

NEW ISSUE -- FULL BOOK-ENTRY

Ratings: Moody's: "Aa2"; S&P: "AA-"
(See "MISCELLANEOUS – Ratings" herein)

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

\$93,500,000*

ALAMEDA UNIFIED SCHOOL DISTRICT
(Alameda County, California)

\$90,000,000*

\$3,500,000*

Election of 2014 General Obligation Bonds, Series A

2015 General Obligation Refunding Bonds

Dated: Date of Delivery

Due: August 1, as shown on inside cover

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

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

The Alameda Unified School District (Alameda County, California) 2015 General Obligation Refunding Bonds (the "Refunding Bonds", and together with the Series A Bonds, the "Bonds"), are being issued by the District (i) to currently refund a portion of the outstanding Alameda Unified School District (Alameda County, California) Election of 2004 General Obligation Bonds, Series B, and (ii) to pay the costs associated with the issuance of the Refunding Bonds.

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

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 (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2016. The Bonds are issuable as fully registered bonds in denominations of \$5,000 principal amount or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption as further described herein.

Maturity Schedule*
(See inside front cover)

The Bonds are offered when, as and if issued, and received by the Underwriters subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters are being passed upon for the Underwriters by Nixon Peabody LLP. The Bonds, in book-entry form, will be available for delivery through the facilities of the Depository Trust Company in New York, New York on or about June __, 2015.

RBC Capital Markets

Ross, Sinclaire & Associates, LLC

The date of this Official Statement is: _____, 2015

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the 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.

MATURITY SCHEDULE

Base CUSIP⁽¹⁾: 010824

\$90,000,000*

ALAMEDA UNIFIED SCHOOL DISTRICT
(Alameda County, California)
Election of 2014 General Obligation Bonds, Series A

\$ _____ Serial Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾</u>
--------------------------------------	-----------------------------------	--------------------------------	--------------	----------------------------

\$ _____ – _____ % Term Bonds due August 1, 20__ - Yield: _____; CUSIP⁽¹⁾:

\$3,500,000*

ALAMEDA UNIFIED SCHOOL DISTRICT
(Alameda County, California)
2015 General Obligation Refunding Bonds

\$ _____ Serial Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾</u>
--------------------------------------	-----------------------------------	--------------------------------	--------------	----------------------------

* Preliminary, subject to change.

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Services. Neither the Underwriters nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein

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

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

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

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

The Underwriters have provided the following sentence for inclusion in this Official Statement:

“The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or the completeness of such information” herein.

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

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

ALAMEDA UNIFIED SCHOOL DISTRICT

Board of Education

Barbara Kahn, *President*
Solana Henneberry, *Vice President*
Gary K. Lym, *Clerk*
Niel Tam, *Member*
Philip Hu, *Member*

District Administration

Sean McPhetridge Ed.D., *Superintendent*
Robert Clark Ed.D., *Chief Business Officer*
Chad Pimentel, *General Counsel*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

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

Financial Advisor

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

Paying Agent and Escrow Agent

U.S. Bank National Association
San Francisco, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

(THIS PAGE INTENTIONALLY LEFT BLANK)

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE DISTRICT	1
PURPOSE OF ISSUE	2
AUTHORITY FOR ISSUANCE OF THE BONDS	2
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	2
DESCRIPTION OF THE BONDS	2
TAX MATTERS	3
OFFERING AND DELIVERY OF THE BONDS	3
CONTINUING DISCLOSURE	3
PROFESSIONALS INVOLVED IN THE OFFERING	4
FORWARD LOOKING STATEMENTS	4
OTHER INFORMATION	4
THE BONDS.....	5
AUTHORITY FOR ISSUANCE	5
SECURITY AND SOURCES OF PAYMENT	5
GENERAL PROVISIONS	6
ANNUAL DEBT SERVICE.....	7
REDEMPTION	8
REGISTRATION, TRANSFER AND EXCHANGE OF BONDS.....	10
DEFEASANCE	11
APPLICATION AND INVESTMENT OF BOND PROCEEDS	12
ESTIMATED SOURCES AND USES OF FUNDS.....	14
TAX BASE FOR REPAYMENT OF BONDS	15
<i>AD VALOREM</i> PROPERTY TAXATION	15
ASSESSED VALUATIONS	16
APPEALS AND ADJUSTMENTS OF ASSESSED VALUATIONS	18
ASSESSED VALUATION BY LAND USE.....	19
ASSESSED VALUATION OF JURISDICTION	20
ASSESSED VALUATION OF SINGLE FAMILY HOMES	20
TAX LEVIES, COLLECTIONS AND DELINQUENCIES.....	21
ALTERNATIVE METHOD OF TAX APPORTIONMENT - “TEETER PLAN”	21
TAX RATES.....	22
PRINCIPAL TAXPAYERS	23
STATEMENT OF DIRECT AND OVERLAPPING DEBT	24
CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS	26
ARTICLE XIII A OF THE CALIFORNIA CONSTITUTION	26
LEGISLATION IMPLEMENTING ARTICLE XIII A	27
UNITARY PROPERTY	27
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION.....	27
PROPOSITION 26.....	28
ARTICLE XIII C AND ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION.....	29
PROPOSITIONS 98 AND 111	29
PROPOSITION 39.....	31
PROPOSITION 1 A AND PROPOSITION 22	32
<i>JARVIS VS. CONNELL</i>	32
PROPOSITION 30.....	33
PROPOSITION 2	33
FUTURE INITIATIVES	34
STATE BUDGET MEASURES	35

TABLE OF CONTENTS (cont'd)

	<u>Page</u>
DISTRICT FINANCIAL INFORMATION	41
STATE FUNDING OF EDUCATION	41
OTHER REVENUE SOURCES	46
DISSOLUTION OF REDEVELOPMENT AGENCIES	47
BUDGET PROCESS	49
COMPARATIVE FINANCIAL STATEMENTS	52
ACCOUNTING PRACTICES	54
ALAMEDA UNIFIED SCHOOL DISTRICT	54
INTRODUCTION	54
ADMINISTRATION	54
DISTRICT GROWTH	55
LABOR RELATIONS	56
RETIREMENT PROGRAMS	58
PARS SUPPLEMENTARY RETIREMENT PLAN	62
OTHER POST-EMPLOYMENT BENEFITS	63
JOINT VENTURES	63
DISTRICT DEBT STRUCTURE	64
TAX MATTERS	66
LEGAL MATTERS	68
LEGALITY FOR INVESTMENT IN CALIFORNIA	68
CONTINUING DISCLOSURE	68
ABSENCE OF MATERIAL LITIGATION	68
INFORMATION REPORTING REQUIREMENTS	69
LEGAL OPINIONS	69
VERIFICATION	69
MISCELLANEOUS	69
RATINGS	69
FINANCIAL STATEMENTS	70
UNDERWRITING	70
ADDITIONAL INFORMATION	71
 APPENDIX A: FORMS OF OPINIONS OF BOND COUNSEL FOR THE BONDS	 A-1
APPENDIX B: THE DISTRICT'S 2013-14 AUDITED FINANCIAL STATEMENTS	B-1
APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE	C-1
APPENDIX D: BOOK ENTRY-ONLY SYSTEM	D-1
APPENDIX E: GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF ALAMEDA AND ALAMEDA COUNTY	E-1
APPENDIX F: ALAMEDA COUNTY INVESTMENT POOL	F-1

\$93,500,000*
ALAMEDA UNIFIED SCHOOL DISTRICT
(Alameda County, California)

\$90,000,000*	\$3,500,000*
Election of 2014 General Obligation Bonds, Series A	2015 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of (i) Alameda Unified School District (Alameda County, California) Election of 2014 General Obligation Bonds, Series A in the principal amount of \$90,000,000* (the “Series A Bonds”), and (ii) Alameda Unified School District (Alameda County, California) 2015 General Obligation Refunding Bonds in the principal amount of \$3,500,000* (the “Refunding Bonds” and together with the Series A Bonds, the “Bonds”).

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

The District

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

The District operates nine elementary schools, one K-8 school, two middle schools, one 6-8 magnet and early college high school, one 6-12 school, one 9-12 high school, one continuation high school and an adult education center. The District serves a population of approximately 76,419 and the District’s ADA for fiscal year 2014-15 is projected to be 9,105. The District’s 2014-15 enrollment is 9,502 students. The District has a 2014-15 assessed valuation of \$10,531,584,610.

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

See “TAX BASE FOR REPAYMENT OF BONDS” herein for more information regarding the District’s assessed valuation, and “DISTRICT FINANCIAL INFORMATION” and “ALAMEDA UNIFIED SCHOOL DISTRICT” herein for more information regarding the District generally.

* Preliminary, subject to change.

Purpose of Issue

Series A Bonds. The Series A Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities and (ii) pay the costs associated with the issuance of the Series A Bonds.

Refunding Bonds. The Refunding Bonds are being issued to (i) currently refund a portion of the District's outstanding Election of 2004 General Obligation Bonds, Series B (the "2004 Series B Bonds") and (ii) pay the costs associated with the issuance of the Refunding Bonds. The 2004 Series B Bonds to be refunded with proceeds of the Refunding Bonds are referred to herein as the "Refunded Bonds."

Authority for Issuance of the Bonds

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

Security and Sources of Payment for the Bonds

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

Description of the Bonds

Form, Registration and Denomination. The Bonds will only be issued in fully registered book-entry form (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover page hereof, under the book-entry only system maintained by DTC, and only through brokers and dealers who are or act through DTC Participants as described herein. See "APPENDIX D – Book-Entry Only System" herein. Beneficial Owners will not receive physical certificates representing their interests in the Bonds. In event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions described herein. See "THE BONDS – Registration, Transfer and Exchange of Bonds" herein.

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

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

Redemption.* The Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on August 1, 20__ or on any date thereafter, as a whole or in part. The Series A Bonds are further subject to mandatory sinking fund redemption as further described herein. See also “THE BONDS– Redemption” herein.

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the initial date of delivery of the Bonds (the “Date of Delivery”), and be payable semiannually on each February 1 and August 1 (each a “Bond Payment Date”), commencing February 1, 2016. Principal on the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, acting as the designated paying agent, bond registrar and transfer agent (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. See “APPENDIX D – Book-Entry Only System” herein.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount, and the amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax. See “TAX MATTERS” herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June __, 2015.

Continuing Disclosure

The District will covenant for the benefit of Owners and Beneficial Owners to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with S.E.C. Rule 15c2-12(b)(5) (the “Rule”). These covenants have been made in order to assist the Underwriters in complying with the Rule. The specific nature of the information to be made available and of the notices of enumerated events required to be provided are summarized in APPENDIX C attached hereto.

* Preliminary, subject to change.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Backstrom McCarley Berry & Co., LLC, is the financial advisor for the District (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. Stradling Yocca Carlson & Rauth, a Professional Corporation and Backstrom McCarley Berry & Co., LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. In addition to acting as Paying Agent for the Bonds, U.S. Bank National Association, San Francisco, California is acting as escrow agent ("Escrow Agent") in connection with the issuance of the Refunding Bonds. Certain matters are being passed upon for the Underwriters by Nixon Peabody LLP. Causey Demgen & Moore P.C., Denver, Colorado is acting as verification agent for the Refunding Bonds.

Forward-Looking Statements

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

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

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Alameda Unified School District, 2060 Challenger Drive, Alameda, California 94501, telephone: (510) 337-7000. The District may impose a charge for copying, mailing and handling.

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as

representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to each of such documents, statutes and constitutional provisions.

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

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

THE BONDS

Authority for Issuance

Series A Bonds. The Series A Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 *et seq.*, as amended, Article XIII A of the California Constitution and pursuant to a resolution adopted by the District Board on April 14, 2015 (the “Series A Resolution”). The District received authorization at an election held on November 4, 2014 by the requisite fifty-five percent of the votes cast by eligible voters within the District to issue \$179,500,000 aggregate principal amount of general obligation bonds (the “2014 Authorization”). The Series A Bonds represent the first series of bonds issued under the 2014 Authorization. After the issuance of the Bonds, \$89,500,000* of the 2014 Authorization will remain.

The Refunding Bonds. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of the California Government Code and other applicable law, and pursuant to a resolution adopted by the District Board on April 14, 2015 (the “Refunding Resolution” and, collectively with the Series A Resolution, the “Resolutions”).

On March 2, 2004 the voters of the District authorized the issuance of not-to-exceed \$63,000,000 of general obligation bonds (the “2004 Authorization”). On June 30, 2005 the District issued \$21,997,233.40 aggregate principal amount of its 2004 Series B Bonds. Proceeds from the sale of the Refunding Bonds will be utilized to currently refund the Refunded Bonds.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates). The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. However, the District can make no representation that such

* Preliminary, subject to change.

reserve will be established by the County or that such a reserve, if previously established by the County, will be maintained in the future.

Such taxes, when collected, will be deposited by the County into the respective Debt Service Funds (defined herein), which funds are segregated and maintained by the County and which have been designated for the payment of principal of and interest on the Series A Bonds and the Refunding Bonds, as applicable, when due, and for no other purpose. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County will maintain the Debt Service Funds, the Bonds are not a debt of the County. See “TAX BASE FOR REPAYMENT OF BONDS” herein. Pursuant to the Resolutions, the District has pledged funds on deposit in the Debt Service Funds for the payment of each series of Bonds.

The moneys in the respective Debt Service Funds, to the extent necessary to pay the principal of and interest on the Bonds, as the same become due and payable, will be transferred by the County to the Paying Agent which, in turn, shall pay such moneys to DTC who will thereupon make payment of such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds.

The rate of the annual *ad valorem* taxes 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 in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District’s control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the “State”) and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, fire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District’s assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” and “TAX BASE FOR REPAYMENT OF BONDS” herein.

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive certificates representing their interests in the Bonds.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each Bond Payment Date, commencing February 1, 2016. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2016, in which event it shall bear interest from its dated date. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof and mature on August 1 in the years and amounts set forth on the inside cover page hereof.

Payment of interest on any Bond will be made on any Bond Payment Date to the person appearing on the bond registration books of the Paying Agent (the “Bond Register”) of the Paying Agent as the Owner thereof as of the close of business on the 15th day of the month next preceding any Bond Payment Date (a “Record Date”), such interest to be paid by wire transfer or check mailed to such Owner on the Bond Payment Date at his or her address as it appears on such Bond Register or at such other address as he or she may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate Principal Amount of One Million Dollars (\$1,000,000) or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds will be payable upon maturity or redemption upon surrender at the principal office of the Paying Agent. The principal of, redemption premiums, if any, and interest on, the Bonds will be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof.

Annual Debt Service

Series A Bonds. The following table summarizes the debt service requirements of the District for the Series A Bonds (assuming no optional redemptions):

<u>Year Ending (August 1)</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment⁽¹⁾</u>	<u>Total Annual Debt Service</u>
--	--	---	---

⁽¹⁾ Interest payments on the Series A Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2016.

Refunding Bonds. The following table summarizes the debt service requirements of the District for the Refunding Bonds (assuming no optional redemptions):

<u>Year Ending (August 1)</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment⁽¹⁾</u>	<u>Total Annual Debt Service</u>
--	--	---	---

⁽¹⁾ Interest payments on the Refunding Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2016.

See also “ALAMEDA UNIFIED SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds” for a schedule of the combined debt service requirements for all of the District’s outstanding general obligation bonds.

Redemption

Optional Redemption.* The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on or after August 1, 20__ may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on August 1, 20__ or on any date thereafter, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Redemption. The Series A Term Bonds maturing on August 1, 20__, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Series A Term Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

Redemption Date
(August 1)

Principal Amount

(1) Maturity.

In the event that a portion of the Series A Term Bonds maturing on August 1, 20__ are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, in integral multiples of \$5,000 principal amount, in respect of the portion of such Series A Term Bonds optionally redeemed.

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

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

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

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Mergent Inc., 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and Standard and Poor’s J.J. Kenny Information Services’ “Called Bond Record,” 55 Water Street, 45th Floor, New York, New York 10041.

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

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided herein will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds.

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

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

Effect of Notice of Redemption. If notice of redemption is given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having

been set aside as described in “—Defeasance” herein, the Bonds to be redeemed will become due and payable on such date of redemption.

If on such redemption date, moneys for the redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, shall be held in trust so as to be available therefor on such redemption date, and if Redemption Notice thereof shall have been given as described above, then from and after such redemption date, interest on the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

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

Registration, Transfer and Exchange of Bonds

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

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

The principal of the Bonds and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal trust office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered Owner, and to that person’s address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered Owner of at least \$1,000,000 in aggregate principal amount, interest payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and Transfer Amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new bond or bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond

Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

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

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

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

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

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

Application and Investment of Bond Proceeds

Series A Bonds. The proceeds of the Series A Bonds will be used to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District sites and facilities, and (ii) pay certain costs associated with the issuance of the Series A Bonds.

The net proceeds from the sale of the Series A Bonds shall be paid to the County to the credit of the “Alameda Unified School District Election of 2014 General Obligation Bonds, Series A Building Fund” (the “Building Fund”). Any premium received by the County from the sale of the Series A Bonds shall be kept separate and apart in the fund designated as the “Alameda Unified School District Election of 2014 General Obligation Bonds, Series A Debt Service Fund” (the “Series A Debt Service Fund”) and used only for payment of principal of and interest on the Series A Bonds. Any excess proceeds of the Series A Bonds not needed for the authorized purposes for which the Series A Bonds are being issued shall be transferred to the Series A Debt Service Fund and applied to the payment of principal of and interest on the Series A Bonds. If, after payment in full of the Series A Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Moneys in the Building Fund and the Series A Debt Service Fund are expected to be invested through the County’s commingled investment pool. See “APPENDIX F - ALAMEDA COUNTY INVESTMENT POOL” herein.

[REMAINDER OF PAGE LEFT BLANK]

Refunding Bonds. The proceeds of the Refunding Bonds will be used to (i) currently refund the Refunded Bonds, and (ii) pay certain costs associated with the issuance of the Refunding Bonds.

The Refunded Bonds consist of those maturities of the District's 2004 Series B Bonds listed in the following table:

REFUNDED BONDS*
Alameda Unified School District
Election of 2004 General Obligation Bonds, Series B

Maturities to be Refunded (August 1)	CUSIP	Original Principal Amount	Principal Amount to be Refunded	Redemption Date	Redemption Price (% of Par Amount)
2016	010824HH6	\$180,000	\$180,000	8/1/2015	100%
2017	010824HJ2	195,000	195,000	8/1/2015	100
2018	010824HK9	215,000	215,000	8/1/2015	100
2019	010824HL7	235,000	235,000	8/1/2015	100
2020	010824HM5	255,000	255,000	8/1/2015	100
2021	010824HN3	275,000	275,000	8/1/2015	100
2022	010824HP8	305,000	305,000	8/1/2015	100
2023	010824HQ6	330,000	330,000	8/1/2015	100
2024	010824HR4	355,000	355,000	8/1/2015	100
2025	010824HS2	380,000	380,000	8/1/2015	100
2026	010824HT0	415,000	415,000	8/1/2015	100
2027	010824HU7	450,000	450,000	8/1/2015	100

The net proceeds from the sale of the Refunding Bonds shall be paid to U.S. Bank National Association, acting as the Escrow Agent, to the credit of the "Alameda Unified School District 2015 General Obligation Refunding Bonds Escrow Fund" (the "Escrow Fund"). Pursuant to an escrow agreement (the "Escrow Agreement") by and between the District and the Escrow Agent, the amounts deposited in the Escrow Fund will be held uninvested as cash, in an amount sufficient to enable the Escrow Agent to pay the principal and redemption premium (if any) on the Refunded Bonds on the first optional redemption date therefor, as well as interest on the Refunded Bonds due on and before such date. Amounts deposited under the Escrow Agreement are not available to pay debt service on the Bonds.

The sufficiency of the amounts on deposit in the Escrow Fund to pay principal of and interest on the Refunded Bonds, as described above, will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriters' and Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* taxes for payment of the Refunded Bonds will terminate.

The accrued interest received by the District from the sale of the Refunding Bonds, if any, and surplus moneys remaining in the Escrow Fund following the redemption of the Refunded Bonds, shall be kept separate and apart in the fund designated as the "Alameda Unified School District 2015 General Obligation Refunding Bonds Debt Service Fund" (the "Refunding Debt Service Fund" and together with the Series A Debt Service Fund, the "Debt Service Funds") and used only for payment of principal of and interest on the Refunding Bonds. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes for which the Refunding Bonds are being issued shall be transferred to the Refunding Debt Service Fund and applied to the payment of principal of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

* Preliminary, subject to change.

Moneys in the Refunding Debt Service Fund are expected to be invested through the County's commingled investment pool. See "APPENDIX F - ALAMEDA COUNTY INVESTMENT POOL" herein.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount
Original Issue Premium
Total Sources

Uses of Funds

Building Fund
Debt Service Fund
Underwriters' Discount
Costs of Issuance⁽¹⁾
Total Uses

⁽¹⁾ Reflects the costs of issuance to be paid from the proceeds of the Series A Bonds, including but not limited to the legal fees, financial advisory fees, printing costs, rating agency fees, and the costs and fees of the Paying Agent.

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

Sources of Funds

Principal Amount
Original Issue Premium
Total Sources

Uses of Funds

Escrow Fund
Costs of Issuance⁽¹⁾
Total Uses

⁽¹⁾ Includes all costs of issuance, including, but not limited to, the Underwriters' discount, legal fees, financial advisory fees, printing costs, rating agency fees and the costs and fees of the Paying Agent, Escrow Agent and Verification Agent.

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

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

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus a minimum \$10 cost on the second installment, plus any additional amount determined by the County Treasurer. Property on the secured roll with delinquent taxes 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 the delinquency penalty, plus a \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the tax-collecting authority of the County.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also " – Tax Levies, Collections and Delinquencies" herein.

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

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

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and k-14 schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

Assessed Valuations

The assessed valuation of property in the District is established by the tax assessing authority for the county in which such property is located, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full cash value” of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” herein.

Property within the District had a total assessed valuation for fiscal year 2014-15 of \$10,531,584,610. The following table represents a 15-year history of assessed valuations in the District:

[REMAINDER OF PAGE LEFT BLANK]

ASSESSED VALUATION
Alameda Unified School District
Fiscal Years 2000-01 through 2014-15

	<u>Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change⁽¹⁾</u>
2000-01	\$4,811,648,010	\$10,818,952	\$449,012,263	\$5,271,479,225	--
2001-02	5,187,810,104	10,877,616	554,351,847	5,753,039,567	9.14%
2002-03	5,504,579,831	9,650,481	565,531,233	6,079,761,545	5.68
2003-04	5,943,268,167	9,801,871	485,663,611	6,438,733,649	5.90
2004-05	6,377,209,890	26,699,667	460,824,432	6,864,733,989	6.62
2005-06	6,922,717,176	26,398,268	483,147,423	7,432,262,867	8.27
2006-07	7,550,128,021	26,296,450	491,594,864	8,068,019,335	8.55
2007-08	8,208,840,029	25,718,737	473,791,343	8,708,350,109	7.94
2008-09	8,699,294,471	25,718,737	501,268,953	9,226,282,161	5.95
2009-10	8,796,462,645	25,718,737	536,772,645	9,358,954,027	1.44
2010-11	8,767,561,741	30,754,568	486,282,942	9,284,599,251	(0.79)
2011-12	8,851,986,300	10,495,070	524,614,003	9,387,095,373	1.10
2012-13	8,916,551,434	10,495,070	496,000,269	9,423,046,773	0.38
2013-14	9,462,141,169	10,495,038	476,558,073	9,949,194,280	5.58
2014-15	10,067,110,668	7,211,614	457,262,328	10,531,584,610	5.85

Source: California Municipal Statistics, Inc.

⁽¹⁾ Provided by the Financial Advisor.

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

Drought. On January 17, 2014, the Governor declared a State-wide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history; California's river and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. As part of his State of Emergency declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain conservation measures including a requirement that the Water Board impose restrictions to achieve a statewide 25% reduction in urban water usage through February 28, 2016.

The District cannot make any representation regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District.

Appeals and Adjustments of Assessed Valuations

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

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

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

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

[REMAINDER OF PAGE LEFT BLANK]

Assessed Valuation by Land Use

The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2014-15 assessed valuation of such parcels:

ASSESSED VALUATION AND PARCELS BY LAND USE Alameda Unified School District Fiscal Year 2014-15

	2014-15	% of	No. of	% of
<u>Non-Residential:</u>	<u>Assessed Valuation</u> ⁽¹⁾	<u>Total</u>	<u>Parcels</u>	<u>Total</u>
Commercial	\$665,683,652	6.61%	625	3.03%
Office	548,542,543	5.45	154	0.75
Vacant Commercial	74,829,255	0.74	58	0.28
Industrial	380,246,531	3.78	101	0.49
Vacant Industrial	4,839,200	0.05	21	0.10
Recreational	33,125,490	0.33	13	0.06
Government/Social/Institutional	96,670,728	0.96	839	4.06
Subtotal Non-Residential	\$1,803,937,399	17.92%	1,811	8.77%
<u>Residential:</u>				
Single Family Residence	\$5,555,817,579	55.19%	12,519	60.65%
Condominium/Townhouse	1,078,190,485	10.71	3,590	17.39
Houseboat	7,752,926	0.08	41	0.20
2-4 Residential Units	790,666,317	7.85	2,056	9.96
5+ Residential Units/Apartments	790,703,570	7.85	555	2.69
Cooperatives	35,101,793	0.35	4	0.02
Vacant Residential	4,940,599	0.05	64	0.31
Subtotal Residential	\$8,263,173,269	82.08%	18,829	91.23%
Total	\$10,067,110,668	100.00%	20,640	100.00%

⁽¹⁾ Total local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Jurisdiction

The following table shows the fiscal year 2014-15 assessed valuation of the District by jurisdiction.

