money Market Bank Accounts</b>											
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	
<b>Subtotal and Average</b>			<b>61,300,000.00</b>		<b>67,000,000.00</b>	<b>67,000,000.00</b>	<b>67,000,000.00</b>		<b>1.280</b>	<b>1</b>	
<b>Negotiable CDs</b>											
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
<b>Subtotal and Average</b>			<b>1,161,666,666.67</b>		<b>1,150,000,000.00</b>	<b>1,150,061,500.00</b>	<b>1,150,000,000.00</b>		<b>2.768</b>	<b>118</b>	
<b>Corporate Notes</b>											
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
<b>Corporate Notes</b>											
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
<b>Subtotal and Average</b>			<b>243,787,402.16</b>		<b>258,500,000.00</b>	<b>257,623,858.75</b>	<b>258,121,838.75</b>		<b>2.127</b>	<b>467</b>	

**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
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**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
<b>Washington Supranational Obligation</b>											
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
45905UJZ6	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
<b>Subtotal and Average</b>			<b>186,717,073.16</b>		<b>178,500,000.00</b>	<b>178,162,744.50</b>	<b>177,378,567.60</b>		<b>2.112</b>	<b>401</b>	
<b>Commercial Paper Disc. -Amortizing</b>											
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
<b>Subtotal and Average</b>			<b>171,472,832.42</b>		<b>150,000,000.00</b>	<b>148,794,000.00</b>	<b>148,108,486.12</b>		<b>2.703</b>	<b>114</b>	
<b>Agency Bullets (Aaa/AA+)</b>											
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
<b>Agency Bullets (Aaa/AA+)</b>											
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
<b>Subtotal and Average</b>			<b>319,262,246.67</b>		<b>385,000,000.00</b>	<b>386,360,450.00</b>	<b>384,597,500.00</b>		<b>2.380</b>	<b>973</b>	
<b>Federal Agency Disc. -Amortizing</b>											
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
<b>Subtotal and Average</b>			<b>480,486,879.26</b>		<b>425,000,000.00</b>	<b>423,358,750.00</b>	<b>420,581,395.84</b>		<b>2.551</b>	<b>58</b>	
<b>Treasury Notes and Bonds</b>											
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
912828WLO	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
<b>Subtotal and Average</b>			<b>414,070,187.72</b>		<b>650,000,000.00</b>	<b>646,014,495.24</b>	<b>644,827,917.14</b>		<b>2.356</b>	<b>356</b>	

**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
<b>Treasury Discounts -Amortizing</b>											
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
<b>Subtotal and Average</b>			<b>217,026,588.75</b>		<b>200,000,000.00</b>	<b>198,050,500.00</b>	<b>196,887,659.73</b>		<b>2.500</b>	<b>150</b>	
<b>Agency Callables (Aaa/AA+)</b>											
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
<b>Agency Callables (Aaa/AA+)</b>											
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

Portfolio POOL  
RC  
PM (PRF\_PM2) 7.3.0

**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
<b>Agency Callables (Aaa/AA+)</b>											
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
3130ACLO5	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
3130ADVF9	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

Portfolio POOL  
RC  
PM (PRF\_PM2) 7.3.0

**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
<b>Agency Callables (Aaa/AA+)</b>											
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

Portfolio POOL  
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**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
<b>Agency Callables (Aaa/AA+)</b>											
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
3137EAE19	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
3137EAE17	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
3137EAE17	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
3137EAE15	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

Portfolio POOL  
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**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
<b>Agency Callables (Aaa/AA+)</b>											
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

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**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
<b>Agency Callables (Aaa/AA+)</b>											
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
<b>Subtotal and Average</b>			<b>2,400,867,244.62</b>		<b>2,643,900,000.00</b>	<b>2,634,631,889.05</b>	<b>2,639,376,425.55</b>		<b>2.020</b>	<b>613</b>	
<b>Asset Backed Securities</b>											
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
<b>Subtotal and Average</b>			<b>7,699,359.59</b>		<b>14,000,000.00</b>	<b>14,013,350.00</b>	<b>13,998,826.60</b>		<b>2.667</b>	<b>1,368</b>	
<b>Municipal Bonds</b>											
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
<b>Subtotal and Average</b>			<b>7,500,000.00</b>		<b>7,500,000.00</b>	<b>7,497,800.00</b>	<b>7,500,000.00</b>		<b>2.309</b>	<b>87</b>	
<b>Total and Average</b>			<b>6,625,659,814.34</b>		<b>6,705,570,000.00</b>	<b>6,687,739,337.54</b>	<b>6,684,548,617.33</b>		<b>2.306</b>	<b>399</b>	



**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% MAT	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% MAT	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

Portfolio POOL

RC

**Alameda County Investment Pool  
Transaction Activity Report  
Sorted by Fund - Transaction Date**

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	3134GTDV2	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	3133EGKV2	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

Portfolio POOL

RC

**Alameda County Investment Pool  
Transaction Activity Report  
Sorted by Fund - Transaction Date**

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

**Alameda County Investment Pool  
Transaction Activity Report  
Sorted by Fund - Transaction Date**

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	912828D1	UNITED STATES	Purchase	04/29/2019	U.S. Treasury	48,205,842.39			-48,205,842.39

**Alameda County Investment Pool  
Transaction Activity Report  
Sorted by Fund - Transaction Date**

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
<b>Totals for General Fund</b>							<b>2,067,673,500.8</b>	<b>1,152,271,166.6</b>	<b>9,816,995.52</b>	<b>-905,585,338.61</b>
<b>Grand Total</b>							<b>2,067,673,500.8</b>	<b>1,152,271,166.6</b>	<b>9,816,995.52</b>	<b>-905,585,338.61</b>

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**APPENDIX H**  
**TABLE OF ACCRETED VALUES**