ASSESSED VALUATION BY JURISDICTION⁽¹⁾

Alameda Unified School District

Fiscal Year 2014-15

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Alameda	\$10,531,584,610	100.00%	\$10,531,584,610	100.00%
Total District	\$10,531,584,610	100.00%		
Alameda County	\$10,531,584,610	100.00%	\$220,488,569,845	4.78%

⁽¹⁾ Before deduction of redevelopment incremental valuation.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes

The following table shows a per-parcel analysis of single family residences within the District, in terms of their fiscal year 2014-15 assessed valuation:

ASSESSED VALUATION OF SINGLE FAMILY HOMES

Alameda Unified School District

Fiscal Year 2014-15

	No. of Parcels	2014-15 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	12,519	\$5,555,817,579	\$443,791	\$415,678

2014-15 Assessed Valuation	No. of Parcels⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	165	1.318%	1.318%	\$7,245,277	0.130%	0.130%
50,000 - 99,999	1,367	10.919	12.237	102,877,732	1.852	1.982
100,000 - 149,999	709	5.663	17.901	86,521,839	1.557	3.539
150,000 - 199,999	462	3.690	21.591	81,808,270	1.472	5.012
200,000 - 249,999	663	5.296	26.887	150,225,103	2.704	7.716
250,000 - 299,999	807	6.446	33.333	221,899,563	3.994	11.710
300,000 - 349,999	906	7.237	40.570	294,004,427	5.292	17.002
350,000 - 399,999	910	7.269	47.839	340,868,788	6.135	23.137
400,000 - 449,999	786	6.278	54.118	333,158,933	5.997	29.134
450,000 - 499,999	815	6.510	60.628	388,234,072	6.988	36.121
500,000 - 549,999	774	6.183	66.810	405,989,751	7.307	43.429
550,000 - 599,999	678	5.416	72.226	388,637,475	6.995	50.424
600,000 - 649,999	696	5.560	77.786	434,493,804	7.821	58.245
650,000 - 699,999	574	4.585	82.371	386,888,011	6.964	65.208
700,000 - 749,999	463	3.698	86.069	334,449,188	6.020	71.228
750,000 - 799,999	436	3.483	89.552	338,027,990	6.084	77.312
800,000 - 849,999	372	2.971	92.523	305,770,441	5.504	82.816
850,000 - 899,999	254	2.029	94.552	221,527,878	3.987	86.803
900,000 - 949,999	171	1.366	95.918	157,673,190	2.838	89.641
950,000 - 999,999	155	1.238	97.156	150,858,469	2.715	92.357
1,000,000 and greater	356	2.844	100.000	424,657,378	7.643	100.000
Total	12,519	100.000%		\$5,555,817,579	100.000%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

The following table shows secured *ad valorem* taxes for the payment of bonded indebtedness of the District, and amounts delinquent as of June 30, for fiscal years 2007-08 through 2013-14.

SECURED TAX CHARGES AND DELINQUENCY RATES Alameda Unified School District Fiscal Years 2007-08 through 2013-14

	<u>Secured Tax Charge</u> ⁽¹⁾	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2007-08	\$13,480,709.78	\$733,123.95	5.44%
2008-09	14,050,465.74	760,321.50	5.41
2009-10	14,104,809.95	527,418.89	3.74
2010-11	14,043,256.87	400,802.88	2.85
2011-12	14,334,660.77	342,410.34	2.39
2012-13	14,317,440.83	242,594.08	1.69
2013-14	15,169,935.45	201,370.30	1.33

	<u>Secured Tax Charge</u> ⁽²⁾	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2007-08	\$3,937,584.50	\$94,012.61	2.39%
2008-09	4,128,590.30	111,745.38	2.71
2009-10	4,340,143.83	94,398.35	2.18
2010-11	4,545,254.66	87,595.26	1.93
2011-12	4,604,925.54	78,504.67	1.70
2012-13	4,881,391.00	60,743.74	1.24
2013-14	5,088,101.77	41,392.06	0.81

⁽¹⁾ 1% General Fund apportionment.

⁽²⁾ Bond debt service levy only.

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - "Teeter Plan"

Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, each participating local agency levying property taxes, including school districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county.

The Teeter Plan, as adopted by the County, apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions for which the County acts as the tax-levying or tax-collecting agency. **However the Teeter Plan, as implemented by the County, is not applicable to *ad valorem* property taxes levied to pay the principal of and interest on the**

District's general obligation bonds, including the Bonds. Consequently, the District will receive *ad valorem* property taxes to pay debt service on the Bonds based on actual collections for that purpose, rather than the amount levied.

Tax Rates

A representative tax rate area located within the District is Tax Rate Area 21-000. The following table summarizes the total *ad valorem* tax rates levied, as a percentage of assessed valuation, by all taxing entities in Tax Rate Area 21-000 during the seven-year period from 2008-09 to 2014-15.

SUMMARY OF *AD VALOREM* TAX RATES
Percentage of Assessed Valuation
Alameda Unified School District
Fiscal Years 2008-09 through 2014-15

Typical Total Tax Rate (TRA 21-000)

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
1% General Fund Levy	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Alameda Unified General Obligation Bonds	.0479	.0498	.0520	.0527	.0553	.0534	.0503
Peralta Community College District Bonds	.0362	.0430	.0430	.0436	.0434	.0419	.0412
Bay Area Rapid Transit District	.0090	.0057	.0031	.0041	.0043	.0075	.0045
East Bay Regional Park District	.0100	.0108	.0084	.0071	.0051	.0078	.0085
East Bay Municipal Utility District Special District No. 1	.0064	.0065	.0067	.0067	.0068	.0066	.0047
City of Alameda	<u>.0245</u>	<u>.0245</u>	<u>.0244</u>	<u>.0249</u>	<u>.0260</u>	<u>.0260</u>	<u>.0250</u>
Total Tax Rate	1.1340%	1.1403%	1.1376%	1.1391%	1.1409%	1.1432%	1.1342%

Source: California Municipal Statistics, Inc.

[REMAINDER OF PAGE LEFT BLANK]

Principal Taxpayers

The following table lists the major taxpayers in the District based on their 2014-15 secured assessed valuations:

LARGEST LOCAL SECURED TAXPAYERS Alameda Unified School District Fiscal Year 2014-15

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2014-15 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	Legacy Partners I Alameda LLC	Office Building	\$215,644,115	2.14%
2.	Jamestown Harsch Alameda Towne Centre LP	Shopping Center	188,498,637	1.87
3.	KW Alameda LLC	Apartments	96,152,630	0.96
4.	Wind River Systems Inc.	Office Building	63,555,806	0.63
5.	Peets Operating Co.	Industrial	59,689,688	0.59
6.	Amstar 105 LLC	Office Building	47,132,974	0.47
7.	VF Outdoor Inc.	Office Building	45,778,014	0.45
8.	SKS Harbor Bay Associates LLC	Office Building	43,127,469	0.43
9.	Woodstock Homes Corporation	Cooperatives	35,101,793	0.35
10.	CREA Bridgeside LLC	Shopping Center	34,780,000	0.35
11.	Target Corporation	Shopping Center	32,840,039	0.33
12.	Ballena Village LLC & RPE Bellena LLC	Apartments	31,583,290	0.31
13.	South Shore Beach & Tennis Club	Apartments	29,647,702	0.29
14.	SRM Marina Investors LLC	Commercial	28,221,094	0.28
15.	Tri Pointe Homes Inc.	Residential Properties	24,697,500	0.25
16.	AMP Capital Titan Harbor Bay Property LLC	Office Building	24,028,163	0.24
17.	OakmontSL of Alameda LP	Assisted Living Facility	23,303,432	0.23
18.	Oakland Raiders LP	Office Building	22,774,780	0.23
19.	Dollinger Harbor Bay Associates LP	Office Building	22,049,457	0.22
20.	BRE ESA Properties LLC	Office Building	18,603,136	0.18
			<u>\$1,087,209,719</u>	<u>10.80%</u>

⁽¹⁾ 2014-15 local secured assessed valuation: \$10,067,110,668.

Source: California Municipal Statistics, Inc.

[REMAINDER OF PAGE LEFT BLANK]

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc., effective as of February 1, 2015 for debt outstanding as of January 28, 2015. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency’s assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency’s outstanding debt to taxable property in the District.

[REMAINDER OF PAGE LEFT BLANK]

STATEMENT OF DIRECT AND OVERLAPPING DEBT

2014-15 Assessed Valuation: \$10,531,584,610

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/1/15</u>
Bay Area Rapid Transit District	1.878%	\$11,846,330
Peralta Community College District	13.453	51,260,639
Alameda Unified School District	100.000	58,442,692 ⁽¹⁾
East Bay Municipal Utility District, Special District No. 1	12.541	1,775,806
East Bay Regional Park District	2.883	5,119,487
City of Alameda	100.000	8,610,000
City of Alameda Community Facilities District No. 1	100.000	<u>6,685,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$143,739,954

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Alameda County General Fund Obligations	4.776%	\$41,571,235
Alameda County Pension Obligation Bonds	4.776	3,207,763
Alameda-Contra Costa Transit District Certificates of Participation	5.663	1,403,858
Peralta Community College District Pension Obligation Bonds	13.453	22,137,462
Alameda Unified School District Certificates of Participation	100.000	835,000
City of Alameda Certificates of Participation	100.000	<u>11,855,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$81,010,318

OVERLAPPING TAX INCREMENT DEBT: \$79,315,000

COMBINED TOTAL DEBT \$304,065,272 ⁽²⁾

Ratios to 2014-15 Assessed Valuation:

Direct Debt (\$58,442,692)..... 0.55%
 Total Direct and Overlapping Tax and Assessment Debt 1.36%
Total Direct Debt (\$59,277,692) 0.56%
 Combined Total Debt 2.89%

Ratios to Redevelopment Incremental Valuation (\$1,631,646,458):

Total Overlapping Tax Increment Debt..... 4.86%

⁽¹⁾ Excludes the Bonds described herein and includes the Refunded Bonds.

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

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax levied by the County for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein. Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the voters of the District in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

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

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

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

Article XIII A requires the approval of two-thirds or more of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

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 relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

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

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

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 State Board of Equalization (“SBE”) as part of a “going concern” rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State’s methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL INFORMATION” herein.

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. As amended, Article XIII B defines:

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in California per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the average daily attendance (“ADA.”) of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article 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 such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article 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.

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

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees

imposed in accordance with the provisions of Article 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 XIIC and Article XIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIC and XIID (respectively, "Article XIIC" and "Article XIID"), 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 XIIC 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 XIIC 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. 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.

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

Propositions 98 and 111

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

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, is 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 is automatically increased by the amount of such transfer. These additional moneys 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 can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

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

On June 5, 1990, the voters 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:

- a. 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.
- b. 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.
- c. 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 State Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was

expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

Proposition 39

On November 7, 2000, 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. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property, and property taxes could only exceed this limit to pay for (1) any local government debt approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate projected to be levied as the result of any single election be no more than \$60 (for a unified school district, such as the District), \$30 (for a high school or elementary school district), or \$25 (for a community college district) per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A

of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor. See “- Article XIII A of the California Constitution” herein.

Proposition 1A and Proposition 22

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

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

Jarvis vs. Connell

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

imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 30

On November 6, 2012, voters of the State of California approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes 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 imposes 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, for storage, use, or other consumption in the State. This excise tax will be 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 \$340,000 but less than \$408,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$408,000 but less than \$680,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$680,000 for joint filers).

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

Proposition 2

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

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts

pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

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

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

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

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 22, 26, 30, 39 and 98 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted further

affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

State Budget Measures

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

2014-15 Budget. On June 20, 2014, the Governor signed into law the State budget for fiscal year 2014-15 (the "2014-15 Budget"). The following information is drawn from the State Department of Finance's summary of the 2014-15 Budget and the LAO report entitled "The 2014-15 Budget: California Spending Plan," and certain other sources relating to Proposition 2.

The 2014-15 Budget is based on revenue projections previously included in the Governor's May revision to the proposed budget for fiscal year 2014-15. For fiscal year 2013-14, the 2014-15 Budget projects total State general fund revenues of \$102.2 billion, and total State general fund expenditures of \$100.7 billion. The 2014-15 Budget projects that the State will end the 2013-14 fiscal year with a \$2.9 billion general fund surplus. For fiscal year 2014-15, the 2014-15 Budget projects total State general fund revenues of \$109.5 billion and total State general fund expenditures of \$108 billion, leaving the State with a projected general fund surplus for fiscal year 2014-15 of approximately \$2.1 billion. This projected reserve is a combination of \$449 million in the State's general fund traditional reserve, and an authorized deposit of \$1.6 billion into the Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

As part of implementing certain provisions of the 2014-15 Budget, a legislatively-referred constitutional amendment (Proposition 2) was placed on the ballot, and ultimately approved by the voters at the November 4, 2014 statewide election. Among other things, Proposition 2 will create a reserve account that is expected to smooth spikes in education funding. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

As a result of changes in State general fund revenues, local property tax collections and changes in student attendance, the 2014-15 Budget includes revised estimates to the minimum funding guarantees for fiscal years 2012-13 and 2013-14. The 2012-13 minimum guarantee is revised upward to \$57.8 billion, an increase of \$1.3 billion over the estimate included in the 2013-14 State budget. For fiscal year 2013-14, the 2014-15 Budget revises the minimum guarantee at \$58.3 billion, approximately \$3 billion higher than that included in the 2013-14 State budget.

The 2014-15 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2014-15 at \$60.9 billion, including \$44.5 billion of support from the State general fund. This represents an increase of \$2.6 billion over the estimates included in the Governor's May revision. The 2014-15 Budget also authorizes certain payments to reduce the State's outstanding maintenance factor, including \$5.2 billion allocable to fiscal year 2012-13 and \$2.6 billion allocable to fiscal year 2014-15. The State is expected to end fiscal year 2014-15 with an outstanding maintenance factor of approximately \$4 billion.

Significant features of the 2014-15 Budget related to the funding of K-12 education include the following:

- *State Pensions* – The 2014-15 Budget includes a plan to reduce the \$74.4 billion unfunded STRS liability in approximately 30 years by increasing contribution rates among the State, K-14 school districts, and participating employees. For fiscal year 2014-15, these increases are expected to result in \$276 million of additional contributions from all three entities. The plan also provides the STRS Board (as defined herein) with limited authority to (i) increase State and K-14 school district contributions based on changing conditions, and (ii) reduce K-14 school district contributions if they are no longer necessary. For additional information, see “ALAMEDA UNIFIED SCHOOL DISTRICT – Retirement Programs” herein.
- *Local Control Funding Formula* – An increase of \$4.7 billion in Proposition 98 funding to continue the transition to the LCFF. This includes a 0.85% COLA to prior-year Base Grants, and results in per-pupil funding that is 12% higher than the prior-year. This increase is projected to close the remaining funding implementation gap between prior year funding levels and the LCFF target levels by approximately 29%. As a result, the adjusted 2014-15 Base Grants are as follows: (i) \$7,011 for grades K-3, (ii) \$7,116 for grades 4-6, (iii) \$7,328 for grades 7-8, and (iv) \$8,491 for grades 9-12. The LAO estimates that the 2014-15 funding levels are approximately 80% of the full implementation cost. The 2014-15 Budget also provides \$26 million towards implementing the LCFF for county offices of education, sufficient to fully fund their LCFF funding target in fiscal year 2014-15. See also “– State Funding of Education – Local Control Funding Formula” herein.
- *School Reserves* – Senate Bill 858 (Stats. 2014, Chapter 32) (“SB 858”), trailer legislation to the 2014-15 Budget, creates new disclosure requirements effective beginning fiscal year 2015-16 for school districts that have general fund reserves in excess of the State minimum. Existing minimum reserve levels vary between one to five percent of general fund expenditures, depending on the size of the district, and generally require higher reserves for smaller school districts. SB 858 would require school districts to identify amounts in excess of their required reserves and explain the need for higher levels. This information must be disclosed at a public meeting and in each budget submitted to a county office of education. The LAO indicates that available data shows that virtually all school districts maintain excess reserves. As a result of the passage of Proposition 2 (discussed above), certain additional provisions of SB 858 have gone into effect that will cap school district reserve levels. Reserves will be capped in any fiscal year following a State deposit into the PSSSA created by Proposition 2. See also “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2” herein. Caps for most school districts will range between three to ten percent of annual general fund expenditures. SB 858 permits a county office of education to grant an exemption from the reserve cap for up to two years if a school district demonstrates that it would face extraordinary fiscal circumstances justifying a higher reserve.
- *Categorical Programs* – The 2014-15 Budget provides \$33 million to fund a 0.85% COLA for select K-12 categorical programs, including foster youth services, American Indian American Indian Childhood Education, special education and child nutrition.
- *K-12 Deferrals* – The 2014-15 Budget provides \$5.2 billion to reduce outstanding apportionment deferrals, including \$4.7 billion for school districts. Under the budget plan, \$992 million in deferrals, including \$897 million for school districts, are expected to remain outstanding at the end of fiscal year 2014-15. The 2014-15 Budget also provides for a trigger mechanism whereby potentially all outstanding deferrals would be repaid if the Proposition 98 minimum guarantee increases as a result of additional funding sources. Effectively, the

2014-15 Budget earmarks the first \$992 million of additional State spending allocable to fiscal years 2013-14 and 2014-15 to the pay down of deferrals.

- *Student Assessments* – The 2014-15 Budget provides \$54 million to continue the implementation of new student assessments.
- *Independent Study* – The 2014-15 Budget streamlines the existing independent study program, reducing administrative burdens and freeing up time for teachers to spend on student instruction and support, while making it easier for schools to offer and expand instructional opportunities available to students through non-classroom based instruction.
- *K-12 Mandates* – The 2014-15 Budget provides \$400 million, including \$287 million of Proposition 98 funding and \$113 million from unspent prior-year funds, to reduce a backlog of unpaid reimbursement claims to school districts for the cost of State-mandated programs. Funds will be distributed to school districts on a per-student basis. The 2014-15 Budget also adds six new K-12 reimbursable mandates to the existing block grant program. The 2014-15 Budget does not increase funding for the block grant program as the added costs are expected to be minimal.
- *Proposition 39* – Passed by voters in November 2012, Proposition 39 increases State corporate tax revenues and requires a five-year period, starting in fiscal year 2013-14, that a portion of these additional revenues be used to improve energy efficiency and expand the use of alternative energy in public buildings. The 2014-15 Budget provides \$279 million of Proposition 98 funding for qualifying school district energy programs and \$28 million for a revolving loan program for K-14 school districts.
- *Quality Education Investment Act* – The 2014-15 Budget authorizes a final payment of \$410 million to retire the State's obligation under the Quality Education Investment Act (Stats. 2006, Chapter 751) ("QEIA"), which required the State to provide additional annual school district and community college district funding payments. Of this amount, \$316 million is for continued funding of the QEIA program (including \$268 million for school districts) and \$94 million is to pay down a separate State obligation related to school facility repairs.
- *Emergency Repair Program* – \$189 million of funding towards the Emergency Repair Program ("ERP"), which was created in 2004 to fund critical repair projects at certain low-performing schools. Funds will be allocated to school districts that have unfunded claims for emergency repairs from the most recent ERP award cycle, which occurred in 2008.
- *School Infrastructure* – The 2014-15 Budget shifts existing bonding authority under the Career Technical Education (\$4.1 million) and High Performance Initiative (\$32.9 million) school facility programs to the New Construction and Modernization facility programs. Bonding authority will be split equally between new construction and modernization.
- *K-12 High-Speed Internet Access* – An increase of \$27 million in one-time Proposition 98 funding for the K-12 High Speed Network to provide technical assistance and grants to K-12 local educational agencies required to successfully implement Common Core. These funds will be targeted to those K-12 local educational agencies most in need of help with securing internet connectivity and infrastructure required to implement the new computer adaptive tests under Common Core.
- *Career Technical Education Pathways Program* – An increase of \$250 million in one-time Proposition 98 funding to support competitive grants for participating K-12 local educational agencies. The Career Pathways Trust Program provides grant awards to improve career technical programs and linkages between employers, schools, and community colleges.

For additional information regarding the State's 2014-15 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Governor's Proposed 2015-16 Budget. On January 9, 2015, the Governor released his proposed State budget for fiscal year 2015-16 (the "Proposed Budget"). The following information is taken from the LAO's overview of the Proposed Budget, dated January 13, 2015.

The Proposed Budget assumes, for fiscal year 2014-15, total general fund revenues and transfers of \$108 billion and authorizes total expenditures of \$111.7 billion. The State is projected to end the 2014-15 fiscal year with a general fund surplus of \$2.1 billion, composed of a balance of \$452 million in the State's traditional budget reserve and balance of \$1.6 billion in the BSA. For fiscal year 2015-16, the Proposed Budget assumes total general fund revenues of \$113.4 billion and authorizes expenditures of \$113.3 billion. The State is projected to end the 2015-16 fiscal year with a \$3.4 billion general fund surplus, composed of a \$534 million balance in the budget reserve and \$2.8 billion in the BSA. The balance in the BSA includes a \$1.2 billion deposit mandated by the provisions of Proposition 2. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein. This \$1.2 billion deposit to the BSA reflects half of the total Annual BSA Transfer required by Proposition 2, and the Proposed Budget allocates the other \$1.2 billion towards paying down special fund loans and certain Proposition 98 "settle up" obligations created by previous budgetary legislation that understated the minimum funding guarantee. Under the Proposed Budget, outstanding Proposition 98 settle up obligations at the end of fiscal year 2015-16 total \$1.3 billion. The Proposed Budget provides no deposit into the PSSSA, and the Governor does not project that such a deposit will need to be made at any point during the current budgetary forecast period (running through fiscal year 2018-19).

As a result of projected increases to State general fund revenues, as well as certain revisions to student attendance, the Proposed Budget includes revised estimates of the minimum funding guarantees for fiscal years 2013-14 and 2014-15. The 2013-14 minimum funding guarantee is revised upward to \$58.7 billion, an increase of \$371 million from the estimate included in the 2014-15 Budget. For fiscal year 2014-15, the minimum funding guarantee is revised at \$63.2 billion, approximately \$2.3 billion higher than that included in the 2014-15 Budget.

For fiscal year 2015-16, the Proposed Budget sets the minimum funding guarantee at \$65.7 billion, including \$47 billion from the State general fund, and reflects an increase of \$2.6 billion (or 4%) from the revised level for fiscal year 2014-15. Despite the increase in the minimum guarantee, the State general fund share is only \$371 million. A projected growth in available local property tax collections accounts for the balance, and results primarily from the Governor's assumption that the "triple flip" legislation, which diverts local property tax revenues from school districts and community colleges to local governments, will sunset. For purposes of Proposition 98, fiscal year 2015-16 is a "Test 2" year, and changes in the minimum guarantee are driven primarily by an increase in per-capita personal income. Under the Proposed Budget, total per-student Proposition 98 funding increases to \$9,571, an increase of \$640 (or 7.2%) from the prior year.

Significant features of the Proposed Budget with respect to K-12 education include the following:

- *Maintenance Factor* – The Proposed Budget authorizes a maintenance factor payment of \$725 million owed to school districts and community college districts, leaving an outstanding maintenance factor of \$1.9 billion.
- *Local Control Funding Formula* – An additional \$4 billion to school districts and charter schools to continue the implementation of the LCFF, reflecting a year-to-year increase of

9%. This amount is estimated to close approximately 32% of the remaining funding gap between fiscal year 2014-15 funding levels and the LCFF target rates. Under the Proposed Budget, the LAO estimates that the LCFF target rates will be approximately 85% funded. The Proposed Budget also provides \$109,000 of Proposition 98 funds to support a cost of living adjustment for county offices of education at their target LCFF funding levels.

- *Apportionment Deferrals* –\$897 million to eliminate all outstanding K-12 apportionment deferrals.
- *Categorical Programs* – An increase of \$71 million to support a 1.58% COLA for selected categorical programs outside of the LCFF.
- *Adult Education* – \$500 million in ongoing funding for adult education. This proposal would build on prior budgetary legislation which mandated the establishment of regional adult education consortia composed of school districts, community college districts and certain other stakeholders to for delivery of adult education services. Under the Governor’s proposal, the ongoing funding would support programs in elementary and secondary basic skills, citizenship and English as a second language for immigrants, educational programs for disabled adults, short-term career technical education (CTE) and apprenticeship programs. For fiscal year 2015-16 only, these funds would replace, on a dollar-for-dollar basis, LCFF funds currently allocated to school district-run adult education programs in these five areas.
- *Career Technical Education* – \$250 million in funding in each of the next three fiscal years to fund a competitive grant initiative the supports K-12 CTE programs that lead to industry-recognized credentials or postsecondary training. Participating school districts, county offices of education and charter schools would be required to match grant contributions dollar-for-dollar, collect accountability data and commit to providing ongoing support to CTE programs after the expiration of grant funding. Applicants would also be expected to partner with local postsecondary institutions, labor organizations and businesses in applying for the grant funds. The Proposed Budget also includes \$48 million to extend the Career Technical Education Pathways Grant Program, created as part of the 2013-14 State budgetary legislation. The primary purpose of the program is to improve linkages between CTE programs and schools and community colleges, as well as between K-14 education and local businesses. The California Department of Education and the California Community Colleges Chancellor’s Office jointly administer the program and allocate funding through an interagency agreement.
- *Technology Infrastructure* – \$100 million in one-time funding to support additional broadband infrastructure improvement grants, and builds on prior funding provided in the 2014-15 Budget for such grants.
- *Emergency Repair Program* – \$273 million in one-time funding for the State ERP. See also “—2014-15 Budget” herein. This additional payment is expected to fully retire the State’s ERP obligation.
- *Education Mandates* –\$1.1 billion to reduce a backlog of unpaid reimbursement claims to school districts for the cost of State-mandated programs. Funds will be distributed to school districts on a per-student basis.

For additional information regarding the Proposed Budget, see the DOF’s website at www.dof.ca.gov and the LAO’s website at www.lao.ca.gov. However, the information presented on such website is not incorporated herein by reference.

May Revision. On May 14, 2015, the Governor released his May revision (the “May Revision”) to the Proposed Budget. The following information is drawn from the Department of Finance’s summary of Proposed Budget.

The May Revision continues to project the expansion of the State and national economies, as well as an overall increase of \$6.7 billion to State general fund revenues attributable primarily to higher capital gains tax collections. The May Revision allocates only a small portion of these additional revenues to new spending areas, and instead allocates the bulk towards education funding, an additional deposit to the BSA of \$633 million, and additional payments towards outstanding State special fund loans.

After accounting for transfers to the BSA, the May Revision projects year-end general fund revenues for fiscal year 2014-15 to be \$111.3 billion, approximately \$3.3 billion higher than projected in the Proposed Budget. State general fund expenditures are also expected to increase by approximately \$2.8 billion, for a year-end total of \$114.5 billion. The May Revision projects that the State will end fiscal year 2014-15 with a \$3 billion surplus, composed of a \$1.4 billion balance in the general fund reserve and a \$1.6 billion balance in the BSA. For fiscal year 2015-16, the May Revision projects State general fund revenues of \$115 billion, approximately \$1.7 billion higher than previously projected. The May Revision would authorize State general fund expenditures of \$115.3 billion, an increase of \$2 billion from that in the Proposed Budget. The State is projected to end fiscal year 2015-16 with a \$4.6 billion general fund surplus, composed of a \$1.1 billion balance in the general fund reserve and \$3.5 billion in the BSA.

The May Revision includes revised estimates of the minimum funding guarantees for fiscal years 2013-14 and 2014-15. The fiscal year 2013-14 minimum funding guarantee is set at \$58.9 billion, an increase of \$241 million above the revised level included the Proposed Budget. The fiscal year 2014-15 minimum funding guarantee is set at \$66.3 billion, an increase of \$3.1 billion from the revised level included in the Proposed Budget.

For fiscal year 2015-16, the May Revision revises the Proposition 98 minimum funding guarantee at \$68.4 billion, an increase of approximately \$2.7 billion from the level included in the Proposed Budget. Significant adjustments made to education funding in the May Revision include the following:

- *LCFF* – An additional \$2.1 billion in funding above that provided in the Proposed Budget to continue implementation of the LCFF, for a total of \$6.1 billion. The May Revision estimates that this would close approximately 53% of the remaining funding gap.
- *Career Technical Education* – An additional \$150 million in fiscal year 2015-16 for the competitive grant initiative the supports K-12 CTE programs that lead to industry-recognized credentials or postsecondary training. The May Revision also provides additional funding of \$50 million for this initiative in fiscal year 2016-17, and reduces the amount provided in the Proposed Budget for fiscal year 2017-18 by a like amount.
- *Quality Education Investment Act* – An increase of \$4.6 million in one-time Proposition 98 funding to provide half of the final apportionment of QEIA funding for selected school districts in fiscal year 2015-16 that do not qualify for concentration grant funding under the LCFF. The funding is intended to ease the transition for those districts with concentrations of EL/LI students that will no longer receive funds under the QEIA.
- *Local Property Tax Adjustments* – Total Proposition 98 funding levels for school districts, special education local plan areas and county offices of education in fiscal years 2014-15 and 2015-16 would reflect reductions to State support equal to \$123.3 million and \$224 million, respectively, reflecting higher offsetting property tax collections.
- *Proposition 39* – A decrease in the amount of funds available under Proposition 39 to K-12 school districts by \$6.7 million, reflecting reduced State corporate tax revenue estimates.

- *Categorical Programs* – A reduction of \$18.4 million in Proposition 98 funding for selected categorical programs, based on updated ADA growth estimates. The May Revision also decreases Proposition 98 funding by \$22.1 million for selected categorical programs, to reflect a change in the COLA for such programs from 1.58% (as provided in the Proposed Budget) to 1.02%.
- *K-12 Education Mandates* – An increase of \$1.2 million in Proposition 98 funding to reflect greater school district participation in the education mandates block grant program.
- *Special Education* – The May Revision proposes \$60.1 million of Proposition 98 funding (composed of \$50.1 million of ongoing funding and \$10 million of one-time funds) to implement selected programmatic changes in special education services. The changes are intended to implement recommendations issued by a State taskforce formed in 2013, as well as to make targeted investments designed to improve the delivery of services for disabled students.

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

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

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. The Bonds will be payable solely from the proceeds of an ad valorem tax which is required to be levied by the County in an amount sufficient for the payment thereof.

State Funding of Education

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

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State Department of Education ("SBE"). In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Beginning in fiscal year 2013-14,

school districts will be funded based on uniform funding grants assigned to certain grade spans. See “— Local Control Funding Formula” herein.

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

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

<u>Fiscal Year</u>	<u>K-12 Enrollment</u>	<u>Average Daily Attendance⁽¹⁾</u>	<u>Revenue Limit Per ADA⁽²⁾</u>	<u>Funded Revenue Limit Per ADA⁽²⁾</u>
2008-09	9,936	9,595.93	\$6,106.14	\$5,627.17
2009-10	9,819	9,396.96	6,368.14	5,199.27
2010-11	9,210	8,902.87	6,386.44	5,203.72
2011-12	9,249	8,889.36	6,486.14	5,185.01
2012-13	9,360	8,924.10	6,698.14	5,241.85

Note: All amounts are rounded to the nearest whole number.

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

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

Source: Alameda Unified School District.

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

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

The Base Grants per unit of ADA for each grade span are as follows: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in

statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency (“EL” students), students from low income families that are eligible for free or reduced priced meals (“LI” students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI. Foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately. AB 97 authorizes a supplemental grant add-on (each, a “Supplemental Grant”) for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts’ percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a “Concentration Grant”) equal to 50% of the applicable Base Grant multiplied the percentage of such district’s unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2012-13 and 2013-14, and budgeted figures for fiscal year 2014-15.

[REMAINDER OF PAGE LEFT BLANK]

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2012-13 and 2014-15
Alameda Unified School District

Fiscal Year	Average Daily Attendance⁽¹⁾					Enrollment	
	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment⁽²⁾	% of EL/LI Enrollment⁽²⁾
2012-13	2,925.70	1,977.22	1,041.77	2,979.41	8,924.10	9,360	41%
2013-14	2,999.37	2,060.37	1,060.47	2,973.46	9,093.67	9,489	40
2014-15	3,026.34	2,029.10	1,103.35	2,946.62	9,105.41	9,502	39

⁽¹⁾ Except for fiscal year 2014-15, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four week period of instruction beginning on the first day of school for a particular school district. Excludes County operated programs and independent charter schools.

⁽²⁾ Fiscal year 2012-13 enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 and 2014-15 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude preschool and adult transitional students. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students will be expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment will be based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students will be based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: Alameda Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

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

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

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

School districts are also required to adopt local control and accountability plans (“LCAPs”) disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

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

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district’s strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. On or before October 1, 2015, the State Board of Education is required to develop rubrics to assess school district performance and the need for support and intervention.

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

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated

with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Other Revenue Sources

Federal and Local Sources. The federal government provides funding for several of the District's programs, including special education programs, programs under the No Child Left Behind Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, the District receives additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees (as discussed below), parcel taxes (discussed below) and other local sources.

Parcel Tax. On June 3, 2008, voters within the District approved the special tax of \$120 per year for residential parcels and commercial/industrial parcels under 2,000 sq. feet and \$0.15 per building square foot for commercial and industrial parcels greater than 2,000 sq. feet, with an exemption for qualified seniors and disabled taxpayers ("Measure H"). Subsequent to its passage, taxpayer lawsuits were filed challenging the validity of the differing tax formulas under Measure H for residential and commercial use. On March 6, 2013, in *George J. Borikas v. Alameda Unified School District*, the First Appellate District, Division One of the Court of Appeal of California found that school districts do not have the authority to impose special taxes that classify and differentially tax property within the boundaries of a school district. The court severed the higher tax on non-residential properties and upheld the \$120 per parcel tax. Nonresidential taxpayers who paid more than \$120 per parcel are eligible for a refund for a period ending four years after payment of the higher nonresidential tax rate. In 2012, the District segregated \$5.8 million for the purpose of paying such reimbursements. The four year reimbursement period ended in April 2015.

On March 8, 2011, voters within the District approved special tax of \$0.32 per building square foot and \$299 per parcel without a building for 7 years, with an exemption for qualified seniors, to maintain quality education, restore and protect critical school programs, including math and science, reading and writing, books and classroom materials, school library services, art and music, and to retain qualified teachers (the "Parcel Tax"). The Parcel Tax generated \$11,958,150 in tax revenues in fiscal year in 2013-14, and is projected to generate \$12,012,886 in tax revenues in fiscal year 2014-15.

Developer Fees. The District received \$93,737 in developer fees in fiscal year 2011-12, \$42,723 in developer fees in fiscal year 2012-13, \$254,963 in developer fees in fiscal year 2013-14 and currently projects that it will receive \$400,000 in developer fees in fiscal year 2014-15.

[REMAINDER OF PAGE LEFT BLANK]

Redevelopment Revenue. The District previously received tax offset revenue from the City of Alameda as a part of certain redevelopment projects within the County (the “Tax Offset Revenues”). The Tax Offset Revenues received are deposited directly into the general fund of the District and offset the State apportionment received by the District. The District also receives pass-through tax increment revenue (the “Pass-Through Revenues”) from the redevelopment agencies within the District’s boundaries. The Pass-Through Revenues received by the District are deposited into the District’s Capital Facilities Fund, and used for facilities improvements. The Pass-Through Revenues do not offset the State apportionment received by the District. The amount of Tax Offset Revenues and Pass-Through Revenues received by the District from fiscal years 2010-11 through 2013-14 and a projection for the current fiscal year are shown in the following table.

REDEVELOPMENT REVENUE
Fiscal Years 2010-11 through 2014-15
Alameda Unified School District

<u>Fiscal Year</u>	<u>Tax Offset Revenues</u>	<u>Pass-Through Revenues</u>
2010-11	\$79,254	--
2011-12	137,084	\$539,184
2012-13	522,506	867,605
2013-14	871,809	391,895
2014-15 ⁽¹⁾	871,809	213,580

⁽¹⁾ Projected.

Source: Alameda Unified School District.

Dissolution of Redevelopment Agencies

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* (“*Matosantos*”), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22” herein. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide.

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

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, not to exceed \$250,000 in any year, to the extent such costs have been approved in an administrative budget; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

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

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

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

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

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“AB 1200”), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. The budget process has been further amended by subsequent amendments, including Senate Bill 97, which became law on September 26, 2013 (requiring budgets to include sufficient funds to implement local control and accountability plans), Senate Bill 858, which became law on June 20, 2014 (requiring budgets’ ending fund balances to exceed the minimum recommended reserve for economic uncertainties), and Assembly Bill 2585, which became State law on September 9, 2014 (eliminating the dual budget cycle option for school districts).

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a local control and accountability plan, and whether the budget’s ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

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

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

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that

will meet its financial obligations for the current fiscal year and subsequent fiscal year. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or 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.

The District has never had an adopted budget disapproved by the county superintendent of schools. The Board approved a “self-qualified” certification on its First Interim Financial Report in fiscal year 2009-10 pursuant to AB 1200. In its next interim financial report, and for all reporting periods thereafter, the District has reported a “positive” certification.

2014-15 Budget Projections. The District currently projects that it will meet the minimum general fund reserve requirement in fiscal years 2014-15 and 2015-16, maintaining unrestricted general fund reserves of approximately 8.51%, and 9.0%, respectively for such years. The District currently projects an operating deficit in fiscal year 2014-15 of approximately \$5,823,322. The District currently projects an operating surplus in 2015-16 of approximately \$1,195,403.

Budgeting Trends. The table on the following page summarizes the District’s adopted general fund budgets for fiscal years 2011-12 through 2014-15, audited ending results for fiscal years 2011-12 through 2013-14, and projected totals for fiscal year 2014-15.

[REMAINDER OF PAGE LEFT BLANK]

GENERAL FUND BUDGETING
Alameda Unified School District
Fiscal Years 2011-12 through 2014-15

	Fiscal Year 2011-12		Fiscal Year 2012-13		Fiscal Year 2013-14		Fiscal Year 2014-15	
	Adopted Budget⁽¹⁾	Audited Actuals⁽¹⁾	Adopted Budget⁽¹⁾	Audited Actuals⁽¹⁾	Adopted Budget⁽¹⁾	Audited Actuals⁽¹⁾	Adopted Budget⁽²⁾	Projected Totals⁽²⁾
REVENUES:								
LCFF/Revenue Limit Sources ⁽³⁾ :	--	--	\$43,841,850	\$47,951,726	\$50,198,171	\$60,765,874	\$65,611,598	\$65,932,711
State Apportionments	\$30,670,693	\$29,730,777	--	--	--	--	--	--
Local Sources	19,119,530	19,467,591	--	--	--	--	--	--
Revenue Limit Transfers	(2,149,428)	(1,988,340)	--	--	--	--	--	--
Federal Revenue	5,553,727	6,121,817	4,126,629	4,614,027	4,449,550	4,680,762	3,905,110	3,976,423
Other State Revenue	12,498,210	13,098,796	12,751,343	13,652,077	13,436,655	6,065,071	3,574,910	4,602,008
Other Local Revenue	18,745,846	21,604,004	18,334,561	19,279,436	18,047,761	19,601,493	17,890,238	20,102,909
TOTAL REVENUES	84,438,578	88,034,645	79,054,383	85,497,266	86,132,137	91,113,200	90,981,856	94,614,050
EXPENDITURES:								
Certificated Salaries	42,507,876	40,516,148	43,274,534	43,155,142	46,186,850	45,114,590	47,227,131	46,019,564
Classified Salaries	13,066,944	12,596,923	12,822,135	13,045,773	14,056,830	14,208,069	15,046,693	15,106,176
Employee Benefits	13,509,682	13,103,038	13,177,124	13,449,696	14,329,148	13,105,610	14,854,957	14,081,726
Books & Supplies	3,604,547	3,675,181	2,967,076	3,146,241	2,091,929	4,403,880	3,480,047	5,033,192
Services & Other Operating Expenditures	13,514,801	12,686,725	13,598,036	12,760,259	12,292,142	12,318,217	12,096,886	15,584,092
Capital Outlay	7,500	298,669	426,679	1,354,412	3,149,852	3,116,401	1,217,240	3,721,064
Other Outgo (Excluding Transfers of Indirect Costs)	--	609,298	106,786	469,553	459,613	458,877	576,564	593,945
Other Outgo/Transfers of Indirect Costs	(180,714)	(154,556)	(182,073)	(192,322)	(220,519)	(213,363)	(209,914)	(209,914)
TOTAL EXPENDITURES	86,030,636	83,331,426	86,190,297	87,188,754	92,345,845	92,512,281	94,289,604	99,929,846
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,592,058)	4,703,219	(7,135,914)	(1,691,488)	(6,213,708)	(1,399,081)	(3,307,748)	(5,315,796)
OTHER FINANCING SOURCES (USES)								
Transfers In	--	--	--	313,523	--	30,000	--	1,316,385
Transfers Out	(1,009,543)	(3,451,582)	(604,279)	(480,000)	(503,323)	(479,408)	(470,436)	(1,823,911)
TOTAL OTHER FINANCING SOURCES (USES)	(1,009,543)	(3,451,582)	(604,279)	(166,477)	(503,323)	(449,408)	(470,436)	(507,526)
NET CHANGE IN FUND BALANCE	(2,601,601)	1,251,637	(7,740,193)	(1,857,965)	(6,717,031)	(1,848,489)	(3,778,184)	(5,823,321)
FUND BALANCE – BEGINNING ⁽⁴⁾	9,348,073	14,948,450	16,200,087	16,200,087	14,342,122	14,342,122	12,493,633	12,493,633
FUND BALANCE – ENDING ⁽⁴⁾	\$6,746,472	\$16,200,087	\$8,459,894	\$14,342,122	\$7,625,091	\$12,493,633	\$8,715,449	\$6,670,312

⁽¹⁾ From the District's Comprehensive Audited Financial Statements for fiscal years 2011-12 through 2013-14, respectively.

⁽²⁾ From the District's Second Interim Financial Report for fiscal year 2014-15 approved by the Board on March 10, 2015.

⁽³⁾ Prior to the Fiscal Year 2013-14 First Interim Financial Report, this category was coded as "Revenue Limit." From the Fiscal Year 2013-14 First Interim Financial Report through the Fiscal Year 2013-14 Second Interim Financial Report, this category was coded as "LCFF/Revenue Limit Sources." Beginning with the Fiscal Year 2014-15 Adopted Budget, the category is coded as "LCFF".

⁽⁴⁾ Actual amounts reported in this table are for the general fund only, and do not agree with the amounts reported under "Comparative Financial Statements" herein, because amounts under "Comparative Financial Statements" include the financial activity of the Adult Education Fund, Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

Source: Alameda Unified School District.

Comparative Financial Statements

The District's audited financial statements for the year ended June 30, 2014 are included for reference in APPENDIX B hereto. Audited financial statements for the District for the fiscal year ended June 30, 2014, and prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business Official of the District, 2060 Challenger Drive, Alameda, California 94501, telephone: (510) 337-7000. The table on the following page reflects the District's revenues, expenditures and fund balances for fiscal years 2008-09 through 2013-14.

[REMAINDER OF PAGE LEFT BLANK]

AUDITED STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES

Alameda Unified School District Fiscal Years 2008-09 through 2013-14

	Audited Actuals <u>2008-09</u>	Audited Actuals <u>2009-10</u>	Audited Actuals <u>2010-11</u>	Audited Actuals <u>2011-12</u>	Audited Actuals <u>2012-13</u>	Audited Actuals <u>2013-14</u>
REVENUES						
General Revenues:						
LCFF/Revenue limit sources ⁽²⁾	--	--	--	--	\$47,951,726	\$61,131,258
State aid	--	--	\$29,419,598	\$29,730,777	--	--
Local sources	--	--	19,515,467	19,467,591	--	--
Transfers	--	--	(1,722,397)	(1,988,340)	--	--
Federal sources	--	--	6,711,578	6,325,541	4,805,644	4,943,264
Other state sources	--	--	14,558,822	15,101,605	15,849,359	8,058,570
Other local sources	--	--	16,468,784	21,812,431	19,430,702	19,726,027
Property taxes	\$26,783,391	\$28,267,431	--	--	--	--
Federal and state aid not restricted to specific purpose	40,773,446	36,115,164	--	--	--	--
Earnings on investment	336,496	98,522	--	--	--	--
Interagency revenues	48,092	944,453	--	--	--	--
Miscellaneous	414,168	1,029,593	--	--	--	--
Program Revenues:	--	--	--	--	--	--
Charges for services	--	7,884	--	--	--	--
Operating grants and contributions	<u>23,891,351</u>	<u>15,892,119</u>	--	--	--	--
Total Revenues	92,246,944	82,355,166	84,951,852	90,449,605	88,037,431	93,859,119
EXPENDITURES						
Current						
Instruction	56,341,865	55,787,484	50,015,005	52,556,185	55,016,879	57,447,592
Instruction-Related activities:						
Supervision of Instruction	3,121,338	3,231,807	3,939,178	3,834,721	2,932,032	3,157,115
Instructional Library, media, and technology	1,316,821	1,310,692	1,433,449	1,455,995	1,482,187	2,414,832
School site administration	5,546,424	5,449,384	5,783,332	6,128,445	6,559,753	6,427,228
Pupil services:						
Home-to-school transportation	1,619,022	812,572	875,581	861,484	936,015	1,038,365
Food services	--	--	--	5,731	--	--
All other pupil services	3,055,594	3,287,610	2,972,690	3,489,227	3,904,560	4,156,133
Ancillary services	1,049,932	718,030	1,070,596	1,825,304	1,709,642	1,934,073
Community services	180,482	145,561	62,165	69,485	73,782	78,628
General administration						
Data processing services	759,350	1,518,621	1,269,065	1,584,193	1,755,855	1,692,387
Other general administration	3,004,882	3,097,070	4,076,804	4,266,173	4,611,456	4,670,776
Plant services	7,468,991	7,283,827	7,358,880	8,904,224	8,924,219	9,430,857
Facility acquisition and construction	220,763	179,995	345,256	772,953	1,701,724	4,206,428
Transfers to other agencies	--	--	1,617,850	461,436	469,553	458,877
Other outgo:						
Transfers between agencies	1,427,075	779,272	--	--	--	--
Debt service- Issuance Costs	11,827	12,581	--	--	--	--
Debt service- Principal	361,604	241,535	163,184	85,000	--	--
Debt service- Interest	<u>109,028</u>	<u>124,623</u>	<u>261,944</u>	<u>64,712</u>	<u>1,850</u>	<u>1,850</u>
Total Expenditures	85,594,998	83,980,664	81,244,979	86,365,268	90,079,507	97,115,141
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,651,946	(1,625,498)	3,706,873	4,084,337	(2,042,076)	(3,256,022)
OTHER FINANCING SOURCES/(USES)						
Interfund Transfers In	800,000	300,000	320,000	--	51,145	--
Interfund Transfers Out	<u>(828,820)</u>	<u>(69,463)</u>	<u>(652,671)</u>	<u>(201,297)</u>	--	--
Total Other Financing Sources (Uses)	(28,820)	230,537	(332,671)	(201,297)	51,145	--
Net Change in Fund Balance	6,623,126	(1,394,961)	3,374,202	3,883,040	(1,990,931)	(3,256,022)
Fund Balance, July 1, as originally stated	9,089,764	15,712,890	14,317,929	22,720,014	26,603,054	24,612,123
Adjustment for restatement	--	--	5,027,883	--	--	--
Fund Balance, July 1, as restated	<u>9,089,764</u>	<u>15,712,890</u>	<u>19,345,812</u>	<u>22,720,014</u>	<u>26,603,054</u>	<u>24,612,123</u>
Fund Balance, June 30	<u>\$15,712,890</u>	<u>\$14,317,929</u>	<u>\$22,720,014</u>	<u>\$26,603,054</u>	<u>\$24,612,123</u>	<u>\$21,356,101</u>

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

Source: Alameda Unified School District.

Accounting Practices

The accounting policies 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. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

ALAMEDA UNIFIED SCHOOL DISTRICT

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

Introduction

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

The District operates nine elementary schools, one K-8 school, two middle schools, one 6-8 magnet and early college high school, one 6-12 school, one 9-12 high school, one continuation high school and an adult education center. The District serves a population of approximately 76,419 and the District's ADA for fiscal year 2014-15 is projected to be 9,105. The District's 2014-15 enrollment is 9,502 students. The District has a 2014-15 assessed valuation of \$10,531,584,610.

Administration

The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their office and the date their term expires, are listed below:

BOARD OF EDUCATION Alameda Unified School District

<u>Board Member</u>	<u>Office</u>	<u>Term Expires</u>
Barbara Kahn	President	December 2016
Solana Henneberry	Vice President	December 2018
Gary K. Lym	Clerk	December 2018
Niel Tam	Member	December 2016
Philip Hu	Member	December 2018

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Sean McPhetridge Ed.D. is currently the Superintendent of the District. Brief biographies of key personnel follow:

Sean McPhetridge Ed.D., Superintendent. Dr. McPhetridge was appointed as the Interim Superintendent of the District in August of 2014 and as the permanent Superintendent in February of 2015. Prior thereto, he served as the Interim Director of Student programs and Services at the Alameda County Office of Education. During his nine-year tenure at the District, he has held a variety of positions, including principal, director of secondary and career technical education, instructional vice principal and most recently, as the District's Assistant Superintendent from 2010 through 2013. Dr. McPhetridge received an Ed.D. from Harvard University.

Robert Clark Ed.D., Chief Business Officer. Dr. Clark was appointed as Chief Business Officer of the District on January 1, 2014. Prior thereto he served as the Assistant Superintendent/Chief Business Official of the Burlingame Elementary School District for more than five years. Previously, he served as the Principal of Washington Elementary School in the Burlingame Elementary School District for six years and as an Assistant Principal in the San Mateo-Foster City School District for four years. Dr. Clark is completing his 24th year in education. Dr. Clark received a Bachelor of Science Degree in Elementary Education from Texas Tech University, a Masters Degree in Educational Administration from San Francisco State University, and a Doctorate of Education in Educational Leadership from the University of La Verne.

Chad Pimentel, General Counsel. Mr. Pimentel was appointed General Counsel in January 2014. Prior thereto he served as a Supervising Attorney with the New York City Department of Education and an adjunct lecturer at Columbia University Law School. He began his career as a litigation associate at David Polk & Wardwell. He received a B.A. from the University of Pennsylvania and a law degree from Georgetown University Law Center.

District Growth

On average throughout the District, the regular education pupil-teacher ratio is approximately 25:1 for grades K-3, 32:1 in grades 4-5, 33:1 in grades 6-8, and 35:1 in grades 9-12. The following table shows a seven-year enrollment history for the District.

HISTORICAL ENROLLMENT Alameda Unified School District Fiscal Years 2008-09 through 2014-15

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>% Change</u>
2008-09	9,936	--
2009-10	9,819	(1.18)%
2010-11	9,210	(6.20)
2011-12	9,249	0.42
2012-13	9,360	1.20
2013-14	9,489	1.38
2014-15	9,502	0.14

Note: Fiscal year 2008-09 through 2012-13 enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 and 2014-15 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude preschool and adult transitional students.

Source: Alameda Unified School District.

Charter Schools

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

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

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

CHARTER SCHOOL ENROLLMENT
Fiscal Years 2008-09 through 2014-15
Alameda Unified School District

<u>Fiscal Year</u>	<u>Independent Charter Schools</u>
2008-09	330
2009-10	653
2010-11	1,280
2011-12	1,419
2012-13	1,477
2013-14	1,463
2014-15	1,537

Source: Alameda Unified School District.

Labor Relations

The District currently employs 558 full-time and part-time certificated professionals, 405 full-time and part-time classified employees and 82 full-time and part-time supervisors/managers. District employees, except management and some part-time employees, are represented by the three bargaining units as noted below:

BARGAINING UNITS Alameda Unified School District

<u>Labor Organization</u>	<u>Number of Employees In Bargaining Unit</u>	<u>Contract Expiration Date</u>
Alameda Education Association	555	June 30, 2015
California School Employees Association (SEA #27)	294	June 30, 2015
California School Employees Association (SEA #860)	111	June 30, 2015

Source: Alameda Unified School District.

[REMAINDER OF PAGE LEFT BLANK]

Retirement Programs

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

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

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, neither the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed the legislation described below to increase contribution rates.

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

MEMBER CONTRIBUTION RATES STRS (Defined Benefit Program)

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

Source: AB 1469.

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

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

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

Source: AB 1469.

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

The District's contribution to STRS was \$3,153,950 in fiscal year 2011-12, \$3,305,830 in fiscal year 2012-13 and \$3,440,869 in fiscal year 2013-14. The District currently projects \$3,904,985 as its contribution to STRS for fiscal year 2014-15.

The State also contributes to STRS, currently in an amount equal to 3.454% of teacher payroll for fiscal year 2014-15. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Pursuant to AB 1469, the State contribution rate will increase over the next three years to a total of 6.328% in fiscal year 2016-17. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2013 included 1,580 public agencies and schools (representing more than 2,500 entities). PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the PERS Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.847% of eligible salary expenditures for fiscal year 2015-16. Participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal year 2014-15. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS was \$1,430,514 in fiscal year 2011-12, \$1,704,906 in fiscal year 2012-13 and \$1,810,704 in fiscal year 2013-14. The District currently projects \$2,205,658 as its contribution to PERS for fiscal year 2014-15.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

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

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
(Dollar Amounts in Millions) ⁽¹⁾
Fiscal Years 2010-11 through 2013-14

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA) ⁽²⁾</u>	<u>Unfunded Liability (MVA) ⁽²⁾⁽³⁾</u>	<u>Value of Trust Assets (AVA) ⁽⁴⁾</u>	<u>Unfunded Liability (AVA) ⁽⁴⁾</u>
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA) ⁽²⁾</u>	<u>Unfunded Liability (MVA) ⁽²⁾</u>	<u>Value of Trust Assets (AVA) ⁽⁴⁾</u>	<u>Unfunded Liability (AVA) ⁽⁴⁾</u>
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14 ⁽⁵⁾	65,600	56,838	8,761	-- ⁽⁶⁾	-- ⁽⁶⁾

⁽¹⁾ Amounts may not add due to rounding.

⁽²⁾ Reflects market value of assets.

⁽³⁾ Excludes assets allocated to the SBPA reserve.

⁽⁴⁾ Reflects actuarial value of assets.

⁽⁵⁾ On April 14, 2015, the PERS Finance & Administration Committee approved the K-14 school district contribution rate for fiscal year 2015-16 and released certain actuarial information to be incorporated into the June 30, 2014 actuarial valuation to be released in summer 2015.

⁽⁶⁾ Figures not provided.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

According to the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2014, the future revenue from contributions and appropriations for the STRS Defined Benefit Program was projected to be sufficient to finance its obligations. This finding reflects the scheduled contribution increases specified in AB 1469 and is based on the valuation assumptions and the valuation policy adopted by the STRS Board.

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

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. As one consequence of such decrease, the annual contribution amounts paid by PERS member public agencies, including the District, have been increased by 1 to 2% for miscellaneous plans and by 2 to 3% for safety plans beginning in fiscal year 2013-14. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%.

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

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

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

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employee's Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

PARS Supplementary Retirement Plan

During the fiscal year 2010-11, the District offered a supplementary retirement incentive. Public Agency Retirement Services (PARS) is providing the Supplementary Retirement Plan under Section 403(b) of the Internal Revenue Code. The benefits under the plan shall be funded as follows:

Year Ended	
<u>June 30</u>	<u>Payment</u>
2015	\$409,835
2016	<u>409,835</u>
Total	<u><u>\$819,670</u></u>

Other Post-Employment Benefits

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

As of March 1, 2015, membership of the Plan consisted of 291 retirees currently receiving Benefits, and 517 active plan members.

Funding Policy. Expenditures for the Benefits are recognized on a “pay as you go basis” covering the cost of premiums paid for current retirees. During fiscal year ending June 30, 2013, the District recognized \$1,005,759 of expenditures for the Benefits, all of which was used for current premiums. For fiscal year ending June 30, 2014, the District recognized \$1,066,767 of such expenditures, all of which was used for current premiums. For fiscal year ending June 30, 2015, the District has projects expenditures of \$1,090,563.

Accrued Liability. The District has implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, pursuant to which the District has commissioned and received several actuarial studies of its outstanding liabilities with respect to the Post-Employment Benefits. The most recent of these studies (the “Study”), dated as of August 16, 2013, determined that the unfunded actuarial accrued liability (the “UAAL”) with respect to the Benefits, as of a July 1, 2013 valuation date, was \$15,276,000. The Study also concluded that the annual required contribution (“ARC”) was \$1,360,000 for fiscal year 2013-14. The ARC is the amount that would be necessary to fund the value of future benefits earned by current employees during each fiscal year (the “Normal Cost”) and the amount necessary to amortize the UAAL, in accordance with the GASB Statements Nos. 43 and 45; the ARC is expected to increase each year based on covered payroll.

As of June 30, 2014, the District recognized a long-term obligation (the “Net OPEB Obligation”) of \$3,075,291 with respect to its accrued liability for the Benefits. The Net OPEB Obligation is based on the District’s contributions towards the ARC during fiscal year 2013-14. The Net OPEB Obligation was calculated based on a prior actuarial study of the Benefits. See “ALAMEDA UNIFIED SCHOOL DISTRICT – District Debt Structure – Long-Term Debt” and “APPENDIX B – THE DISTRICT’S 2013-14 AUDITED FINANCIAL STATEMENTS– Note 10” herein.

Joint Ventures

The District is a member of three joint powers authorities (the “JPAs”): the Alameda County Schools Insurance Group (ACSIG) to provide workers’ compensation insurance coverage, the East Bay School Insurance Group (EBSIG) to provide liability and property insurance, and the East Bay Regional Occupational Program (EBROP) to provide ROP activities. The relationship is such that the JPAs are not component units of the District for financial reporting purposes.

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

<u>Insurance Program/Company Name</u>	<u>Type of Coverage</u>	<u>Limits</u>
ACSIG	Workers' compensation	\$1,550,000
EBSIG	Property and liability	\$2,000,000 – \$250,000,000

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2014, is shown below:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Government Activities				
General obligation bonds	\$96,847,951	\$4,350,288	\$4,625,000	\$96,573,239
Certificates of participation	930,000	--	95,000	835,000
Early retirement incentive	1,229,504	--	409,834	819,670
Compensated absences	309,500	--	32,716	276,784
Net OPEB obligation	<u>2,757,902</u>	<u>317,389</u>	<u>--</u>	<u>3,075,291</u>
Totals	<u>\$102,074,857</u>	<u>\$4,667,677</u>	<u>\$5,162,550</u>	<u>\$101,579,984</u>

Source: Alameda Unified School District.

General Obligation Bonds. Pursuant to the 2004 Authorization, the voters of the District authorized the issuance of not-to-exceed \$63,000,000 of general obligation bonds. On October 27, 2004, the District issued \$40,998,093.45 aggregate principal amount of its first series of bonds pursuant to the 2004 Authorization (the "2004 Series A Bonds"). On June 30, 2005, the District issued \$21,997,233.40 aggregate principal amount of its second and final series of bonds pursuant to the 2004 Authorization (the "2004 Series B Bonds"). A portion of the proceeds from the Sale of the Refunding Bonds will be used to advance refund portions of the outstanding 2004 Series B Bonds.

Pursuant to the 2014 Authorization, the voters of the District authorized the issuance of not-to-exceed \$179,500,000 of general obligation bonds. The Series A Bonds represent the first series of bonds issued under the 2014 Authorization. After the issuance of the Bonds, \$89,500,000* of the 2014 Authorization will remain.

[REMAINDER OF PAGE LEFT BLANK]

* Preliminary, subject to change.

The annual requirements to amortize the District's general obligation bonds, assuming no optional redemptions are made, are as follows:

Year Ending August 1⁽¹⁾	2004 Authorization		Refunding Bonds	2014 Authorization	Total
	2004 Series A Bonds	2004 Series B Bonds⁽¹⁾		Series A Bonds	
2015	\$5,255,000.00	\$320,417.50			
2016	5,425,000.00	328,817.50			
2017	5,605,000.00	337,067.50			
2018	5,785,000.00	349,755.00			
2019	5,975,000.00	361,155.00			
2020	6,170,000.00	371,755.00			
2021	6,370,000.00	381,555.00			
2022	6,575,000.00	400,211.26			
2023	6,790,000.00	412,630.00			
2024	7,010,000.00	423,770.00			
2025	7,240,000.00	433,682.50			
2026	7,475,000.00	452,532.50			
2027	7,715,000.00	469,687.50			
2028	--	8,450,000.00			
2029	8,720,000.00	--			
2030	--	9,010,000.00			
2031	--	9,300,000.00			
2032	--	9,605,000.00			
2033	--	9,915,000.00			
2034	--	10,000,000.00			
2035	--	10,000,000.00			
2036	--	5,250,000.00			
2037	--	--			
2038	--	--			
2039	--	--			
2040	--	--			
2041	--	--			
	--	--			
Total	<u>\$92,110,000.00</u>	<u>\$76,573,036.26</u>			

⁽¹⁾ Includes debt service on Refunded Bonds.

Certificates of Participation. On June 22, 2000 the District executed and delivered its Certificates of Participation (the “2000 Certificates”) in the amount of \$1,820,000 to finance the acquisition of relocatable classrooms. The 2000 Certificates are payable from certain lease payments, payable pursuant to a lease entered into by the District for the use and possession of certain District facilities. Future lease payments due with respect to the 2000 Certificates are shown below:

<u>(Date)</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>
May 1, 2015	\$100,000.00	\$24,136.25	\$124,136.25
November 1, 2015	--	21,336.25	21,336.25
May 1, 2016	105,000.00	21,336.25	126,336.25
November 1, 2016	--	18,343.75	18,343.75
May 1, 2017	110,000.00	18,343.75	128,343.75
November 1, 2017	--	15,181.25	15,181.25
May 1, 2018	115,000.00	15,181.25	130,181.25
November 1, 2018	--	11,845.25	11,845.25
May 1, 2019	125,000.00	11,845.25	136,845.25
November 1, 2019	--	8,190.00	8,190.00
May 1, 2020	<u>280,000.00</u>	<u>8,190.00</u>	<u>288,190.00</u>
Totals	<u>\$835,000.00</u>	<u>\$173,929.25</u>	<u>\$1,008,929.25</u>

Source: Alameda Unified School District.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

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

Bond Counsel’s opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become

includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

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

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

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

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

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

Proposed forms of opinion of Bond Counsel for the Series A Bonds and Refunding Bonds, respectively is attached hereto as APPENDIX A.

LEGAL MATTERS

Legality for Investment in California

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

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Reports”) by not later than nine months following the end of the District’s fiscal year (the District’s fiscal year ends on June 30), commencing with the report for the 2014-15 fiscal year (which is due not later than April 1, 2016), and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of material events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of material events is included in “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS” attached hereto. These covenants have been made in order to assist the Underwriters in complying with the Rule.

Previous Undertakings. Within the past five years, the District failed to file its annual report for fiscal year 2009-10 in connection with certain of its then-outstanding obligations, as required by its existing continuing disclosure obligations. Within the past five years, the District also failed to file in a timely manner notices of certain enumerated events, as required by its existing continuing disclosure obligations. The District has retained Backstrom McCarley Berry & Co., LLC, San Francisco, California, to assist it in preparing and filing the annual reports and notices of enumerated events required under its existing continuing disclosure obligations with respect to the District’s outstanding general obligation bonds, including the Bonds.

Absence of Material Litigation

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

There are a small number of lawsuits and claims pending against the District. 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 finances of the District.

Information Reporting Requirements

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

Legal Opinions

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. Copies of the proposed forms of such legal opinions are attached to this Official Statement as APPENDIX A.

Verification

Upon delivery of the Bonds, Causey Demgen & Moore P.C., Denver, Colorado, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions assumptions provided to them by the Underwriters (defined herein) relating to (a) the adequacy of moneys held in the Escrow Fund as cash, to pay the redemption price of and interest on the Refunded Bonds.

MISCELLANEOUS

Ratings

The Bonds have been assigned ratings of "Aa2" and "AA-" by Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), respectively. The ratings reflect only the view of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007; Standard & Poor's, 55 Water Street, 45th Floor, New York, New York 10041. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any rating changes on the Bonds. See "APPENDIX C - FORM OF CONTINUING DISCLOSURE" attached

hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2014, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report of Christy White Associates (the "Auditor") dated December 12, 2014, are included in this Official Statement as APPENDIX B. In connection with the inclusion herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Underwriting

Purchase of Bonds. The Series A Bonds are being purchased by RBC Capital Markets, LLC (the "Representative") on behalf of itself and Ross, Sinclair & Associates, LLC (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Series A Bonds at a price of \$_____, which is equal to the initial principal amount of the Series A Bonds of \$_____, plus premium of \$_____, and less the Underwriters' discount of \$_____.

The Refunding Bonds are being purchased by the Underwriters. The Underwriters have agreed to purchase the Refunding Bonds at a price of \$_____, which is equal to the initial principal amount of the Refunding Bonds of \$_____, plus premium of \$_____, and less the Underwriters' discount of \$_____.

The Purchase Contracts for the Bonds each provide that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriters.

Underwriter Disclosures. RBC Capital Markets, LLC, one of the Underwriters of the Bonds, has provided the following information for inclusion in the Official Statement:

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

means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement.

Additional Information

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

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

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

ALAMEDA UNIFIED SCHOOL DISTRICT

By _____
Sean McPhetridge Ed.D.
Superintendent

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX A

FORMS OF OPINIONS OF BOND COUNSEL FOR THE BONDS

Upon issuance of the Series A Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series A Bonds in substantially the following form:

[Closing Date]

Board of Education
Alameda Unified School District

Members of the Board of Education:

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

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the “Resolution”) of the Board of Education of the Alameda Unified School District (the “District”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner’s basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is

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

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

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

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

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

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

Respectfully submitted,

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

[Closing Date]

Board of Education
Alameda Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$_____ Alameda Unified School District (Alameda County, California) 2015 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") of the Board of Education of the Alameda Unified School District (the "District").
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

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

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

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

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

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

Respectfully submitted,

APPENDIX B

THE DISTRICT'S 2013-14 AUDITED FINANCIAL STATEMENTS

(THIS PAGE INTENTIONALLY LEFT BLANK)

ALAMEDA UNIFIED SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2014

San Diego

Los Angeles

San Francisco
Bay Area

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

**ALAMEDA UNIFIED SCHOOL DISTRICT
OF ALAMEDA COUNTY**

ALAMEDA, CALIFORNIA

JUNE 30, 2014

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

GOVERNING BOARD

Member	Office	Term Expires
Margie Sherratt	President	December 2014
Trish Herrera-Spencer	Vice President	December 2016
Mike McMahon	Clerk	December 2014
Barbara Kahn	Trustee	December 2016
Niel Tam	Trustee	December 2016

DISTRICT ADMINISTRATORS

Kirsten Vital
Superintendent

Barbara Adams, Ed.D.
Assistant Superintendent

Robert Clark, Ed.D.
Chief Business Officer

ALAMEDA UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Governmental Funds – Balance Sheet.....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances.....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Fiduciary Funds – Statement of Net Position.....	19
Fiduciary Funds – Statement of Changes in Net Position.....	20
Notes to Financial Statements	21

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Budgetary Comparison Schedule	47
Schedule of Funding Progress	48
Notes to Required Supplementary Information.....	49

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	50
Schedule of Average Daily Attendance (ADA).....	51
Schedule of Instructional Time	52
Schedule of Financial Trends and Analysis	53
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....	54
Schedule of Charter Schools	55
Combining Statements – Non-Major Governmental Funds	
Combining Balance Sheet.....	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	57
Notes to Supplementary Information.....	58

ALAMEDA UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2014

OTHER INDEPENDENT AUDITORS' REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60
Report on Compliance For Each Major Federal Program; and Report on Internal Control Over Compliance Required by OMB Circular A-133	62
Report on State Compliance.....	64

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	67
Financial Statement Findings.....	68
Federal Award Findings and Questioned Costs	70
State Award Findings and Questioned Costs.....	71
Summary Schedule of Prior Audit Findings	73

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

Corporate Office:

2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

toll-free: 877.220.7229

tel: 619.270.8222

fax: 619.260.9085

www.christywhite.com

*Licensed by the California
State Board of Accountancy*

Governing Board
Alameda Unified School District
Alameda, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Alameda Unified School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Alameda Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Alameda Unified School District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 11, the budgetary comparison information on page 47, and the schedule of funding progress on page 48 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alameda Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, 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 12, 2014 on our consideration of Alameda Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alameda Unified School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California
December 12, 2014

ALAMEDA UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

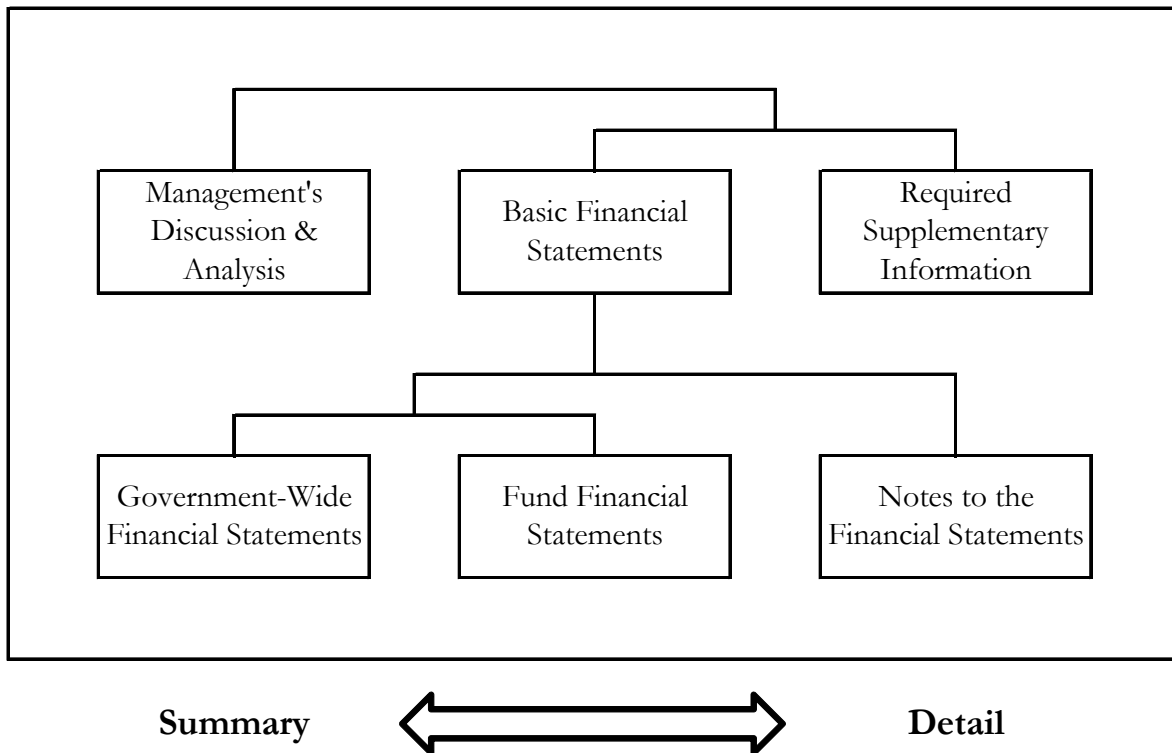
Our discussion and analysis of Alameda Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net position was \$11,371,147 at June 30, 2014. This was a decrease of \$2,944,295 from the prior year.
- Overall revenues were \$104,505,429 which were exceeded by expenses of \$107,449,724.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



**ALAMEDA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
 - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

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

Government-Wide Statements

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

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

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

**ALAMEDA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$11,371,147 at June 30, 2014, as reflected in the table below. Of this amount, a deficit of \$18,211,022 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2014	2013	Net Change
ASSETS			
Current and other assets	\$ 33,231,894	\$ 38,125,957	\$ (4,894,063)
Capital assets	85,426,603	84,647,805	778,798
Total Assets	118,658,497	122,773,762	(4,115,265)
LIABILITIES			
Current liabilities	10,879,835	6,383,463	4,496,372
Long-term liabilities	96,407,515	102,074,857	(5,667,342)
Total Liabilities	107,287,350	108,458,320	(1,170,970)
NET POSITION			
Net investment in capital assets	21,486,276	15,987,478	5,498,798
Restricted	8,095,893	10,850,907	(2,755,014)
Unrestricted	(18,211,022)	(12,522,943)	(5,688,079)
Total Net Position	\$ 11,371,147	\$ 14,315,442	\$ (2,944,295)

**ALAMEDA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2014	2013	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 637,744	\$ 436,914	\$ 200,830
Operating grants and contributions	18,561,764	17,244,858	1,316,906
Capital grants and contributions	-	2,003,438	(2,003,438)
General revenues			
Property taxes	39,500,191	40,083,081	(582,890)
Unrestricted federal and state aid	43,546,302	38,126,044	5,420,258
Other	2,259,428	2,375,469	(116,041)
Total Revenues	104,505,429	100,269,804	4,235,625
EXPENSES			
Instruction	61,646,759	59,049,626	2,597,133
Instruction-related services	12,823,114	11,882,828	940,286
Pupil services	7,794,084	7,147,716	646,368
General administration	6,520,812	7,044,637	(523,825)
Plant services	11,349,711	12,036,358	(686,647)
Ancillary and community services	1,977,038	1,898,558	78,480
Debt service	4,875,879	8,571,536	(3,695,657)
Other Outgo	462,327	474,003	(11,676)
Total Expenses	107,449,724	108,105,262	(655,538)
Change in net position	(2,944,295)	(7,835,458)	4,891,163
Net Position - Beginning	14,315,442	22,150,900	(7,835,458)
Net Position - Ending	\$ 11,371,147	\$ 14,315,442	\$ (2,944,295)

**ALAMEDA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

The total cost of all our governmental activities this year was \$107,449,724, while net cost of activities was \$88,250,216 (refer to the table below). The amount that our taxpayers ultimately financed for these activities through taxes was only \$39,500,191 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions (\$18,561,764).

The net cost of services provided for the year ended June 30, 2014 was \$88,250,216, a decrease of 0.2% from the prior year.

	Net Cost of Services	
	2014	2013
Instruction	\$ 51,418,171	\$ 45,974,187
Instruction-related services	9,914,473	10,650,521
Pupil services	4,840,566	4,341,061
General administration	5,610,751	6,201,773
Plant services	10,891,626	11,817,724
Ancillary and community services	772,319	817,995
Debt service	4,875,879	8,571,536
Transfers to other agencies	(73,569)	45,255
Total Expenses	\$ 88,250,216	\$ 88,420,052

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$27,703,258, which is less than last year's ending fund balance of \$32,036,199. The District's General Fund had \$3,256,022 less in operating revenues than expenditures for the year ended June 30, 2014.

CURRENT YEAR BUDGET 2013-14

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

**ALAMEDA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2013-14 the District had invested \$85,426,603 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2014	2013	Net Change
CAPITAL ASSETS			
Land	\$ 4,794,916	\$ 4,794,916	\$ -
Construction in progress	759,115	1,242,712	(483,597)
Land improvements	4,575,751	3,669,882	905,869
Buildings & improvements	133,436,210	128,458,214	4,977,996
Furniture & equipment	3,905,829	2,946,591	959,238
Accumulated depreciation	(62,045,218)	(56,464,510)	(5,580,708)
Total Capital Assets	\$ 85,426,603	\$ 84,647,805	\$ 778,798

Long-Term Liabilities

At year-end, the District had \$96,407,515 in long-term liabilities, a decrease of 0.6% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2014	2013	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 96,573,239	\$ 96,847,951	\$ (274,712)
Total certificates of participation	835,000	930,000	(95,000)
Early retirement incentive	819,670	1,229,504	(409,834)
Compensated absences	276,784	309,500	(32,716)
Net OPEB obligation	3,075,291	2,757,902	317,389
Less: current portion of long-term debt	(5,172,469)	(5,129,834)	(42,635)
Total Long-term Liabilities	\$ 96,407,515	\$ 96,945,023	\$ (537,508)

**ALAMEDA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

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

The State's economy is expected to grow at a modest rate of about 3% annually over the next two years, according to the UCLA Anderson Economic Forecast for September 2014. In the California forecast, Senior Economist Jerry Nickelsburg writes, "The California economy is moving forward in an expansion from the depths of the Great Recession. But, even though the number of jobs is now higher than any time in the past, the state remains below its potential in output and employment. That we are entering the sixth year of expansion illustrates just how painfully plodding this recovery process has been." The ability of the State to fund the LCFF and other programs is largely dependent on the strength of the State's economy and remains uncertain.

GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective in the following fiscal year, 2014-15. The new standard requires the reporting of annual pension cost using an actuarially determined method and a net pension liability is expected to result. The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability will be reported in the Statement of Net Position as of June 30, 2015. The amount of the liability is unknown at this time but is anticipated to be material to the financial position of the District. To address the underfunding issues, the pension plans intend to raise employer rates in future years and the increased costs could be significant.

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

All of these factors were considered in preparing the District's budget for the 2014-15 fiscal year.

**ALAMEDA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

ALAMEDA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 20,944,344
Accounts receivable	12,217,547
Inventory	70,003
Capital assets, not depreciated	5,554,031
Capital assets, net of accumulated depreciation	79,872,572
Total Assets	118,658,497
LIABILITIES	
Accrued liabilities	5,328,609
Unearned revenue	378,757
Long-term liabilities, current portion	5,172,469
Long-term liabilities, non-current portion	96,407,515
Total Liabilities	107,287,350
NET POSITION	
Net investment in capital assets	21,486,276
Restricted:	
Capital projects	2,430,877
Debt service	1,693,049
Educational programs	3,353,198
All others	618,769
Unrestricted	(18,211,022)
Total Net Position	\$ 11,371,147

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

ALAMEDA UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 61,646,759	\$ 52,678	\$ 10,175,910	\$ (51,418,171)
Instruction-related services				
Instructional supervision and administration	3,489,673	13,039	1,274,956	(2,201,678)
Instructional library, media, and technology	2,486,116	-	1,257,653	(1,228,463)
School site administration	6,847,325	6,963	356,030	(6,484,332)
Pupil services				
Home-to-school transportation	1,091,754	-	-	(1,091,754)
Food services	2,332,504	527,719	1,574,830	(229,955)
All other pupil services	4,369,826	-	850,969	(3,518,857)
General administration				
Centralized data processing	1,385,550	-	23,379	(1,362,171)
All other general administration	5,135,262	34,070	852,612	(4,248,580)
Plant services	11,349,711	3,275	454,810	(10,891,626)
Ancillary services	1,894,367	-	1,130,656	(763,711)
Community services	82,671	-	74,063	(8,608)
Interest on long-term debt	4,875,879	-	-	(4,875,879)
Other Outgo	462,327	-	535,896	73,569
Total Governmental Activities	\$ 107,449,724	\$ 637,744	\$ 18,561,764	(88,250,216)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				21,523,874
Property taxes, levied for debt service				5,626,272
Property taxes, levied for other specific purposes				12,350,045
Federal and state aid not restricted for specific purposes				43,546,302
Interest and investment earnings				71,248
Interagency revenues				403,797
Miscellaneous				1,784,383
Subtotal, General Revenue				85,305,921
CHANGE IN NET POSITION				(2,944,295)
Net Position - Beginning				14,315,442
Net Position - Ending				\$ 11,371,147

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

ALAMEDA UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 15,159,795	\$ 5,784,549	\$ 20,944,344
Accounts receivable	11,424,089	793,458	12,217,547
Due from other funds	1,000	-	1,000
Stores inventory	-	70,003	70,003
Total Assets	\$ 26,584,884	\$ 6,648,010	\$ 33,232,894
LIABILITIES			
Accrued liabilities	\$ 4,888,887	\$ 260,992	\$ 5,149,879
Due to other funds	-	1,000	1,000
Unearned revenue	339,896	38,861	378,757
Total Liabilities	5,228,783	300,853	5,529,636
FUND BALANCES			
Nonspendable	50,000	70,003	120,003
Restricted	3,280,271	4,695,619	7,975,890
Assigned	6,910,083	1,581,535	8,491,618
Unassigned	11,115,747	-	11,115,747
Total Fund Balances	21,356,101	6,347,157	27,703,258
Total Liabilities and Fund Balances	\$ 26,584,884	\$ 6,648,010	\$ 33,232,894

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

ALAMEDA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2014

Total Fund Balance - Governmental Funds \$ 27,703,258

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	\$ 147,471,821	
Accumulated depreciation	<u>(62,045,218)</u>	85,426,603

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 unmaturing interest owing at the end of the period was:

(178,730)

Long-term liabilities:

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

Total general obligation bonds	\$ 96,573,239	
Total certificates of participation	835,000	
Early retirement incentive	819,670	
Compensated absences	276,784	
Net OPEB obligation	<u>3,075,291</u>	(101,579,984)

Total Net Position - Governmental Activities	\$	<u>11,371,147</u>
---	-----------	--------------------------

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

ALAMEDA UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
LCFF sources	\$ 61,131,258	\$ -	\$ 61,131,258
Federal sources	4,943,264	2,103,871	7,047,135
Other state sources	8,058,570	896,855	8,955,425
Other local sources	19,726,027	7,645,584	27,371,611
Total Revenues	93,859,119	10,646,310	104,505,429
EXPENDITURES			
Current			
Instruction	57,447,592	1,056,185	58,503,777
Instruction-related services			
Instructional supervision and administration	3,157,115	161,906	3,319,021
Instructional library, media, and technology	2,414,832	-	2,414,832
School site administration	6,427,228	85,251	6,512,479
Pupil services			
Home-to-school transportation	1,038,365	-	1,038,365
Food services	-	2,223,662	2,223,662
All other pupil services	4,156,133	-	4,156,133
General administration			
Centralized data processing	1,692,387	-	1,692,387
All other general administration	4,670,776	213,363	4,884,139
Plant services	9,430,857	1,105,624	10,536,481
Facilities acquisition and maintenance	4,206,428	1,515,072	5,721,500
Ancillary services	1,934,073	-	1,934,073
Community services	78,628	-	78,628
Transfers to other agencies	458,877	-	458,877
Debt service			
Principal	-	4,720,000	4,720,000
Interest and other	1,850	642,166	644,016
Total Expenditures	97,115,141	11,723,229	108,838,370
NET CHANGE IN FUND BALANCE	(3,256,022)	(1,076,919)	(4,332,941)
Fund Balance - Beginning	24,612,123	7,424,076	32,036,199
Fund Balance - Ending	\$ 21,356,101	\$ 6,347,157	\$ 27,703,258

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

ALAMEDA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net Change in Fund Balances - Governmental Funds	\$ (4,332,941)
---	-----------------------

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:	\$ 6,359,506	
Depreciation expense:	<u>(5,580,708)</u>	778,798

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:

4,720,000

Unmatured interest on long-term debt:

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

114,975

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(4,350,288)

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

**ALAMEDA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF
ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2014**

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:

32,716

Other expenditures relating to prior periods:

Certain expenditures recognized in governmental funds relate to prior periods. Typical examples are payments on structured legal settlements or retirement incentives paid over time. These expenditures are recognized in the government-wide statement of activities in the period in which the obligations were first incurred, so they must not be recognized again in the current period. Expenditures relating to prior periods were:

409,834

Postemployment benefits other than pensions (OPEB):

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

(317,389)

Change in Net Position of Governmental Activities

\$ (2,944,295)

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

ALAMEDA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2014

	Trust Funds	Agency Funds
	Private-Purpose	Student Body
	Trust Fund	Fund
ASSETS		
Cash and cash equivalents	\$ 451,391	\$ 386,412
Total Assets	<u>451,391</u>	<u>\$ 386,412</u>
LIABILITIES		
Due to student groups	-	\$ 386,412
Total Liabilities	<u>-</u>	<u>\$ 386,412</u>
NET POSITION		
Unrestricted	451,391	
Total Net Position	<u>\$ 451,391</u>	

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

ALAMEDA UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Trust Funds
	Private-Purpose
	Trust Fund
ADDITIONS	
Investment earnings	\$ 1,915
Total Additions	1,915
DEDUCTIONS	
Other trust activities	2,710
Interfund transfers out and other uses	170,949
Total Deductions	173,659
CHANGE IN NET POSITION	(171,744)
Net Position - Beginning	623,135
Net Position - Ending	\$ 451,391

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

B. Component Units

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

C. Basis of Presentation

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

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

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

Major Governmental Funds

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

Non-Major Governmental Funds

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

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

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

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

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

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fiduciary Funds

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

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

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

D. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Financial Statements

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

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Governmental Funds

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

Revenues – Exchange and Non-Exchange Transactions

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

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

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

Unearned revenue

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

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Expenses/Expenditures

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash held in the county treasury is recorded at cost, which approximates fair value.

Investments

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

Inventories

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

Capital Assets

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets (continued)

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

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

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Currently, the District does not have bond premiums or discounts that are being amortized.

Deferred Outflows/Deferred Inflows of Resources

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

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

Fund Balance

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

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

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

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

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

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

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

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Property Tax

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

J. New Accounting Pronouncements and Changes in Accounting Principals

GASB Statement No. 65 – In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement is effective for periods beginning after December 15, 2012. . The District has implemented GASB Statement No. 65 for the year ended June 30, 2014.

GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This standard seeks to clarify certain implementation issues related to amounts that are deferred and amortized at the time GASB 68 is first adopted. It applies to situations in which the measurement date of an actuarial valuation differs from the government's fiscal year. The Statement is effective for periods beginning after June 15, 2014. The District has not yet determined the impact on the financial statements.

GASB Statement No. 68 – In June 2012, 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 interperiod equity, and creating additional transparency. The Statement is effective for periods beginning after June 15, 2014. The District has not yet determined the impact on the financial statements.

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Fiduciary Funds
Cash in county	\$ 20,713,146	\$ -
Cash on hand and in banks	31,955	837,803
Cash with fiscal agent	149,243	-
Cash in revolving fund	50,000	-
Total cash and cash equivalents	\$ 20,944,344	\$ 837,803

B. Policies and Practices

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

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

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

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

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$20,722,620 and an amortized book value of \$20,713,146. The average weighted maturity for this pool is 535 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2014, the pooled investments in the County Treasury were not rated.

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2014, the District's bank balance was not exposed to custodial credit risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014 consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government			
Categorical aid	\$ 1,470,759	\$ 560,295	\$ 2,031,054
State Government			
Apportionment	6,696,486	-	6,696,486
Categorical aid	2,025,143	74,643	2,099,786
Lottery	466,052	-	466,052
Local Government			
Other local sources	765,649	158,520	924,169
Total	\$ 11,424,089	\$ 793,458	\$ 12,217,547

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 01, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,794,916	\$ -	\$ -	\$ 4,794,916
Construction in progress	1,242,712	5,633,024	6,116,621	759,115
Total Capital Assets not Being Depreciated	6,037,628	5,633,024	6,116,621	5,554,031
Capital assets being depreciated				
Land improvements	3,669,882	905,869	-	4,575,751
Buildings & improvements	128,458,214	4,977,996	-	133,436,210
Furniture & equipment	2,946,591	959,238	-	3,905,829
Total Capital Assets Being Depreciated	135,074,687	6,843,103	-	141,917,790
Less Accumulated Depreciation				
Land improvements	2,479,424	81,027	-	2,560,451
Buildings & improvements	52,677,019	5,294,878	-	57,971,897
Furniture & equipment	1,308,067	204,803	-	1,512,870
Total Accumulated Depreciation	56,464,510	5,580,708	-	62,045,218
Governmental Activities				
Capital Assets, net	\$ 84,647,805	\$ 6,895,419	\$ 6,116,621	\$ 85,426,603

Depreciation expense has been allocated to governmental activities as follows:

Governmental Activities	
Instruction	\$ 3,259,122
Instructional supervision and administration	173,526
Instructional library, media, and technology	126,253
School site administration	340,486
Home-to-school transportation	54,288
Food services	110,676
All other pupil services	217,292
Centralized data processing	88,482
All other general administration	255,353
Plant services	850,002
Ancillary services	101,117
Community services	4,111
	<u>\$ 5,580,708</u>

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2014 were as follows:

		Due From Other Funds	
		General Fund	Total
	Due To Other Funds		
Non-Major Governmental Funds		\$ 1,000	\$ 1,000
Total Due From Other Funds		\$ 1,000	\$ 1,000

Due from the General Fund to the Child Development Fund for indirect costs and postage/duplication costs	1,000
Total	\$ 1,000

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2014 consisted of the following:

	General Fund	Non-Major Governmental Funds	District-Wide	Total Governmental Activities
Payroll	\$ 1,556,852	\$ 113,998	\$ -	\$ 1,670,850
Vendors payable	2,761,318	143,660	-	2,904,978
Unmatured interest	-	-	178,730	178,730
Due to grantor government	570,717	3,334	-	574,051
Total	\$ 4,888,887	\$ 260,992	\$ 178,730	\$ 5,328,609

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2014, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
State categorical sources	\$ 7,796	\$ 38,861	\$ 46,657
Local sources	332,100	-	332,100
Total	\$ 339,896	\$ 38,861	\$ 378,757

NOTE 8 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2014 consisted of the following:

	Balance July 01, 2013	Additions	Deductions	Balance June 30, 2014	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 96,847,951	\$ 4,350,288	\$ 4,625,000	\$ 96,573,239	\$ 4,662,634
Certificates of participation	930,000	-	95,000	835,000	100,000
Early retirement incentive	1,229,504	-	409,834	819,670	409,835
Compensated absences	309,500	-	32,716	276,784	-
Net OPEB obligation	2,757,902	317,389	-	3,075,291	-
Total	\$ 102,074,857	\$ 4,667,677	\$ 5,162,550	\$ 101,579,984	\$ 5,172,469

A. General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2013	Additions	Deductions	Bonds Outstanding June 30, 2014
Series 2002 Refunding	May 23, 2002	July 1, 2014	5.50%	\$ 34,325,000	\$ 7,350,000	\$ -	\$ 3,575,000	\$ 3,775,000
Election 2004, Series A	October 13, 2004	August 1, 2029	2.50% - 5.48%	\$ 40,998,093	59,316,600	2,984,833	920,000	61,381,433
Election 2004, Series B	June 21, 2005	August 1, 2036	3.25% - 5.09%	\$ 21,997,233	30,181,351	1,365,455	130,000	31,416,806
					\$ 96,847,951	\$ 4,350,288	\$ 4,625,000	\$ 96,573,239

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 8 – LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

General Obligation Refunding Bonds, Series 2002

On May 23, 2002, the District issued \$34,325,000 of General Obligation Refunding Bonds, Series 2002 with an interest rate of 5.50%. The bonds were issued for the purpose of refunding the District's 1992 General Obligation Refunding Bonds, Series A. The bonds mature through July 1, 2014. Principal balance outstanding at June 30, 2014 amounted to \$3,775,000.

Election 2004

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

- Series A, which was issued on October 13, 2004 for \$40,998,093 with interest rates ranging from 2.50% to 5.48%. The original issuance consisted of \$3,000,000 in current interest serial bonds and \$37,998,093 in capital appreciation serial bonds. The principal balance outstanding on June 30, 2014 amounted to \$61,381,433.
- Series B, which was issued on June 21, 2005 for \$21,997,233 with interest rates ranging from 3.25% to 5.09%. The original issuance consisted of \$4,565,000 in current interest serial bonds and \$17,432,233 in capital appreciation serial bonds. The principal balance outstanding on June 30, 2014 amounted to \$31,416,806.

B. Debt Service Requirements to Maturity – Bonds

The bonds mature through 2037 as follows:

Year Ended June 30,	Principal	Interest	Total
2015	\$ 4,662,634	\$ 732,946	\$ 5,395,580
2016	3,479,118	2,093,000	5,572,118
2017	3,401,745	2,348,698	5,750,443
2018	3,343,833	2,527,201	5,871,034
2019	3,275,723	2,854,727	6,130,450
2020 - 2024	15,390,301	18,388,313	33,778,614
2025 - 2029	13,958,207	25,752,781	39,710,988
2030 - 2034	13,208,394	43,341,611	56,550,005
2035 - 2037	2,385,372	12,864,628	15,250,000
Accretion	33,467,912	(33,467,912)	-
Total	\$ 96,573,239	\$ 77,435,993	\$ 174,009,232

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 8 – LONG-TERM DEBT (continued)

C. Certificates of Participation (COPs)

The Certificates of Participation were executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2000, by and among U.S. Bank Trust National Association, as trustee, the California School Boards Association Finance Corporation and the District, to finance the acquisition of relocatable modular classrooms, fund a debt service reserve fund and pay the costs related to the execution and delivery of the Certificates. The Certificates were issued in the amount of \$1,820,000 with interest rates ranging from 4.35% to 5.8%. Debt service payments for the Certificates are made from the General Fund. As of June 30, 2014, the principal balance outstanding was \$835,000.

D. Debt Service Requirements to Maturity - COPs

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 100,000	\$ 48,273	\$ 148,273
2016	105,000	42,673	147,673
2017	110,000	36,688	146,688
2018	115,000	30,363	145,363
2019	125,000	23,691	148,691
2020	280,000	16,380	296,380
Total	<u>\$ 835,000</u>	<u>\$ 198,068</u>	<u>\$ 1,033,068</u>

E. PARS Supplementary Retirement Plan

During the fiscal year 2010-11, the District offered a supplementary retirement incentive. Public Agency Retirement Services (PARS) is providing the Supplementary Retirement Plan under Section 403(b) of the Internal Revenue Code. The benefits provided under the plan shall be funded as follows:

<u>Year Ended June 30,</u>	<u>Payment</u>
2015	\$ 409,835
2016	409,835
Total	<u>\$ 819,670</u>

F. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2014 amounted to \$276,784. This amount is included as part of long-term liabilities in the government-wide financial statements.

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 8 – LONG-TERM DEBT (continued)

G. Other Postemployment Benefits (OPEB)

The District follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The District's annual required contribution for the year ended June 30, 2014, was \$1,360,000 with net interest and other adjustments of \$24,156 for a net annual OPEB cost of \$1,384,156. The District made contributions during the year of \$1,066,767, which resulted in an increase to net OPEB obligation of \$317,389. The ending OPEB balance at June 30, 2014 was \$3,075,291. See Note 10 for additional information regarding the OPEB obligation and postemployment benefit plan.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2014:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable			
Revolving cash	\$ 50,000	\$ -	\$ 50,000
Stores inventory	-	70,003	70,003
Total non-spendable	50,000	70,003	120,003
Restricted			
Educational programs	3,280,271	72,927	3,353,198
Capital projects	-	2,430,877	2,430,877
Debt service	-	1,693,049	1,693,049
All others	-	498,766	498,766
Total restricted	3,280,271	4,695,619	7,975,890
Assigned			
Summer contruction projects	958,278	-	958,278
Special reserve for other than capital outlay projects	5,800,000	-	5,800,000
Deferred maintenance	121,636	-	121,636
Other assignments	-	1,581,535	1,581,535
Adult education	30,169	-	30,169
Total assigned	6,910,083	1,581,535	8,491,618
Unassigned			
Reserve for economic uncertainties	2,909,577	-	2,909,577
Remaining unassigned	8,206,170	-	8,206,170
Total unassigned	11,115,747	-	11,115,747

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 9 – FUND BALANCES (continued)

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

NOTE 10 –POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description and Contribution Information

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

Membership of the plan consisted of the following:

Retirees and beneficiaries receiving benefits	290
Active plan members	1,009
Total*	<u>1,299</u>
Number of participating employers	1

*As of July 1, 2012 actuarial study

B. Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District and District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2014, the District contributed \$1,066,767 to the Plan, all of which was used for current premiums.

As of June 30, 2014, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors.

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

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

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$	1,360,000
Interest on net OPEB obligation		137,895
Adjustment to annual required contribution		(113,739)
Annual OPEB cost (expense)		<u>1,384,156</u>
Contributions made		<u>(1,066,767)</u>
Increase (decrease) in net OPEB obligation		317,389
Net OPEB obligation, beginning of the year		<u>2,757,902</u>
Net OPEB obligation, end of the year	\$	<u>3,075,291</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2014 and the preceding two years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2014	\$ 1,384,156	77%	\$ 3,075,291
2013	\$ 1,380,871	73%	\$ 2,757,902
2012	\$ 1,186,652	54%	\$ 2,382,790

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

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

D. Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	\$ -	\$ 15,276,000	\$ 15,276,000	0%	\$ 58,630,900	26%

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

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

E. Actuarial Methods and Assumptions

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

In the July 1, 2012, actuarial valuation, the “entry age normal” actuarial cost method was used. The actuarial assumptions included an inflation rate of 4.5 percent per year. For medical costs a 4 percent trend rate was used. Finally, payroll is assumed to increase 3.25 percent per year. A level percentage of payroll method was used to allocate amortization cost by year, with a 30 year open amortization period.

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS

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

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 8.0% of their salary for fiscal year 2014 and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2014 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2013-14	\$ 3,440,869	100%
2012-13	\$ 3,305,830	100%
2011-12	\$ 3,153,950	100%

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 \$1,989,474 to CalSTRS (5.204% of 2011-12 creditable compensation subject to CalSTRS).

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS (continued)

California Public Employees' Retirement System (CalPERS)

Plan Description

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

Funding Policy

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2014 was 11.442% of annual payroll. The District's contributions to CalPERS for the last three fiscal years were as follows

	Contribution	Percent of Required Contribution
2013-14	\$ 1,810,704	100%
2012-13	\$ 1,704,906	100%
2011-12	\$ 1,430,514	100%

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 12 – PARCEL TAXES

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

Revenue of \$11,958,150 and expenditures of \$11,578,651 for the Measure A parcel tax for the year ended June 30, 2014 are included in these audited financial statements.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2014.

C. Construction Commitments

As of June 30, 2014, the District had commitments with respect to unfinished capital projects of \$546,688.

NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of three joint powers authorities (JPAs). The first is the Alameda County Schools Insurance Group (ACSIG) to provide workers' compensation insurance coverage, the next is the East Bay School Insurance Group (EBSIG) to provide liability and property insurance, and the final is the East Bay Regional Occupational Program (EBROP) to provide ROP activities. The relationship is such that the JPAs are not component units of the District for financial reporting purposes.

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

REQUIRED SUPPLEMENTARY INFORMATION

**ALAMEDA UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 50,198,171	\$ 61,211,442	\$ 60,765,874	\$ (445,568)
Federal sources	4,449,550	4,834,696	4,680,762	(153,934)
Other state sources	13,436,655	6,087,561	6,065,071	(22,490)
Other local sources	18,047,761	18,697,553	19,601,493	903,940
Total Revenues	86,132,137	90,831,252	91,113,200	281,948
EXPENDITURES				
Certificated salaries	46,186,850	45,682,192	45,114,590	567,602
Classified salaries	14,056,830	14,054,036	14,208,069	(154,033)
Employee benefits	14,329,148	13,675,511	13,105,610	569,901
Books and supplies	2,091,929	5,914,160	4,403,880	1,510,280
Services and other operating expenditures	12,292,142	13,981,343	12,318,217	1,663,126
Capital outlay	3,149,852	3,887,533	3,116,401	771,132
Other outgo				
Excluding transfers of indirect costs	459,613	465,259	458,877	6,382
Transfers of indirect costs	(220,519)	(201,369)	(213,363)	11,994
Total Expenditures	92,345,845	97,458,665	92,512,281	4,946,384
Excess (Deficiency) of Revenues				
Over Expenditures	(6,213,708)	(6,627,413)	(1,399,081)	5,228,332
Other Financing Sources (Uses)				
Transfers in	-	-	30,000	30,000
Transfers out	(503,323)	(835,820)	(479,408)	356,412
Net Financing Sources (Uses)	(503,323)	(835,820)	(449,408)	386,412
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	(6,717,031)	(7,463,233)	(1,848,489)	5,614,744
Fund Balance - Ending	14,342,122	14,342,122	14,342,122	-
	\$ 7,625,091	\$ 6,878,889	\$ 12,493,633	\$ 5,614,744

* 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 of \$1,989,474 are not included in the actual revenues and expenditures reported in this schedule.
- 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, the Deferred Maintenance Fund, and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to required supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	\$ -	\$ 15,276,000	\$ 15,276,000	0%	\$ 58,630,900	26%
July 1, 2010	\$ -	\$ 17,200,000	\$ 17,200,000	0%	\$ 53,210,015	32%
July 1, 2008	\$ -	\$ 12,133,000	\$ 12,133,000	0%	\$ 48,423,588	25%

See accompanying note to required supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Funding Progress

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2014, the District incurred the following excesses of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	\$ 14,054,036	\$ 14,208,069	\$ 154,033
Other outgo			
Transfers of indirect costs	\$ (201,369)	\$ (213,363)	\$ (11,994)

SUPPLEMENTARY INFORMATION

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected [1]	84.010	14329	\$ 1,517,204
Adult Education Cluster			
Adult Education: Adult Basic Education and ESL	84.002A	14508	138,626
Adult Education: Adult Secondary Education	84.002A	13978	53,602
Adult Education: English Literacy and Civics Education	84.002A	14109	70,274
Subtotal Adult Education Cluster			262,502
Title II, Part A, Teacher Quality	84.367	14341	294,500
Title III Cluster			
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	252,901
Title III, Immigrant Education Program	84.365	15146	36,912
Subtotal Title III Cluster			289,813
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14681	367,917
Title VIII, Impact Aid	84.041	10015	321
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,531,554
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	192,988
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	52,283
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	88,000
Subtotal Special Education Cluster			1,864,825
IDEA Early Intervention Grants	84.181	23761	100,517
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	50,205
Title X, McKinney-Vento Homeless Assistance	84.196	14332	66,877
Advanced Placement and International Baccalaureate Test Fee Reimbursement	84.330B	14831	24,885
Total U. S. Department of Education			4,839,566
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
Basic School Breakfast Program	10.553	13390	24,426
Severe Need School Breakfast Program	10.553	13526	122,262
National School Lunch Program	10.555	13391	965,828
USDA Commodities	10.555	*	106,766
Subtotal Child Nutrition Cluster			1,219,282
CCFP Family Day Care Sponsor Admin	10.558	13665	455,269
Total U. S. Department of Agriculture			1,674,551
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Education:</i>			
Federal General Child Care & Development (CCTR) and CA State Preschool Program (CSPP) [1]	93.575	15136	429,319
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Billing Option	93.778	10013	81,363
Total U. S. Department of Health & Human Services			510,682
U. S. DEPARTMENT OF DEFENSE:			
Flood Control Projects	12.106	*	1,314
Total U. S. Department of Defense			1,314
Total Federal Expenditures			\$ 7,026,113

[1] - Major Program

* - PCS Number not available or not applicable

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2014

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	2,992.83	2,992.60
Extended Year Special Education	4.20	4.20
Special Education - Nonpublic Schools	1.93	1.99
Extended Year Special Education - Nonpublic Schools	0.41	0.41
Total TK/K through Third	<u>2,999.37</u>	<u>2,999.20</u>
Fourth through Sixth		
Regular ADA	2,053.57	2,049.31
Extended Year Special Education	3.08	3.08
Special Education - Nonpublic Schools	3.18	3.73
Extended Year Special Education - Nonpublic Schools	0.54	0.54
Total Fourth through Sixth	<u>2,060.37</u>	<u>2,056.66</u>
Seventh through Eighth		
Regular ADA	1,052.95	1,051.46
Extended Year Special Education	1.11	1.11
Special Education - Nonpublic Schools	5.88	6.42
Extended Year Special Education - Nonpublic Schools	0.53	0.53
Total Seventh through Eighth	<u>1,060.47</u>	<u>1,059.52</u>
Ninth through Twelfth		
Regular ADA	2,958.59	2,936.65
Extended Year Special Education	2.56	2.56
Special Education - Nonpublic Schools	10.41	10.04
Extended Year Special Education - Nonpublic Schools	1.90	1.90
Total Ninth through Twelfth	<u>2,973.46</u>	<u>2,951.15</u>
TOTAL SCHOOL DISTRICT	<u>9,093.67</u>	<u>9,066.53</u>

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2014**

Grade Level	Minutes Requirement	Minutes Requirement Reduced	2013-14 Actual Minutes	Number of Days	Status
Kindergarten	36,000	35,000	41,970	180	Complied
Grade 1	50,400	49,000	52,565	180	Complied
Grade 2	50,400	49,000	52,565	180	Complied
Grade 3	50,400	49,000	52,565	180	Complied
Grade 4	54,000	52,500	53,780	180	Complied
Grade 5	54,000	52,500	53,780	180	Complied
Grade 6	54,000	52,500	60,579	180	Complied
Grade 7	54,000	52,500	60,579	180	Complied
Grade 8	54,000	52,500	60,579	180	Complied
Grade 9	64,800	63,000	64,800	180	Complied
Grade 10	64,800	63,000	64,800	180	Complied
Grade 11	64,800	63,000	64,800	180	Complied
Grade 12	64,800	63,000	64,800	180	Complied

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

	2015 (Budget)	2014	2013	2012
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 90,981,856	\$ 91,143,200	\$ 85,810,789	\$ 88,034,645
Expenditures And Other Financing Uses	94,760,040	92,991,689	87,668,754	86,738,008
Net change in Fund Balance	\$ (3,778,184)	\$ (1,848,489)	\$ (1,857,965)	\$ 1,296,637
Ending Fund Balance	\$ 8,715,449	\$ 12,493,633	\$ 14,342,122	\$ 16,200,087
Available Reserves*	\$ 6,110,164	\$ 8,206,170	\$ 8,889,376	\$ 9,531,031
Available Reserves As A Percentage Of Outgo	6.45%	8.82%	10.14%	10.99%
Long-term Debt	\$ 96,407,515	\$ 101,579,984	\$ 102,074,857	\$ 102,338,026
Average Daily Attendance At P-2	9,094	9,094	8,924	8,889

The General Fund balance has decreased by \$3,706,454 over the past two years. The fiscal year 2014-15 budget projects a decrease of \$3,778,184. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2014-15 fiscal year. Total long term obligations have decreased by \$758,042 over the past two years.

Average daily attendance has increased by 205 ADA over the past two years. ADA is anticipated to remain steady during the 2014-15 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund and Special Reserve Fund for Other Than Capital Outlay Projects.

**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, the Deferred Maintenance Fund, and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

On behalf payments of \$1,989,474 are not included in this schedule.

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2014, annual financial and budget report fund balance	\$ 12,493,633	\$ 31,255	\$ 121,636	\$ 8,709,577
Adjustments and reclassifications:				
Increase (decrease) in total fund balances:				
Fund balance transfer (GASB 54)	8,862,468	(31,255)	(121,636)	(8,709,577)
Net adjustments and reclassifications	8,862,468	(31,255)	(121,636)	(8,709,577)
June 30, 2014, audited financial statement fund balance	\$ 21,356,101	\$ -	\$ -	\$ -

See accompanying note to supplementary information.

**ALAMEDA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2014**

Charter School	Status	Included in Audit Report
Alameda Community Learning Center	Active	No
Alternatives in Action	Active	No
Nea Community Learning Center	Active	No
The Academy of Alameda	Active	No

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2014

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 76	\$ 86,195	\$ 2,423,002	\$ 1,586,380	\$ 1,688,896	\$ 5,784,549
Accounts receivable	171,823	501,291	90,352	25,839	4,153	793,458
Stores inventory	-	70,003	-	-	-	70,003
Total Assets	\$ 171,899	\$ 657,489	\$ 2,513,354	\$ 1,612,219	\$ 1,693,049	\$ 6,648,010
LIABILITIES						
Accrued liabilities	\$ 59,111	\$ 88,720	\$ 82,477	\$ 30,684	\$ -	\$ 260,992
Due to other funds	1,000	-	-	-	-	1,000
Unearned revenue	38,861	-	-	-	-	38,861
Total Liabilities	98,972	88,720	82,477	30,684	-	300,853
FUND BALANCES						
Non-spendable	-	70,003	-	-	-	70,003
Restricted	72,927	498,766	2,430,877	-	1,693,049	4,695,619
Assigned	-	-	-	1,581,535	-	1,581,535
Total Fund Balances	72,927	568,769	2,430,877	1,581,535	1,693,049	6,347,157
Total Liabilities and Fund Balance	\$ 171,899	\$ 657,489	\$ 2,513,354	\$ 1,612,219	\$ 1,693,049	\$ 6,648,010

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
REVENUES						
Federal sources	\$ 429,319	\$ 1,674,552	\$ -	\$ -	\$ -	\$ 2,103,871
Other state sources	758,894	89,013	-	-	48,948	896,855
Other local sources	262,980	593,970	691,855	512,130	5,584,649	7,645,584
Total Revenues	1,451,193	2,357,535	691,855	512,130	5,633,597	10,646,310
EXPENDITURES						
Current						
Instruction	1,056,185	-	-	-	-	1,056,185
Instruction-related services						
Instructional supervision and administration	161,906	-	-	-	-	161,906
School site administration	85,251	-	-	-	-	85,251
Pupil services						
Food services	-	2,223,662	-	-	-	2,223,662
General administration						
All other general administration	101,123	112,240	-	-	-	213,363
Plant services	40,670	-	28,717	1,036,237	-	1,105,624
Facilities acquisition and maintenance	-	-	302,429	1,212,643	-	1,515,072
Debt service						
Principal	-	-	95,000	-	4,625,000	4,720,000
Interest and other	-	-	55,098	-	587,068	642,166
Total Expenditures	1,445,135	2,335,902	481,244	2,248,880	5,212,068	11,723,229
NET CHANGE IN FUND BALANCE	6,058	21,633	210,611	(1,736,750)	421,529	(1,076,919)
Fund Balance - Beginning	66,869	547,136	2,220,266	3,318,285	1,271,520	7,424,076
Fund Balance - Ending	\$ 72,927	\$ 568,769	\$ 2,430,877	\$ 1,581,535	\$ 1,693,049	\$ 6,347,157

See accompanying note to supplementary information.

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2014 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2014.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 7,047,135
Medi-Cal Billing	93.778	(21,022)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		\$ 7,026,113

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections 46200 through 46208*. During the year ended June 30, 2014, the District participated in the Longer Day incentive funding program. As of June 30, 2014, the District had not yet met its target funding. Through 2014-15, the instructional day and minute requirements have been reduced pursuant to *Education Code Section 46201.2*.

ALAMEDA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION, continued
JUNE 30, 2014

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

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

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration. (Located in the front of the audit report)

**OTHER INDEPENDENT
AUDITORS' REPORTS**

**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**

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

*Licensed by the California
State Board of Accountancy*

Independent Auditors' Report

Governing Board
Alameda Unified School District
Alameda, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Alameda Unified School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Alameda Unified School District's basic financial statements, and have issued our report thereon dated December 12, 2014.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2014-1)

Compliance and Other Matters

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

Alameda Unified School District's Response to Findings

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California
December 12, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

*Licensed by the California
State Board of Accountancy*

Independent Auditors' Report

Governing Board
Alameda Unified School District
Alameda, California

Report on Compliance for Each Major Federal Program

We have audited Alameda Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Alameda Unified School District's major federal programs for the year ended June 30, 2014. Alameda Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alameda Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alameda Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Alameda Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Alameda Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alameda Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alameda Unified School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 12, 2014

REPORT ON STATE COMPLIANCE

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

Corporate Office:

2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

*Licensed by the California
State Board of Accountancy*

Independent Auditors' Report

Governing Board
Alameda Unified School District
Alameda, California

Report on State Compliance

We have audited Alameda Unified School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2013-14*, issued by the California Education Audit Appeals Panel that could have a direct and material effect on each of Alameda Unified School District's state programs for the fiscal year ended June 30, 2014, as identified below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alameda Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2013-14* 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 Alameda Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on State Compliance

In our opinion, Alameda Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items #2014-2 and #2014-3. Our opinion on state compliance is not modified with respect to these matters.

Alameda 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. Alameda 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 Alameda Unified School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES IN AUDIT GUIDE	PROCEDURES PERFORMED
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No
Continuation Education	10	Yes
Instructional Time for school districts	10	Yes
Instructional Materials, general requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Yes

PROGRAM NAME	PROCEDURES IN AUDIT GUIDE	PROCEDURES PERFORMED
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Contemporaneous Records of Attendance; for charter schools	8	Not Applicable
Mode of Instruction; for charter schools	1	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	4	Not Applicable
Charter School Facility Grant Program	1	Not Applicable

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

Christy White Associates

San Diego, California
December 12, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**ALAMEDA UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	No
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>	
84.010	Title I, Part A	
93.575	Federal General Child Care & Development (CCTR) and CA State Preschool Program (CSPP)	
Dollar threshold used to distinguish between Type A and Type B programs:	\$	300,000
Auditee qualified as low-risk auditee?		Yes

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	No*
Type of auditors' report issued on compliance for state programs:	Unmodified

*There were no significant deficiencies identified, however the results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items #2014-2 and #2014-3

ALAMEDA UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

FINDING #2014-1: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

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

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

Wood Middle School

- 5 out of 5 of the disbursements tested had purchase requisitions that were lacking an administrator's signature approval. The requisition forms did not have a signature line for the administrator. Administrators sign the check when a purchase is made but the administrator does not sign off on the requisition form giving prior approval. However, all expenditures appear to be allowable uses of ASB funds.
- 2 out of 5 of the cash receipts tested lacked adequate supporting documentation to reconcile the amount of collections or sales to the amount deposited.

Encinal High School

- An annual budget is not prepared and adopted by the Student Council.
- The ASB clerk could not provide confirmation that W-9s are prepared and collected for independent contractors.
- 1 out of 10 of the disbursements tested had a purchase requisitions that was lacking the ASB Advisor's signature approval.
- 4 out of 10 of the cash receipts tested lacked adequate supporting documentation to reconcile the amount of collections or sales to the amount deposited.

Alameda High School

- 2 out of 10 of the cash receipts tested lacked adequate supporting documentation to reconcile the amount of collections or sales to the amount deposited.

Cause: Insufficient controls over student body activities.

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

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

ALAMEDA UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS *continued*
FOR THE YEAR ENDED JUNE 30, 2014

FINDING #2014-1: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000), (continued)

Recommendation: We recommend that the District implement procedures to ensure that adequate supporting documentation is maintained for ASB cash collections. The District should utilize ticket logs, tally sheets and/or sales detail forms that indicate number of items sold and the prices to support student funds cash collection activities. We recommend that all organized ASB's have approved budgets and all purchase requisitions have an administrator's prior approval. We also recommend that the District verify W9 forms are being completed for independent contractors. The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

District Response: District management has implemented policies and key internal controls as recommended in the latest FCMAT Associated Student Body Manual and has provided a copy to each ASB site personnel. In addition, on October 2014, the District hired FCMAT to conduct an ASB training which was attended by site personnel, students, and principals who are involved in ASB activities. Fiscal management will continue to conduct internal site audits to reinforce the importance of following recommended procedures to mitigate the risk of errors and fraud. We are confident that our District has sound internal controls in place to account for and properly safeguard ASB funds.

ALAMEDA UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

No federal awards findings were noted for fiscal year 2013 - 2014.

ALAMEDA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

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

FINDING #2014-2: AFTER SCHOOL EDUCATION AND SAFETY (40000)

Condition: The Alameda Unified School District ASES program at Maya Lin Elementary has 1 student days over-reported in the first half of 2013-14.

Context: At Maya Lin Elementary, the auditor noted that 1 day of attendance out of 42 days tested were overstated, as the student left the program prior to 6pm and did not have signed early release waiver.

Criteria: Per Education Code 8483(a) (1), it is the intent of the Legislature that pupils in elementary school participate in the full day of the program every day during which pupils participate to accomplish program goals. The program shall commence immediately upon the conclusion of the regular school day, operate a minimum of 15 hours per week, and at least until 6 p.m. on every regular school day. Every program shall establish a policy regarding reasonable early release of pupils from the program. Reported numbers of students served by school sites in the After School Education and Safety (ASES) program should properly reconcile to the supporting documentation per Education Code Sections 8482.3 and 8484.

Questioned Cost: The ASES program funding is not affected as long as the pupil participation level is maintained at 85% or greater.

Effect: Inaccurate attendance reporting to the State

Cause: It appears that coordinators aren't closely reviewing weekly attendance reports to ensure they match the actual attendance as noted on the sign in/out sheets and comply with the allowable early release times per Early Release Waivers

Recommendation: We recommend that the District ensure all ASES coordinators reconcile weekly attendance reports from the attendance system to the sign out sheets before they certify attendance. We also recommend that signed early release policies be in place for students who leave the program prior to 6pm.

District Response: The District amended the early release policy to include kindergarten students. The district will correct this issue going forward.

ALAMEDA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2014

FINDING #2014-3: SCHOOL ACCOUNTABILITY REPORT CARD - (72000)

Condition: The 2013-14 School Accountability Report Cards prepared for Paden Elementary were inaccurate with regard to facilities condition indications.

Context: In testing the School Accountability Report Cards (SARC), as posted online through the District website, we found that the information contained on the SARC for Paden Elementary School did not match the information that was recorded on the Facilities Inspection Tool (FIT). The interior category was rated as "Good" on the SARC but was rated as "Fair" on the FIT form.

Criteria: School facilities conditions assessments as indicated in a school's annual School Accountability Report Card (SARC) should match the information indicated in facility inspection tool (FIT) evaluation instrument developed by the Office of Public School Construction and approved by the State Allocation Board, or local evaluation instruments that meet the same criteria, as per Education Code Sections 33126(b)(8) and 17002.

Questioned Cost: None

Effect: The 2013-14 SARC for Paden Elementary were inaccurate as to facilities condition of the interior.

Cause: Clerical oversight

Recommendation: The District needs to ensure that all FITs are properly completed in a timely manner and that the SARCs accurately reflect the facilities conditions as noted on the FIT forms.

District Response: The District corrected the SARC for Paden Elementary immediately upon notification of the discrepancy noted above. The District will insure that future SARCs accurately reflect the information indicated on facility inspection tool (FIT) evaluation forms.

ALAMEDA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

FINDING #2013-1: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

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

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

Lincoln Middle School

- 2 out of 10 cash receipts tested were not deposited timely.
- 1 out of 10 cash disbursements tested was approved after purchase was made.

Alameda High School

- 10 out of 15 cash receipts tested were not supported by appropriate documentation, such as tally sheets, collection reports, or ticket sales summaries.

Cause: Insufficient controls over student body activities.

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

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

Recommendation: We recommend that the District implement procedures to ensure that adequate supporting documentation is maintained for ASB cash collections and those collections are deposited within 2 weeks of the event. The District should utilize ticket logs, tally sheets and/or sales detail forms that indicate number of items sold and the prices to support student funds cash collection activities. We also recommend that the District verify when bank accounts have been closed and that the remaining funds are deposited appropriately. The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

District Response: The District will continue to provide support to site personnel to review and enforce student body accounting policies and procedures.

Current Status: Partially implemented, See Finding #2014-1

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Alameda Unified School District (the “District”) in connection with the issuance of \$_____ of the District’s Election of 2014 General Obligation Bonds, Series A (the “Series A Bonds”) and \$_____ of the District’s 2015 General Obligation Refunding Bonds (the “Refunding Bonds”, and together with the Series A Bonds, the “Bonds”). The Bonds are being issued pursuant to a Resolutions of the District adopted on April 14, 2015 (collectively, the “Resolution”). The District covenants and agrees as follows:

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

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean initially Backstrom McCarley Berry & Co., LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Holders” shall mean registered owners of the Bonds.

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

“Official Statement” means the official statement dated as of _____, 2015 and relating the primary offering and sale of the Bonds.

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

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2014-15 Fiscal Year, which shall be due no later than April 1, 2016, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports.

(a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District’s audited financial statements):

- (a) State funding received by the District for the last completed fiscal year;
- (b) average daily attendance of the District for the last completed fiscal year;
- (c) outstanding District indebtedness;

- (d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
- (e) assessed valuation of taxable property within the District for the current fiscal year; and
- (f) secured tax charges and delinquencies for property within the District for the then-current year, except to the extent the Alameda County adopts the Teeter Plan in connection with ad valorem tax levies for bonded debt of the District; and

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

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

- 1. principal and interest payment delinquencies.
- 2. tender offers.
- 3. defeasances.
- 4. rating changes.
- 5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, adverse tax opinions or Notices of Proposed Issue (IRS Form 5701-TEB).
- 6. unscheduled draws on the debt service reserves reflecting financial difficulties.
- 7. unscheduled draws on credit enhancement reflecting financial difficulties.
- 8. substitution of the credit or liquidity providers or their failure to perform.
- 9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the

entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled bond calls.
4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District.

Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

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

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be

necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriters, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

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

Dated: _____, 2015

ALAMEDA UNIFIED SCHOOL DISTRICT

By _____
Chief Business Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: ALAMEDA UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2014 General Obligation Bonds, Series A & 2015 General Obligation
Refunding Bonds

Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

ALAMEDA UNIFIED SCHOOL DISTRICT

By _____ [form only; no signature required]

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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," and together with the Direct Participants, the "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.

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 certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX E

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF ALAMEDA AND ALAMEDA COUNTY

The following information regarding the City of Alameda (the “City”) and Alameda County (the “County”) is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District or Bond Counsel.

General

The City of Alameda. The City is located in Alameda County on Alameda Island. The City lies adjacent to Oakland and the San Francisco Bay. Transportation into the City is accessed via three bridges from Oakland. The City has a total area of 23.0 square miles, 12.3 of which are water. The City is a charter city, governed by council-manager government. The City was founded in 1853.

Alameda County. The County is located in the State of California (the “State”) in the San Francisco Bay Area. The County is bordered by Santa Clara County to the south, San Joaquin County to the east and Contra Costa County to the north. The San Francisco Bay lies to the west of the County. The County is the seventh most populous county in the State of California, with most of its population highly urbanized. The County is governed by five elected Board of Supervisors and several other elected officers. The County seat is Oakland.

[REMAINDER OF PAGE LEFT BLANK]

Population

The following table below shows historical population figures for the City, the County and the State from 2001 through 2015.

POPULATION ESTIMATES
City of Alameda, Alameda County and State of California
2001 through 2015

	<u>City of Alameda</u>		<u>Alameda County</u>		<u>State of California</u>	
<u>Year⁽¹⁾</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2001	72,529	--	1,457,185	--	34,256,789	--
2002	72,749	0.3%	1,467,063	0.7%	34,725,516	1.4%
2003	72,612	(0.2)	1,467,892	0.1	35,163,609	1.3
2004	71,980	(0.9)	1,466,407	(0.1)	35,570,847	1.2
2005	71,727	(0.4)	1,462,736	(0.3)	35,869,173	0.8
2006	71,558	(0.2)	1,462,371	0.0	36,116,202	0.7
2007	72,031	0.7	1,470,622	0.6	36,399,676	0.8
2008	72,598	0.8	1,484,085	0.9	36,704,375	0.8
2009	73,166	0.8	1,497,799	0.9	36,966,713	0.7
2010 ⁽²⁾	73,812	0.9	1,510,271	0.8	37,253,956	0.8
2011	74,044	0.3	1,517,756	0.5	37,427,946	0.5
2012	74,619	0.8	1,532,253	1.0	37,680,593	0.7
2013	75,395	1.0	1,550,119	1.2	38,030,609	0.9
2014	75,961	0.8	1,574,497	1.6	38,357,121	0.9
2015	76,638	0.9	1,594,569	1.3	38,714,725	0.9

⁽¹⁾ January 1 data.

⁽²⁾ April 1 data.

Source: California Department of Finance.

Income

The following table shows per capita personal income for the County, the State and the United States from 2004 through 2013.

PER CAPITA PERSONAL INCOME⁽¹⁾
Alameda County, State of California and the United States
2004 through 2013

<u>Year</u>	<u>Alameda County</u>	<u>State of California</u>	<u>United States</u>
2004	\$42,619	\$37,156	\$34,300
2005	44,547	38,964	35,888
2006	47,803	41,623	38,127
2007	49,375	43,152	39,804
2008	49,791	43,608	40,873
2009	46,824	41,587	39,379
2010	47,854	42,282	40,144
2011	51,049	44,749	42,332
2012	54,379	47,505	44,200
2013	55,338	48,434	44,765

⁽¹⁾ Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

[REMAINDER OF PAGE LEFT BLANK]

Employment

The following table summarizes the labor force, employment and unemployment figures for the City, the County and the State from 2010 through 2014.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE City of Alameda, Alameda County and State of California 2010 through 2014⁽¹⁾

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment</u> ⁽²⁾	<u>Unemployment</u> ⁽³⁾	<u>Unemployment Rate (%)</u>
<u>2010</u>				
City of Alameda	39,700	36,600	3,100	7.8%
Alameda County	762,600	676,600	86,000	11.3
State of California	18,336,300	16,068,400	2,267,900	12.4
<u>2011</u>				
City of Alameda	40,000	37,100	2,800	7.1%
Alameda County	765,700	686,700	79,000	10.3
State of California	18,417,900	16,249,600	2,168,300	11.8
<u>2012</u>				
City of Alameda	40,700	38,200	2,500	6.2%
Alameda County	778,300	708,600	69,700	9.0
State of California	18,519,000	16,589,700	1,929,300	10.4
<u>2013</u>				
City of Alameda	41,300	39,200	2,100	5.0%
Alameda County	783,100	725,000	58,000	7.4
State of California	18,596,800	16,933,300	1,663,500	8.9
<u>2014</u>				
City of Alameda	41,000	38,900	2,100	5.1%
Alameda County	812,000	764,300	47,700	5.9
State of California	18,811,500	17,397,140	1,430,973	8.9

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2014 Benchmark.

Industry

The following table summarizes the average annual industry employment in the County from 2009 through 2013.

LABOR FORCE AND INDUSTRY EMPLOYMENT ANNUAL AVERAGES

Alameda County
2009 through 2013

<u>Type of Employment</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Farm	700	700	700	700	500
Mining, Logging and Construction	33,600	30,400	31,000	33,400	35,700
Manufacturing	61,800	59,100	60,900	60,900	62,800
Transportation, Warehousing and Utilities	24,900	23,500	24,100	24,800	25,100
Wholesale Trade	35,900	34,200	34,200	35,400	36,400
Retail Trade	60,900	59,900	60,500	62,600	65,800
Information	14,900	14,000	13,600	13,600	13,000
Financial Activities	22,400	22,900	23,000	23,500	24,200
Professional and Business Services	105,200	108,300	111,400	118,100	121,000
Educational and Health Services	99,700	100,400	99,700	104,400	112,200
Leisure and Hospitality	53,900	54,500	56,000	58,700	62,300
Other Services	22,900	23,200	23,300	23,900	24,900
Government	<u>121,300</u>	<u>116,100</u>	<u>116,100</u>	<u>114,900</u>	<u>115,300</u>
Total All Industries	658,400	647,200	654,300	674,800	699,200

Note: Items may not add to total due to independent rounding.

Source: California Employment Development Department, Labor Market Information Division. March 2014 Benchmark.

[REMAINDER OF PAGE LEFT BLANK]

Principal Employers

The following tables list the principal employers located in the City and the County.

PRINCIPAL EMPLOYERS

City of Alameda

As of June 30, 2014

<u>Employer Name</u>	<u>Employees</u>	<u>% of Total City Employment</u>
Telecare Corp.	2,100	2.75%
Wind River Systems Inc.	1,800	2.36
Alameda Unified School District	863	1.13
VF Outdoor	600	0.79
City of Alameda	500	0.65
Alameda Hospital	492	0.64
Celera Corp.	490	0.64
A.G. Ferrari Foods	275	0.36
ATPA	250	0.33
Bay Ship & Yacht Co.	250	0.33

Source: "Comprehensive Annual Financial Report" of the City of Alameda, California for the fiscal year July 1, 2013 through June 30, 2014.

PRINCIPAL EMPLOYERS

Alameda County

As of June 30, 2014

<u>Employer Name</u>	<u>Employees</u>	<u>% of Total County Employment</u>
University of California Berkeley	19,779	2.53%
County of Alameda	9,042	1.16
Kaiser Permanente Medical Group Inc.	8,618	1.10
Lawrence Livermore National Laboratory	8,007	1.02
Safeway Inc.	7,570	0.97
Alta Bates Summit Medical Center	7,443	0.95
Oakland Unified School District	5,660	0.72
City of Oakland	4,604	0.60
Tesla Motors	4,500	0.58
Waste Management	3,753	0.48

Source: "Comprehensive Annual Financial Report" of Alameda County, California for the fiscal year July 1, 2013 through June 30, 2014.

Commercial Activity

Summaries of annual taxable sales for the City and the County from 2009 through 2013 are shown in the following tables.

ANNUAL TAXABLE SALES City of Alameda 2009 through 2013 (Dollars in Thousands)

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2009	1,350	\$359,079	1,943	\$545,627
2010	1,399	374,483	1,994	543,168
2011	1,365	406,824	1,936	583,410
2012	1,578	436,087	2,156	641,885
2013	2,040	467,115	2,641	682,635

Note: In 2009, retail permits expanded to include permits for food services.

Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES Alameda County 2009 through 2013 (Dollars in Thousands)

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2009	24,596	\$12,641,415	38,663	\$20,430,195
2010	26,241	13,374,283	40,348	21,541,741
2011	24,809	14,519,756	38,577	23,430,799
2012	26,027	15,781,349	39,706	25,181,571
2013	27,017	16,893,102	40,662	26,624,571

Note: In 2009, retail permits expanded to include permits for food services.

Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2010 through 2014 for the City and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS

City of Alameda 2010 through 2014 (Dollars in Thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Valuation (\$000's)					
Residential	\$17,451	\$8,199	\$12,020	\$21,351	\$40,441
Non-Residential	<u>1,794</u>	<u>55,651</u>	<u>11,237</u>	<u>19,500</u>	<u>42,178</u>
Total	\$19,245	\$63,850	\$23,257	\$40,851	\$82,619
Units					
Single Family	16	24	4	1	18
Multiple Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>79</u>
Total	16	24	4	1	97

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

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS

Alameda County 2010 through 2014 (Dollars in Thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Valuation (\$000's)					
Residential	\$677,410	\$518,997	\$951,874	\$979,470	\$1,118,323
Non-Residential	<u>564,655</u>	<u>982,592</u>	<u>463,432</u>	<u>671,307</u>	<u>1,026,771</u>
Total	\$1,242,065	\$1,501,589	\$1,415,306	\$1,650,777	\$2,145,094
Units					
Single Family	907	817	1,119	1,339	1,076
Multiple Family	<u>936</u>	<u>1,352</u>	<u>1,508</u>	<u>2,023</u>	<u>2,048</u>
Total	1,843	2,169	2,627	3,362	3,124

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

Source: Construction Industry Research Board.

APPENDIX F

ALAMEDA COUNTY INVESTMENT POOL

The following information concerning the Alameda County (the “County”) Investment Pool (the “Investment Pool”) has been provided by the Controller-Treasurer of the County (the “Treasurer”), and has not been confirmed or verified by the District, the Financial Advisor or the Underwriters. The District, the Financial Advisor and the Underwriters have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, neither the District, the Financial Advisor nor the Underwriters make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer at <http://www.acgov.org/treasurer/>; however, the information presented on such website is not incorporated herein by any reference.

[REMAINDER OF PAGE LEFT BLANK]

(THIS PAGE INTENTIONALLY LEFT BLANK)



Agenda _____ May 14, 2015

T R E A S U R E R - T A X C O L L E C T O R

DONALD R. WHITE
TREASURER - TAX COLLECTOR

April 27, 2015

Board of Supervisors
County of Alameda
1221 Oak Street, 5th Floor
Oakland, CA 94612

Dear Board Members:

RE: Investment Report – March 2015

In accordance with the Treasurer's investment policy, submitted herewith is a report of the cash pool investments for the month of March 2015. Enclosed with this report is a detailed composition of all outstanding investments by securities category as of March 31, 2015 ⁽¹⁾. This report reflects the market value and cost of purchase. All investments in the Treasurer's investment portfolio conform to the statutory requirements of Government Code Section 53601 et. seq., authorities delegated by the County Board of Supervisors and the Treasurer's investment policy.

As Of March 31, 2015

Treasurer's Cash and Pool Investments – Book Value ⁽²⁾	\$ 3,571,401,282
Average Daily Balance during the month	3,534,528,392
Total interest received during the month	1,816,585
Average Maturity of the portfolio	489 days
Annualized cash basis rate of return for the month	0.605%

Total Securities Purchased During the Month

• In 12-month maturity	\$ 119,600,000
• In over 12-month maturity	60,339,252
Total purchased	179,939,252

Total Activity during the Month

Securities matured	216,730,219
Securities called by issuers	34,272,071
Securities sold	-0-
Net collateralized money market bank accounts purchased	182,000,000
Net money market mutual funds redeemed	80,000,000

Liquidity Summary of the Portfolio as Of March 31, 2015 ⁽³⁾

Maturity	Amount	Percentage Held
1 to 90 days*	1,107,577,034	31.01%
91 to 180 days	210,279,263	5.89%
181 to 365 days	331,187,478	9.27%
2 years	832,162,493	23.30%
3 years	818,465,258	22.92%
4 years	243,759,756	6.83%
5 years	27,970,000	0.78%
Total	3,571,401,282	100.00%

*Of the total cash and investment holdings listed above \$1,107,577,034 or 31.01% consisted of cash and investments maturing within 90 days of this report.

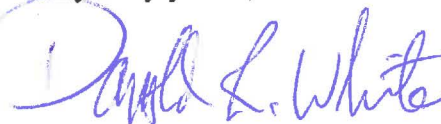
Significant Market Activity in March 2015

The US economy added over 295K new jobs with the unemployment rate remained steady at 5.50% in March. Oil prices closed at \$48.55 per barrel at the end of March as inventories increased. Fed Chairperson Janet Yellen reiterated her call for interest rates to rise this year. The US Treasury bonds traded mostly flat with the 10-year closing at 1.94% in March.

Conclusion

Based on investment activity during the month of March 2015, the Treasurer expects to meet all operating cash needs for the pool participants within the next six months from the portfolio's most liquid assets and current revenues. For your review, a copy of the Investment Status Report for the month of March 2015 is on file with the Office of the Clerk of the Board of Supervisors.

Very truly yours,



Donald R. White
Treasurer-Tax Collector

Attachment 1
Attachment 2
Attachment 3

cc: Steve Manning, Auditor-Controller
Susan Muranishi, County Administrator
School District Participants
Special District Participants
Treasury Oversight Committee

ALAMEDA COUNTY

Attachment I

COMPOSITION OF TREASURER'S CASH AND INVESTMENT POOL March 31, 2015

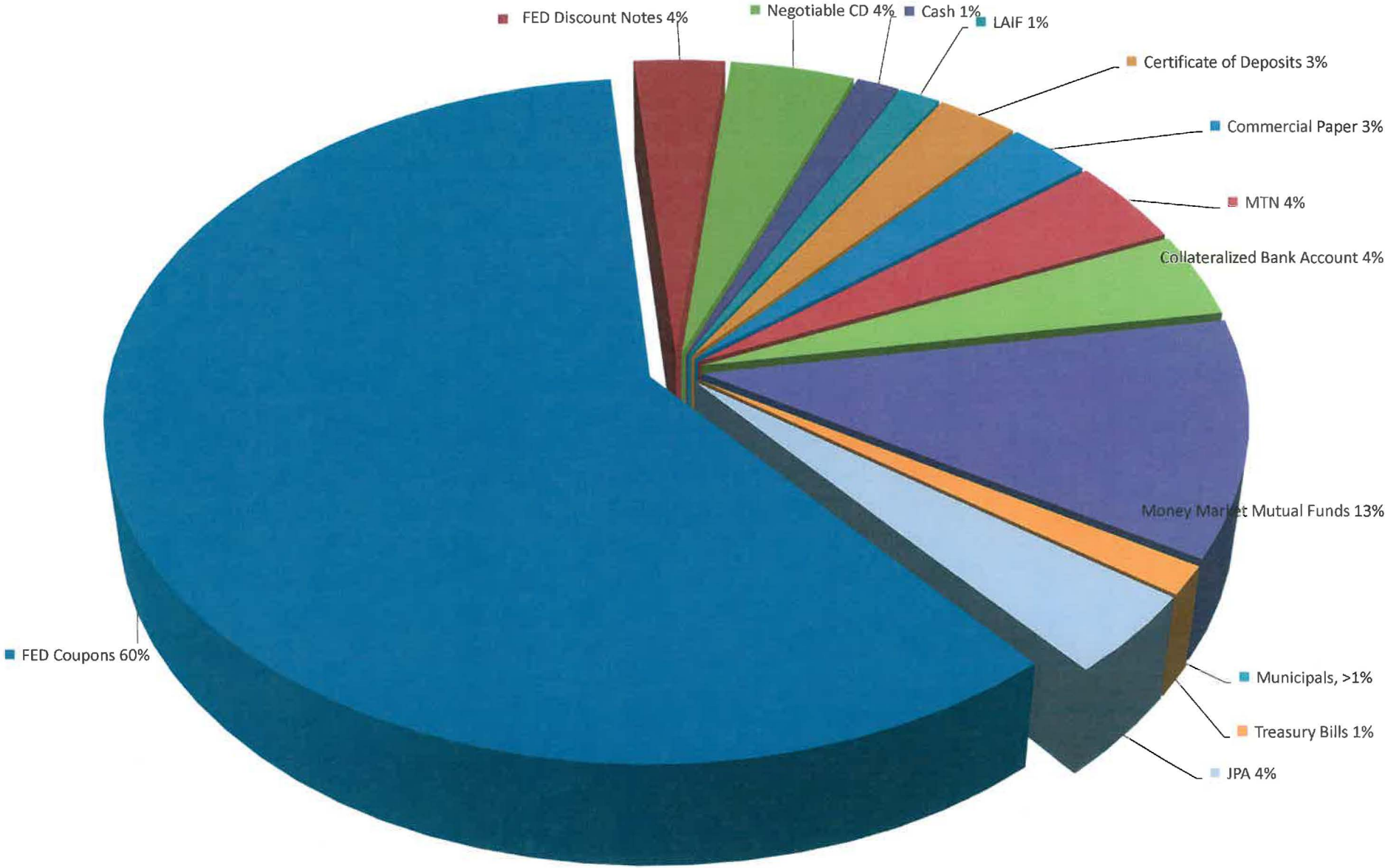
The following summarizes the profile of the investment portfolio by category as of March 31, 2015

Securities	Book Value	Market Value **	Percentage Held	Percentage Allowed by Section 53601 - Investment Policy
Certificate of Deposit	\$ 98,000,000.00	\$ 98,112,172.91	2.74%	no limit
Commercial Paper	99,911,291.66	100,057,083.34	2.80%	25%
Federal Agency Notes & Bonds	2,129,991,812.44	2,134,615,657.80	59.66%	no limit
Federal Agency Discount Notes	109,786,360.40	109,851,447.31	3.07%	no limit
LAIF	50,000,000.00	50,032,070.07	1.40%	N.A.
Medium Term Notes	143,770,138.20	144,805,702.41	4.05%	30%
Negotiable CD	150,000,000.00	150,146,875.00	4.20%	30%
Money Market Funds	400,000,000.00	400,021,606.07	11.18%	20%
Treasury Securities - Discount	49,893,833.33	49,973,375.00	1.40%	no limit
Joint Powers Authority	140,000,000.00	140,013,066.77	3.91%	N.A.
Collateralized Money Market Bank A/C	144,000,000.00	144,016,951.58	4.03%	no limit
Municipal Bonds	4,500,000.00	4,513,565.59	0.13%	no limit
Total Investments	3,519,853,436.03	3,526,159,573.85	98.56%	
Cash in Bank and on Hand	51,547,846.02	51,547,846.02	1.44%	
Total Treasurer's Pool	3,571,401,282.05	3,577,707,419.87	100.00%	

**Source: Custodial report from Union Bank of California reflecting the market value of each security plus any accrued interest. The Bank subscribes to market valuation services in accordance with industry practice.

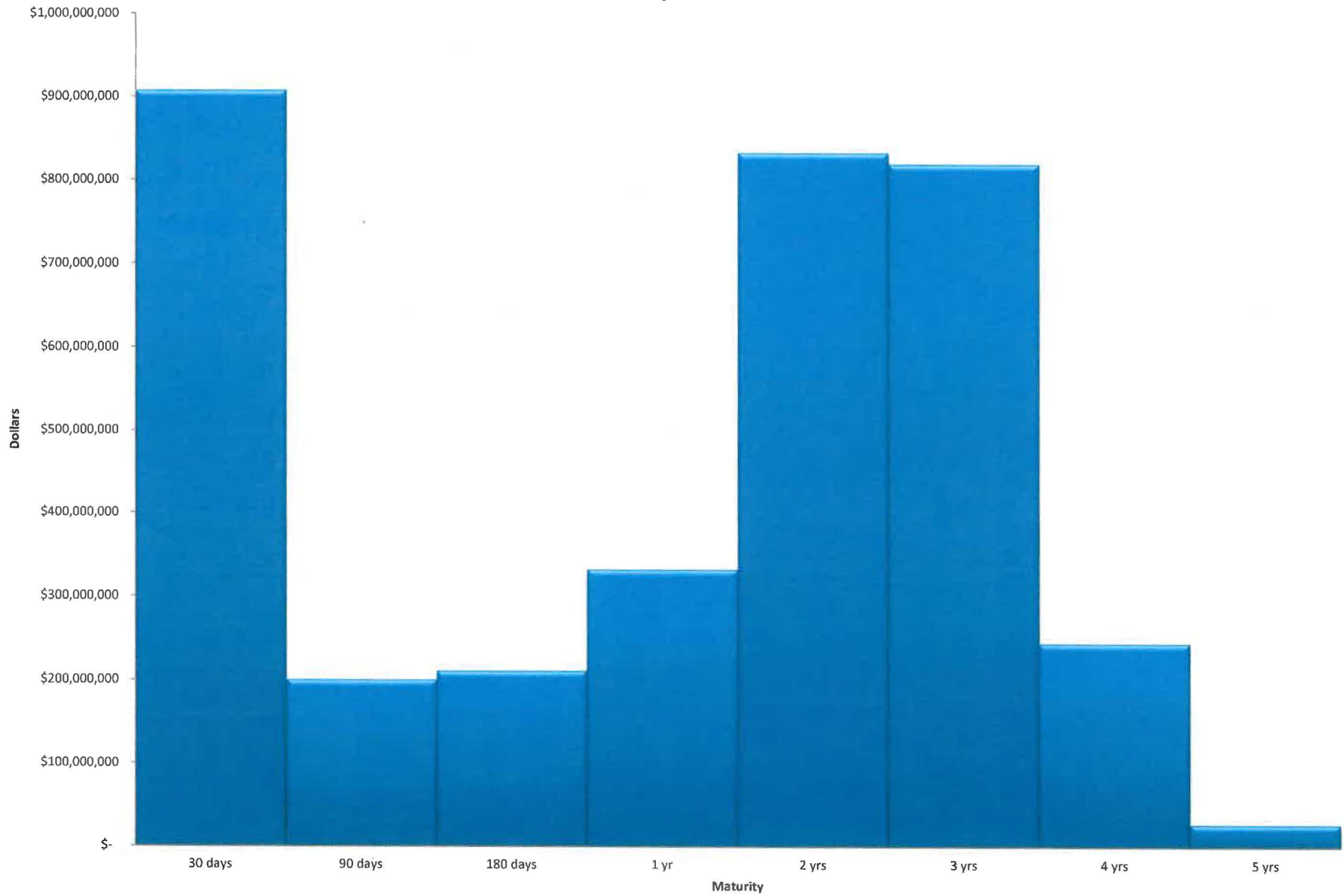
Summary of Treasurer's Investment Pool By Major Categories
March 31, 2015

Attachment 2



Summary of Treasurer's Investments by Maturity March 31, 2015

Attachment 3



**Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
March 31, 2015**

Page 1

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Certificates of Deposit - Bank											
SYS10534	10534	BAYCOM	5,000,000.00	0.450	04/15/2015	01/16/2015	0.450	0.456		5,000,000.00	5,000,000.00
SYS10531	10531	COMBK	5,000,000.00	0.400	09/11/2015	09/12/2014	0.400	0.406		5,000,000.00	5,000,000.00
SYS10537	10537	FREMON	35,000,000.00	0.150	12/14/2015	03/19/2015	0.150	0.152		35,000,000.00	35,000,000.00
SYS10532	10532	ICBC	250,000.00	0.450	11/03/2015	09/30/2014	0.450	0.456		250,000.00	250,000.00
SYS10536	10536	SUMMIT	500,000.00	0.500	03/01/2016	03/03/2015	0.500	0.507		500,000.00	500,000.00
SYS10533	10533	TORREY	40,000,000.00	0.400	10/01/2015	10/02/2014	0.400	0.406		40,000,000.00	40,000,000.00
SYS10535	10535	TRIVAL	7,250,000.00	0.300	07/20/2015	01/20/2015	0.300	0.304		7,250,000.00	7,250,000.00
SYS10525	10525	UB-LOC	5,000,000.00	0.200	04/16/2015	04/16/2014	0.200	0.203		5,000,000.00	5,000,000.00
Certificates of Deposit - Bank Totals			98,000,000.00				0.296	0.300	0.00	98,000,000.00	98,000,000.00
Commercial Paper - Discount											
89116FSL5	27278	TD	50,000,000.00	0.220	05/20/2015	09/25/2014	0.223	0.226		49,927,583.33	49,927,583.33
62478YR83	27280	UNION	50,000,000.00	0.170	04/08/2015	01/29/2015	0.172	0.175		49,983,708.33	49,983,708.33
Commercial Paper - Discount Totals			100,000,000.00				0.198	0.201	0.00	99,911,291.66	99,911,291.66
Federal Agency Issues - Coupon											
3133EAK7	32930	FFCB	5,000,000.00	0.970	07/24/2017	07/25/2012	0.957	0.970	Received	5,000,000.00	5,000,000.00
3133EAK7	32933	FFCB	5,000,000.00	0.970	07/24/2017	07/26/2012	0.962	0.975	Received	4,998,750.00	4,998,750.00
3133EAA81	32938	FFCB	5,000,000.00	0.780	01/30/2017	07/30/2012	0.769	0.780		5,000,000.00	5,000,000.00
3133EAA81	32939	FFCB	5,000,000.00	0.780	01/30/2017	07/30/2012	0.769	0.780		5,000,000.00	5,000,000.00
3133EAK98	32955	FFCB	7,500,000.00	0.850	02/15/2017	08/24/2012	0.838	0.850	Received	7,500,000.00	7,500,000.00
3133EAZ68	32968	FFCB	5,000,000.00	0.400	09/25/2015	09/25/2012	0.395	0.400		5,000,000.00	5,000,000.00
3133EA2P2	32969	FFCB	5,000,000.00	0.590	06/27/2016	09/27/2012	0.624	0.633		5,000,000.00	5,000,000.00
3133EA2L1	32970	FFCB	5,000,000.00	0.720	12/27/2016	09/27/2012	0.755	0.766		5,000,000.00	5,000,000.00
3133EA3K2	32979	FFCB	5,000,000.00	0.620	10/11/2016	10/11/2012	0.637	0.645		4,995,000.00	4,995,000.00
3133EC3F9	33026	FFCB	10,000,000.00	0.550	08/26/2016	11/26/2012	0.562	0.570		9,992,500.00	9,992,500.00
3133EC3F9	33027	FFCB	10,000,000.00	0.550	08/26/2016	11/26/2012	0.542	0.550		10,000,000.00	10,000,000.00
3133EC3F9	33028	FFCB	10,000,000.00	0.550	08/26/2016	11/26/2012	0.562	0.570		9,992,500.00	9,992,500.00
3133EC5B6	33030	FFCB	10,000,000.00	0.640	11/29/2016	11/30/2012	0.644	0.653	Received	9,995,000.00	9,995,000.00
3133EA4F2	33032	FFCB	10,000,000.00	0.640	01/11/2017	12/06/2012	0.631	0.640	Received	10,000,000.00	10,000,000.00
3133ECAK0	33049	FFCB	25,000,000.00	0.670	03/20/2017	12/20/2012	0.690	0.700		24,968,750.00	24,968,750.00
3133ECAL8	33063	FFCB	10,000,000.00	0.730	06/19/2017	01/10/2013	0.743	0.753	Received	9,990,000.00	9,990,000.00
3133ECCY8	33069	FFCB	5,000,000.00	0.650	01/17/2017	01/23/2013	0.641	0.650	Received	5,000,000.00	5,000,000.00
3133ECFN9	33086	FFCB	5,000,000.00	0.820	02/21/2017	02/21/2013	0.809	0.820		5,000,000.00	5,000,000.00
3133ECGF5	33090	FFCB	10,000,000.00	0.800	02/27/2017	02/27/2013	0.789	0.800		10,000,000.00	10,000,000.00

Portfolio ALCO
CC
PM (PRF_PMS) 7.3.0
Report Ver. 7.3.5

**Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
March 31, 2015**

Page 2

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Issues - Coupon											
3133ECFN9	33098	FFCB	10,000,000.00	0.820	02/21/2017	03/11/2013	0.809	0.820	Received	10,000,000.00	10,000,000.00
3133ECJQ8	33103	FFCB	10,000,000.00	0.750	03/20/2017	03/20/2013	0.740	0.750		10,000,000.00	10,000,000.00
3133ECHV9	33106	FFCB	5,000,000.00	0.350	07/30/2015	03/21/2013	0.345	0.350	Received	5,000,000.00	5,000,000.00
3133ECKG8	33111	FFCB	10,000,000.00	0.900	10/02/2017	04/02/2013	0.888	0.900		10,000,000.00	10,000,000.00
3133ECLA0	33116	FFCB	10,000,000.00	0.410	04/12/2016	04/12/2013	0.404	0.410		10,000,000.00	10,000,000.00
3133ECTR5	33171	FFCB	5,000,000.00	0.500	07/02/2015	07/02/2013	0.493	0.500		5,000,000.00	5,000,000.00
3133ED2V3	33191	FFCB	10,000,000.00	0.400	09/24/2015	10/25/2013	0.360	0.365	Received	10,006,600.00	10,006,600.00
3133ED6J6	33194	FFCB	15,000,000.00	0.350	11/04/2015	11/12/2013	0.345	0.350	Received	15,000,000.00	15,000,000.00
3133ED7L0	33195	FFCB	5,000,000.00	0.330	11/13/2015	11/13/2013	0.325	0.330		5,000,000.00	5,000,000.00
3133ED7L0	33196	FFCB	10,000,000.00	0.330	11/13/2015	11/13/2013	0.325	0.330		10,000,000.00	10,000,000.00
3133ECME1	33202	FFCB	6,000,000.00	0.441	04/25/2016	11/19/2013	0.477	0.484	Received	5,994,000.00	5,994,000.00
3133EDAL6	33206	FFCB	10,000,000.00	0.280	08/25/2015	11/25/2013	0.322	0.327		10,000,000.00	10,000,000.00
3133EDAL6	33207	FFCB	10,000,000.00	0.280	08/25/2015	11/25/2013	0.322	0.327		10,000,000.00	10,000,000.00
3133EDAL6	33208	FFCB	10,000,000.00	0.280	08/25/2015	11/25/2013	0.322	0.327		10,000,000.00	10,000,000.00
3133EDGA4	33238	FFCB	25,000,000.00	1.070	09/05/2017	03/05/2014	1.055	1.070		25,000,000.00	25,000,000.00
3133EDGA4	33239	FFCB	10,000,000.00	1.070	09/05/2017	03/05/2014	1.063	1.077		9,997,500.00	9,997,500.00
3133EDGK2	33244	FFCB	10,000,000.00	0.340	03/10/2016	03/10/2014	0.335	0.340		10,000,000.00	10,000,000.00
3133EDJU7	33259	FFCB	10,000,000.00	0.670	10/17/2016	04/17/2014	0.671	0.680		9,997,500.00	9,997,500.00
3133EA2L1	33272	FFCB	15,000,000.00	0.720	12/27/2016	05/29/2014	0.641	0.649	45,600.00	15,000,000.00	15,045,600.00
3133EDNC2	33275	FFCB	10,000,000.00	0.700	01/13/2017	06/13/2014	0.870	0.882		9,990,100.00	9,990,100.00
3133EDNF5	33279	FFCB	10,000,000.00	0.550	09/16/2016	06/23/2014	0.637	0.645	Received	9,995,000.00	9,995,000.00
3133EDNX6	33280	FFCB	10,000,000.00	0.320	12/23/2015	06/23/2014	0.345	0.350		9,995,500.00	9,995,500.00
3133EDNY4	33281	FFCB	10,000,000.00	0.440	03/23/2016	06/23/2014	0.523	0.530		9,997,500.00	9,997,500.00
3133EDY30	33302	FFCB	5,000,000.00	1.120	10/16/2017	10/16/2014	1.105	1.120		5,000,000.00	5,000,000.00
3133EDY30	33303	FFCB	5,000,000.00	1.120	10/16/2017	10/16/2014	1.105	1.120		5,000,000.00	5,000,000.00
3133EEEF3	33320	FFCB	10,000,000.00	0.730	03/09/2017	12/09/2014	0.753	0.764		9,992,500.00	9,992,500.00
3133EEFP0	33324	FFCB	5,000,000.00	1.200	12/18/2017	12/18/2014	1.200	1.217		4,997,500.00	4,997,500.00
3133EEFW5	33329	FFCB	10,000,000.00	0.260	12/22/2015	12/22/2014	0.280	0.284		9,997,600.00	9,997,600.00
3133EELR9	33339	FFCB	5,000,000.00	0.625	01/27/2017	01/27/2015	0.616	0.625		5,000,000.00	5,000,000.00
3133EELT5	33344	FFCB	10,000,000.00	1.370	07/30/2018	02/11/2015	1.380	1.400	4,186.11	9,990,000.00	9,994,186.11
3133EENZ9	33345	FFCB	20,000,000.00	1.330	08/13/2018	02/13/2015	1.326	1.345		19,990,000.00	19,990,000.00
3133EIPA2	33346	FFCB	25,000,000.00	1.070	02/12/2018	02/13/2015	1.170	1.186	743.06	24,915,000.00	24,915,743.06
3133EIPA2	33348	FFCB	20,000,000.00	1.070	02/12/2018	02/13/2015	1.055	1.070	594.44	20,000,000.00	20,000,594.44
3133804V6	32944	FHLB	10,000,000.00	1.000	08/09/2017	08/09/2012	0.988	1.002		9,999,000.00	9,999,000.00
3133804V6	32945	FHLB	5,000,000.00	1.000	08/09/2017	08/09/2012	0.987	1.001		4,999,750.00	4,999,750.00

Portfolio ALCO

CC

**Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
March 31, 2015**

Page 3

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Issues - Coupon											
313380MF1	32965	FHLB	5,000,000.00	1.000	09/18/2017	09/18/2012	1.012	1.026		4,993,750.00	4,993,750.00
313380L96	33001	FHLB	5,000,000.00	0.500	11/20/2015	10/26/2012	0.512	0.519	Received	5,003,750.00	5,003,750.00
3133813G8	33004	FHLB	12,775,000.00	0.640	11/01/2016	11/05/2012	0.631	0.640	Received	12,775,000.00	12,775,000.00
3133813R4	33009	FHLB	10,000,000.00	1.000	11/09/2017	11/09/2012	0.986	1.000		10,000,000.00	10,000,000.00
3133813R4	33010	FHLB	5,000,000.00	1.000	11/09/2017	11/09/2012	0.986	1.000		5,000,000.00	5,000,000.00
3133813R4	33011	FHLB	5,000,000.00	1.000	11/09/2017	11/09/2012	0.986	1.000		5,000,000.00	5,000,000.00
3133812R5	33012	FHLB	10,000,000.00	0.650	11/13/2017	11/13/2012	0.779	0.790		10,000,000.00	10,000,000.00
313381AN5	33024	FHLB	5,000,000.00	0.800	05/23/2017	11/23/2012	0.800	0.811		4,997,500.00	4,997,500.00
3133813R4	33046	FHLB	10,000,000.00	1.000	11/09/2017	12/18/2012	0.986	1.000	Received	10,000,000.00	10,000,000.00
3133813R4	33047	FHLB	15,000,000.00	1.000	11/09/2017	12/18/2012	0.991	1.005	Received	14,996,250.00	14,996,250.00
3133813R4	33056	FHLB	10,000,000.00	1.000	11/09/2017	12/27/2012	0.986	1.000	Received	10,000,000.00	10,000,000.00
313381KQ7	33058	FHLB	10,000,000.00	0.500	06/28/2016	12/28/2012	0.493	0.500		10,000,000.00	10,000,000.00
3133813R4	33064	FHLB	10,000,000.00	1.000	11/09/2017	01/15/2013	0.988	1.002	Received	9,999,000.00	9,999,000.00
3133813R4	33065	FHLB	10,000,000.00	1.000	11/09/2017	01/15/2013	0.988	1.002	Received	9,999,000.00	9,999,000.00
3133813R4	33078	FHLB	10,000,000.00	1.000	11/09/2017	02/01/2013	0.986	1.000	Received	10,000,000.00	10,000,000.00
313382DC4	33096	FHLB	740,740.37	0.470	03/07/2016	03/07/2013	0.464	0.470		740,740.37	740,740.37
313382GR8	33104	FHLB	10,000,000.00	0.750	03/20/2017	03/20/2013	0.749	0.759		9,996,500.00	9,996,500.00
313382W90	33131	FHLB	5,000,000.00	0.700	05/16/2018	05/16/2013	1.039	1.053		5,000,000.00	5,000,000.00
3133836L0	33140	FHLB	10,000,000.00	1.200	05/24/2018	05/28/2013	1.186	1.203		10,000,000.00	10,000,000.00
3133836L0	33141	FHLB	10,000,000.00	1.200	05/24/2018	05/28/2013	1.186	1.203		10,000,000.00	10,000,000.00
3133836L0	33142	FHLB	10,000,000.00	1.200	05/24/2018	05/28/2013	1.187	1.204		9,999,500.00	9,999,500.00
313383CD1	33145	FHLB	10,000,000.00	1.300	06/05/2018	06/05/2013	1.282	1.300		10,000,000.00	10,000,000.00
313383CD1	33146	FHLB	10,000,000.00	1.300	06/05/2018	06/05/2013	1.282	1.300		10,000,000.00	10,000,000.00
313383CD1	33147	FHLB	10,000,000.00	1.300	06/05/2018	06/05/2013	1.282	1.300		10,000,000.00	10,000,000.00
313383CD1	33148	FHLB	10,000,000.00	1.300	06/05/2018	06/05/2013	1.282	1.300		10,000,000.00	10,000,000.00
313383G62	33158	FHLB	10,000,000.00	0.750	12/19/2016	06/19/2013	0.740	0.750		10,000,000.00	10,000,000.00
313383J44	33163	FHLB	5,000,000.00	0.750	06/26/2018	06/26/2013	1.324	1.342		5,000,000.00	5,000,000.00
313383HQ7	33164	FHLB	5,000,000.00	1.200	06/27/2018	06/27/2013	1.188	1.204		4,999,000.00	4,999,000.00
313381NL5	33169	FHLB	23,800,000.00	1.160	07/10/2018	06/28/2013	1.662	1.685	Received	23,199,401.05	23,199,401.05
3130A14E5	33235	FHLB	15,000,000.00	0.810	02/28/2017	02/28/2014	0.799	0.810		15,000,000.00	15,000,000.00
3130A0ZL7	33242	FHLB	25,000,000.00	0.810	03/10/2017	03/11/2014	0.800	0.811		25,000,000.00	25,000,000.00
3130A15W4	33250	FHLB	15,000,000.00	0.875	03/27/2017	03/27/2014	0.863	0.875		15,000,000.00	15,000,000.00
3130A1KF4	33254	FHLB	17,150,000.00	0.125	04/02/2015	04/07/2014	0.148	0.150	Received	17,145,712.50	17,145,712.50
3130A1PG7	33256	FHLB	20,000,000.00	0.125	04/14/2015	04/14/2014	0.123	0.125		20,000,000.00	20,000,000.00
3130A1PH5	33260	FHLB	25,000,000.00	0.130	04/17/2015	04/17/2014	0.135	0.137		24,998,294.75	24,998,294.75

Portfolio ALCO
CC
PM (PRF_PMS) 7.3.0

**Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
March 31, 2015**

Page 4

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Issues - Coupon											
3130A25B8	33277	FHLB	8,000,000.00	1.000	06/19/2019	06/19/2014	2.022	2.050		8,000,000.00	8,000,000.00
3130A2BZ8	33282	FHLB	15,000,000.00	0.875	03/24/2017	06/24/2014	0.965	0.978		14,994,750.00	14,994,750.00
3130A27K6	33286	FHLB	10,000,000.00	1.250	06/26/2019	06/26/2014	2.024	2.052		9,985,000.00	9,985,000.00
3130A2T97	33297	FHLB	10,000,000.00	0.500	09/28/2016	09/04/2014	0.752	0.763	Received	9,973,400.00	9,973,400.00
3130A2WK8	33307	FHLB	33,000,000.00	0.125	08/28/2015	11/06/2014	0.149	0.152	Received	32,992,910.28	32,992,910.28
313382EU3	33308	FHLB	8,000,000.00	0.580	09/21/2016	11/07/2014	0.574	0.582	Received	7,999,760.00	7,999,760.00
3130A3J70	33310	FHLB	10,000,000.00	0.625	11/23/2016	11/17/2014	0.631	0.640		9,996,000.00	9,996,000.00
3130A3FY5	33316	FHLB	10,000,000.00	0.700	11/25/2016	11/28/2014	0.690	0.700		10,000,000.00	10,000,000.00
3130A3LZ5	33318	FHLB	25,000,000.00	0.125	12/01/2015	12/01/2014	0.210	0.213		24,978,000.00	24,978,000.00
3130A3KC7	33321	FHLB	10,000,000.00	0.700	12/12/2016	12/12/2014	0.690	0.700		10,000,000.00	10,000,000.00
3130A3KC7	33322	FHLB	10,000,000.00	0.700	12/12/2016	12/12/2014	0.690	0.700		10,000,000.00	10,000,000.00
3130A3NV2	33323	FHLB	15,000,000.00	0.230	01/08/2016	12/16/2014	0.499	0.506	Received	14,988,179.25	14,988,179.25
3130A3L93	33326	FHLB	10,000,000.00	1.250	12/19/2019	12/19/2014	2.212	2.243		9,985,000.00	9,985,000.00
3130A3M68	33331	FHLB	15,000,000.00	1.220	12/26/2017	12/26/2014	1.203	1.220		15,000,000.00	15,000,000.00
3130A3RG1	33332	FHLB	10,000,000.00	1.000	06/29/2017	12/29/2014	1.011	1.025		9,993,800.00	9,993,800.00
3130A3RT3	33333	FHLB	15,000,000.00	1.000	06/29/2017	12/29/2014	0.986	1.000		15,000,000.00	15,000,000.00
3130A3PR9	33334	FHLB	10,000,000.00	1.050	09/29/2017	12/29/2014	1.141	1.157		10,000,000.00	10,000,000.00
3130A3MF8	33335	FHLB	15,000,000.00	0.700	12/30/2016	12/30/2014	0.670	0.679		14,997,750.00	14,997,750.00
3130A3PZ1	33336	FHLB	10,000,000.00	1.000	06/30/2017	12/30/2014	0.986	1.000		10,000,000.00	10,000,000.00
3130A3VU52	33340	FHLB	10,000,000.00	0.550	07/29/2016	01/29/2015	0.542	0.550		10,000,000.00	10,000,000.00
3130A3Z569	33342	FHLB	45,000,000.00	0.180	10/27/2015	01/29/2015	0.179	0.182	450.00	44,999,343.90	44,999,793.90
3130A45W8	33358	FHLB	10,000,000.00	1.350	02/27/2018	02/27/2015	1.348	1.367		9,995,000.00	9,995,000.00
3130A4B35	33359	FHLB	15,000,000.00	1.125	09/04/2018	03/04/2015	1.579	1.601		15,000,000.00	15,000,000.00
3130A4DQ2	33360	FHLB	25,000,000.00	1.400	03/09/2018	03/09/2015	1.381	1.400		25,000,000.00	25,000,000.00
3130A4EA6	33361	FHLB	9,600,000.00	1.040	06/16/2017	03/16/2015	1.156	1.172		9,600,000.00	9,600,000.00
3130A4TL6	33366	FHLB	10,000,000.00	1.000	12/29/2017	03/30/2015	1.088	1.103		10,000,000.00	10,000,000.00
3134G46D5	33153	FHLMC	5,000,000.00	1.200	06/12/2018	06/12/2013	1.189	1.205		4,998,750.00	4,998,750.00
3134G3M31	33156	FHLMC	5,000,000.00	1.000	09/27/2017	06/14/2013	1.152	1.168	Received	4,965,000.00	4,965,000.00
3134G3L24	33209	FHLMC	10,000,000.00	0.500	09/25/2015	11/26/2013	0.311	0.315	Received	10,033,700.00	10,033,700.00
3134G36F2	33214	FHLMC	10,000,000.00	0.420	09/18/2015	11/27/2013	0.306	0.310	Received	10,019,800.00	10,019,800.00
3134G4PX0	33221	FHLMC	11,000,000.00	0.500	06/27/2016	12/27/2013	0.493	0.500		11,000,000.00	11,000,000.00
3134G4PX0	33223	FHLMC	10,000,000.00	0.500	06/27/2016	12/27/2013	0.493	0.500		10,000,000.00	10,000,000.00
3137EADP1	33236	FHLMC	10,000,000.00	0.875	03/07/2018	02/28/2014	1.165	1.181	Received	9,880,000.00	9,880,000.00
3134G4X29	33240	FHLMC	20,000,000.00	1.040	09/05/2017	03/05/2014	1.026	1.040		20,000,000.00	20,000,000.00
3134G4VW5	33241	FHLMC	10,000,000.00	0.875	03/10/2017	03/10/2014	0.866	0.878		9,999,000.00	9,999,000.00

Portfolio ALCO
CC
PM (PRF_PMS) 7.3.0

**Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
March 31, 2015**

Page 5

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Issues - Coupon											
3134G4YZ5	33252	FHLMC	10,000,000.00	0.700	10/07/2016	04/07/2014	0.690	0.700		10,000,000.00	10,000,000.00
3134G53Q6	33265	FHLMC	10,000,000.00	0.800	11/21/2016	05/21/2014	0.789	0.800		10,000,000.00	10,000,000.00
3134G53Q6	33266	FHLMC	10,000,000.00	0.800	11/21/2016	05/21/2014	0.789	0.800		10,000,000.00	10,000,000.00
3134G53Q6	33267	FHLMC	10,000,000.00	0.800	11/21/2016	05/21/2014	0.789	0.800		10,000,000.00	10,000,000.00
3134G53Q6	33268	FHLMC	10,000,000.00	0.800	11/21/2016	05/21/2014	0.789	0.800		10,000,000.00	10,000,000.00
3134G53K9	33270	FHLMC	8,000,000.00	1.350	11/22/2017	05/22/2014	1.332	1.350		8,000,000.00	8,000,000.00
3134G53K9	33271	FHLMC	10,000,000.00	1.350	11/22/2017	05/22/2014	1.332	1.350		10,000,000.00	10,000,000.00
3134G5A96	33276	FHLMC	10,000,000.00	0.625	09/19/2016	06/19/2014	0.694	0.704		10,000,000.00	10,000,000.00
3134G56B6	33278	FHLMC	10,000,000.00	0.580	08/26/2016	06/20/2014	0.689	0.699	Received	9,992,500.00	9,992,500.00
3134G5A96	33283	FHLMC	10,000,000.00	0.625	09/19/2016	06/25/2014	0.705	0.715	Received	9,998,000.00	9,998,000.00
3134G5A96	33284	FHLMC	10,000,000.00	0.625	09/19/2016	06/25/2014	0.705	0.715	Received	9,998,000.00	9,998,000.00
3134G5AP0	33285	FHLMC	10,000,000.00	1.200	12/26/2017	06/26/2014	1.184	1.200		10,000,000.00	10,000,000.00
3134G5DM4	33294	FHLMC	10,000,000.00	1.100	08/14/2017	08/14/2014	1.085	1.100		10,000,000.00	10,000,000.00
3134G4UC0	33295	FHLMC	10,000,000.00	0.650	07/29/2016	09/03/2014	0.641	0.650	Received	10,000,000.00	10,000,000.00
3134G5L86	33304	FHLMC	10,000,000.00	1.020	04/28/2017	10/28/2014	1.006	1.020		10,000,000.00	10,000,000.00
3134G5N35	33305	FHLMC	10,000,000.00	0.960	07/28/2017	10/31/2014	0.957	0.970		9,997,500.00	9,997,500.00
3134G5JE6	33306	FHLMC	15,000,000.00	0.650	09/29/2016	11/05/2014	0.633	0.642	Received	15,002,235.00	15,002,235.00
3134G5NM3	33311	FHLMC	5,000,000.00	0.875	05/18/2017	11/18/2014	0.888	0.900		4,996,900.00	4,996,900.00
3134G5NW1	33312	FHLMC	15,000,000.00	0.800	05/18/2018	11/18/2014	1.458	1.478		15,000,000.00	15,000,000.00
3134G5NW1	33313	FHLMC	10,000,000.00	0.800	05/18/2018	11/18/2014	1.458	1.478		10,000,000.00	10,000,000.00
3134G5NS0	33314	FHLMC	25,000,000.00	1.050	08/24/2017	11/24/2014	1.141	1.157		25,000,000.00	25,000,000.00
3134G5S22	33315	FHLMC	15,000,000.00	0.410	06/29/2016	11/26/2014	0.404	0.410		15,000,000.00	15,000,000.00
3134G5R23	33319	FHLMC	7,000,000.00	1.250	12/05/2017	12/08/2014	1.290	1.308	729.17	6,988,100.00	6,988,829.17
3134G5RU1	33325	FHLMC	10,000,000.00	0.625	12/19/2017	12/19/2014	1.429	1.449		10,000,000.00	10,000,000.00
3134G5SB2	33327	FHLMC	10,000,000.00	0.750	12/19/2016	12/19/2014	0.740	0.750		10,000,000.00	10,000,000.00
3134G5SB2	33328	FHLMC	15,000,000.00	0.750	12/19/2016	12/19/2014	0.000	0.000		15,000,000.00	15,000,000.00
3137EADU0	33337	FHLMC	10,000,000.00	0.500	01/27/2017	01/16/2015	0.579	0.587		9,982,500.00	9,982,500.00
3134G5YE9	33338	FHLMC	25,000,000.00	1.000	04/20/2017	01/20/2015	0.986	1.000		25,000,000.00	25,000,000.00
3134G5YV1	33341	FHLMC	25,000,000.00	0.750	01/29/2018	01/29/2015	1.269	1.287		25,000,000.00	25,000,000.00
3134G5YP4	33343	FHLMC	25,000,000.00	1.050	07/28/2017	01/30/2015	1.036	1.050		25,000,000.00	25,000,000.00
3134G6BM4	33349	FHLMC	25,000,000.00	0.750	02/20/2018	02/20/2015	1.269	1.286		25,000,000.00	25,000,000.00
3134G6DL4	33350	FHLMC	10,000,000.00	1.000	11/20/2017	02/20/2015	0.986	1.000		10,000,000.00	10,000,000.00
3137EADN6	33351	FHLMC	25,000,000.00	0.750	01/12/2018	02/20/2015	0.986	1.000	19,791.67	24,822,000.00	24,841,791.67
3134G6DV2	33352	FHLMC	25,000,000.00	1.000	08/24/2018	02/24/2015	0.986	1.000		25,000,000.00	25,000,000.00
3134G6DC4	33353	FHLMC	25,000,000.00	0.700	02/24/2017	02/24/2015	0.690	0.700		25,000,000.00	25,000,000.00

Portfolio ALCO
CC
PM (PRF_PMS) 7.3.0

**Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
March 31, 2015**

Page 6

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Issues - Coupon											
3134G6FD0	33354	FHLMC	10,000,000.00	0.800	02/24/2017	02/24/2015	0.789	0.800		10,000,000.00	10,000,000.00
3134G6FH1	33356	FHLMC	25,000,000.00	1.100	08/25/2017	02/27/2015	1.085	1.100		25,000,000.00	25,000,000.00
3134G6HK2	33357	FHLMC	25,000,000.00	1.300	02/27/2018	02/27/2015	1.282	1.300		25,000,000.00	25,000,000.00
3134G6HQ9	33362	FHLMC	35,000,000.00	0.800	03/17/2017	03/17/2015	0.789	0.800		35,000,000.00	35,000,000.00
3134G6HL0	33364	FHLMC	10,000,000.00	1.350	03/19/2018	03/19/2015	1.332	1.350		10,000,000.00	10,000,000.00
3134G6PG2	33365	FHLMC	10,000,000.00	0.750	03/30/2017	03/30/2015	0.740	0.750		10,000,000.00	10,000,000.00
3134G6QZ9	33367	FHLMC	5,000,000.00	1.000	12/29/2017	03/30/2015	1.088	1.103		5,000,000.00	5,000,000.00
3136G1BW8	33100	FNMA	10,000,000.00	0.550	07/29/2016	03/13/2013	0.542	0.550	Received	10,000,000.00	10,000,000.00
3136G1A66	33127	FNMA	5,000,000.00	0.700	12/26/2017	05/02/2013	1.065	1.080	Received	5,000,000.00	5,000,000.00
3135GORK1	33129	FNMA	5,000,000.00	0.900	11/07/2017	05/13/2013	0.888	0.900	Received	5,000,000.00	5,000,000.00
3135GOWJ3	33130	FNMA	10,000,000.00	0.750	05/15/2017	05/15/2013	0.740	0.750		10,000,000.00	10,000,000.00
3135GOWJ8	33136	FNMA	10,000,000.00	0.875	05/21/2018	05/22/2013	0.980	0.994	Received	9,942,100.00	9,942,100.00
3135GOWJ8	33137	FNMA	10,000,000.00	0.875	05/21/2018	05/22/2013	1.016	1.030	Received	9,924,690.89	9,924,690.89
3135G0XC2	33138	FNMA	10,000,000.00	0.500	08/22/2016	05/23/2013	0.493	0.500	Received	10,000,000.00	10,000,000.00
3135GOWJ8	33144	FNMA	5,000,000.00	0.875	05/21/2018	06/05/2013	1.123	1.139	Received	4,919,100.00	4,919,100.00
3136G1NQ8	33161	FNMA	4,000,000.00	1.000	06/19/2017	06/19/2013	0.986	1.000		4,000,000.00	4,000,000.00
3136G1JS9	33190	FNMA	5,000,000.00	0.800	04/11/2017	09/26/2013	1.160	1.176	Received	4,935,000.00	4,935,000.00
3135G0MZ3	33233	FNMA	20,000,000.00	0.875	08/28/2017	02/25/2014	0.952	0.965	Received	19,938,000.00	19,938,000.00
3136G1Z44	33237	FNMA	20,000,000.00	0.750	03/03/2017	03/03/2014	0.740	0.750		20,000,000.00	20,000,000.00
3135G0NC3	33309	FNMA	10,000,000.00	1.000	08/14/2017	11/12/2014	1.026	1.040	Received	9,989,000.00	9,989,000.00
3135G0SU8	33317	FNMA	10,000,000.00	0.600	09/26/2016	11/28/2014	0.592	0.600	Received	10,000,000.00	10,000,000.00
3135G0A94	33347	FNMA	10,000,000.00	1.250	02/13/2018	02/13/2015	1.273	1.291		9,988,000.00	9,988,000.00
3135G0C43	33355	FNMA	25,000,000.00	1.200	02/27/2018	02/27/2015	1.184	1.200		25,000,000.00	25,000,000.00
Federal Agency Issues - Coupon Totals			2,131,565,740.37				0.852	0.864	72,094.45	2,129,919,717.99	2,129,991,812.44
Federal Agency Issues - Discount											
313384JV2	37910	FHLBDN	10,000,000.00	0.115	07/31/2015	10/30/2014	0.117	0.118		9,991,247.20	9,991,247.20
313384QQ5	37917	FHLBDN	24,880,000.00	0.220	12/17/2015	03/24/2015	0.224	0.228		24,839,252.09	24,839,252.09
313396GC1	37911	FMCDN	50,000,000.00		05/27/2015	11/20/2014	0.101	0.102		49,973,888.89	49,973,888.89
313396MA8	37916	FMCDN	25,000,000.00		09/22/2015	01/29/2015	0.111	0.113		24,981,972.22	24,981,972.22
Federal Agency Issues - Discount Totals			109,880,000.00				0.132	0.134	0.00	109,786,360.40	109,786,360.40
Local Agency Investment Funds											
SYS40003	40003	LAIF	50,000,000.00	0.363		07/01/2010	0.358	0.363		50,000,000.00	50,000,000.00

Portfolio ALCO
CC
PM (PRF_PMS) 7.3.0

**Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
March 31, 2015**

Page 7

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Local Agency Investment Funds Totals			50,000,000.00				0.358	0.363	0.00	50,000,000.00	50,000,000.00
Medium Term Notes											
88579YAD3	45580F	3M	10,000,000.00	1.375	09/29/2016	03/22/2012	1.481	1.502		10,010,933.36	10,010,933.36
037833AJ9	45768	AAPL	6,000,000.00	1.000	05/03/2018	03/11/2014	1.491	1.512	Received	5,877,000.00	5,877,000.00
037833AJ9	45841	AAPL	5,000,000.00	1.000	05/03/2018	11/14/2014	1.487	1.508	1,527.78	4,914,500.00	4,916,027.78
22160KAD7	45686	COST	10,000,000.00	0.770	12/07/2015	06/28/2013	0.881	0.893	Received	9,971,000.00	9,971,000.00
166764AA8	45828	CVX	10,000,000.00	1.104	12/05/2017	11/07/2014	1.203	1.220	Received	9,965,000.00	9,965,000.00
25468PCZ7	45788	DIS	5,000,000.00	0.875	05/30/2017	06/02/2014	0.923	0.936		4,991,000.00	4,991,000.00
36962G6M1	45717C	GE	3,000,000.00	1.000	12/11/2015	10/07/2013	1.057	1.072		3,005,016.00	3,005,016.00
36962G6R0	45745C	GE	5,000,000.00	1.000	01/08/2016	12/17/2013	1.072	1.087		5,013,250.00	5,013,250.00
36962G7J7	45777	GE	5,000,000.00	1.250	05/15/2017	05/15/2014	1.238	1.255		4,999,250.00	4,999,250.00
459200HL8	45737	IBM	4,000,000.00	0.450	05/06/2016	11/27/2013	0.572	0.580	Received	3,987,400.00	3,987,400.00
459200HL8	45738	IBM	2,000,000.00	0.450	05/06/2016	11/27/2013	0.572	0.580	Received	1,993,700.00	1,993,700.00
459200HL8	45847	IBM	14,000,000.00	0.450	05/06/2016	01/15/2015	0.463	0.470	12,075.00	13,996,360.00	14,008,435.00
478160AY0	45595E	JNJ	7,500,000.00	2.150	05/15/2016	06/13/2012	1.636	1.659		7,649,681.25	7,649,681.25
478160BF0	45741	JNJ	2,000,000.00	0.700	11/28/2016	12/05/2013	0.731	0.741		1,997,580.00	1,997,580.00
478160BL7	45844	JNJ	1,000,000.00	1.125	11/21/2017	11/21/2014	1.136	1.152		999,210.00	999,210.00
191216BD1	45735A	KO	10,000,000.00	0.750	11/01/2016	11/18/2013	0.712	0.722		10,011,600.00	10,011,600.00
58933YAD7	45742B	MERCK	5,000,000.00	0.700	05/18/2016	12/06/2013	0.626	0.635		5,009,450.00	5,009,450.00
64952WBH5	45620F	NYL	5,000,000.00	0.750	07/24/2015	09/26/2012	0.762	0.773		5,003,033.34	5,003,033.34
68389XAN5	45825	ORCL	4,500,000.00	1.200	10/15/2017	10/24/2014	1.253	1.270	1,350.00	4,516,290.00	4,517,640.00
717081DD2	45751A	PFIZER	10,000,000.00	0.090	01/15/2017	01/13/2014	0.228	0.232		9,958,600.00	9,958,600.00
742718DV8	45581F	PG	5,000,000.00	1.450	08/15/2016	03/28/2012	1.404	1.424		5,014,149.98	5,014,149.98
742718DV8	45590F	PG	1,400,000.00	1.450	08/15/2016	05/22/2012	1.359	1.378		1,409,571.36	1,409,571.36
742718DV8	45688D	PG	3,750,000.00	1.450	08/15/2016	07/03/2013	1.424	1.444		3,771,484.40	3,771,484.40
931142DC4	45577F	WMT	7,500,000.00	2.800	04/15/2016	01/10/2012	2.343	2.376		7,676,062.88	7,676,062.88
931142CX9	45586E	WMT	2,000,000.00	1.500	10/25/2015	05/02/2012	1.283	1.301		2,014,062.85	2,014,062.85
Medium Term Notes Totals			143,650,000.00				1.064	1.079	14,952.78	143,755,185.42	143,770,138.20
Negotiable CD's - Bank - S & L											
06366CJR0	65713	BMO	50,000,000.00	0.220	06/03/2015	11/13/2014	0.220	0.223		50,000,000.00	50,000,000.00
06417HB21	65715	BNS	50,000,000.00	0.240	07/28/2015	01/29/2015	0.240	0.243		50,000,000.00	50,000,000.00
62478TBP3	65711	MUFG	50,000,000.00	0.230	05/06/2015	09/26/2014	0.230	0.233		50,000,000.00	50,000,000.00
Negotiable CD's - Bank - S & L Totals			150,000,000.00				0.230	0.233	0.00	150,000,000.00	150,000,000.00

Portfolio ALCO
CC
PM (PRF_PMS) 7.3.0

**Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
March 31, 2015**

Page 8

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Money Market Mutual Funds											
SYS70048	70048	AMBECN	0.00	0.050		07/01/2010	0.049	0.050		0.00	0.00
SYS70037	70037	BLACKR	0.00	0.010		07/01/2010	0.010	0.010		0.00	0.00
SYS70072	70072	FEDG10	59,000,000.00	0.010		12/10/2014	0.010	0.010		59,000,000.00	59,000,000.00
SYS70071	70071	FEDGOV	0.00	0.010		12/09/2014	0.010	0.010		0.00	0.00
SYS70070	70070	FEDPRI	75,000,000.00	0.080		09/23/2014	0.079	0.080		75,000,000.00	75,000,000.00
SYS70056	70056	FID1	1,000,000.00	0.010		07/01/2010	0.010	0.010		1,000,000.00	1,000,000.00
SYS70056A	70056A	FID2	1,000,000.00	0.010		07/01/2010	0.010	0.010		1,000,000.00	1,000,000.00
SYS70066	70066	FID3	74,000,000.00	0.100		06/23/2014	0.099	0.100		74,000,000.00	74,000,000.00
SYS70041	70041	JPM	0.00	0.120		07/01/2010	0.118	0.120		0.00	0.00
SYS70040	70040	MLSTNE	0.00	0.010		07/01/2010	0.010	0.010		0.00	0.00
SYS70052	70052	MS1	106,000,000.00	0.110		07/01/2010	0.108	0.110		106,000,000.00	106,000,000.00
SYS70052A	70052A	MS2	1,000,000.00	0.050		07/01/2010	0.049	0.050		1,000,000.00	1,000,000.00
SYS70060	70060	WA193	75,000,000.00	0.070		08/15/2013	0.069	0.070		75,000,000.00	75,000,000.00
SYS70061	70061	WAGOV	8,000,000.00	0.040		08/15/2013	0.039	0.040		8,000,000.00	8,000,000.00
SYS70046	70046	WLMCAP	0.00	0.020		07/01/2010	0.020	0.020		0.00	0.00
Money Market Mutual Funds Totals			400,000,000.00				0.077	0.078	0.00	400,000,000.00	400,000,000.00
Treasury Securities - Discount											
912796FN4	85233	TBILLS	50,000,000.00	0.210	12/10/2015	12/11/2014	0.213	0.216		49,893,833.33	49,893,833.33
Treasury Securities - Discount Totals			50,000,000.00				0.213	0.216	0.00	49,893,833.33	49,893,833.33
Joint Powers Authority											
SYS150002	150002	CAMP	100,000,000.00	0.240		03/02/2011	0.237	0.240		100,000,000.00	100,000,000.00
SYS105000	150000	HERMMF	25,000,000.00	0.100		07/01/2010	0.099	0.100		25,000,000.00	25,000,000.00
SYS150001	150001	STFUND	15,000,000.00	0.100		07/01/2010	0.099	0.100		15,000,000.00	15,000,000.00
Joint Powers Authority Totals			140,000,000.00				0.197	0.200	0.00	140,000,000.00	140,000,000.00
Collateralized MMKT Bank Accounts											
SYS100102	100002	CALBK	45,000,000.00	0.200		07/01/2011	0.197	0.200		45,000,000.00	45,000,000.00
SYS100003	100003	EWEST	0.00	0.300		07/01/2011	0.296	0.300		0.00	0.00
SYS10007	100007	FREMON	0.00	0.050		07/02/2013	0.049	0.050		0.00	0.00
SYS100005	100005	TORREY	6,000,000.00	0.200		06/20/2013	0.197	0.200		6,000,000.00	6,000,000.00
SYS100004	100004	TRIVAL	0.00	0.010		12/27/2012	0.010	0.010		0.00	0.00
SYS100000	100011	UBOC	33,000,000.00	0.085		07/01/2011	0.084	0.085		33,000,000.00	33,000,000.00
SYS100000	100022	UBOC	60,000,000.00	0.085		07/01/2011	0.084	0.085		60,000,000.00	60,000,000.00

Portfolio ALCO
CC
PM (PRF_PMS) 7.3.0

**Alameda County Treasury
Portfolio Management
Investment Status Report - Investments
March 31, 2015**

Page 9

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Accrued Interest At Purchase	Current Principal	Book Value
Collateralized MMKT Bank Accounts Totals			144,000,000.00				0.124	0.126	0.00	144,000,000.00	144,000,000.00
Municipal Bonds											
91412GUT0	200008	CALRAN	3,000,000.00	0.634	05/15/2016	04/10/2014	0.625	0.634		3,000,000.00	3,000,000.00
13017HAC0	200011	CEARTH	1,500,000.00	1.194	07/01/2016	11/06/2014	1.178	1.194		1,500,000.00	1,500,000.00
Municipal Bonds Totals			4,500,000.00				0.809	0.821	0.00	4,500,000.00	4,500,000.00
Investment Totals			3,521,595,740.37				0.618	0.626	87,047.23	3,519,766,388.80	3,519,853,436.03



FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272