NEW ISSUE - FULL BOOK-ENTRY

RATINGS: Moody's: "Aa2"
S&P: "AA+"
See "RATINGS" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$30,000,000
PIEDMONT UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2016, Series 2019

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

Authority and Purpose. The above-captioned Bonds are being issued by the Piedmont Unified School District pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District adopted on August 14, 2019. The Bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of $66,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Bonds are the second series of bonds to be issued under the 2016 Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

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

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

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2020. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

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

MATURITY SCHEDULE
(See inside cover)

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

The Bonds were sold and awarded through a competitive bidding process held on August 27, 2019, as set forth in the Official Notice of Sale for the Bonds. The Bonds will be offered when, as and if issued, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall, A Professional Law Corporation is also serving as Disclosure Counsel to the District. It is anticipated that the Bonds will be available for delivery in book-entry form through the facilities of DTC on or about September 19, 2019.

The date of this Official Statement is August 27, 2019.

MATURITY SCHEDULE

PIEDMONT UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2016, Series 2019

Base CUSIP†: 720135

$14,440,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2020	$1,520,000	5.000%	0.880%	103.548	RG9
2021	1,810,000	5.000	0.880	107.610	RH7
2022	320,000	5.000	0.890	111.606	RJ3
2023	135,000	5.000	0.890	115.586	RK0
2024	170,000	5.000	0.910	119.426	RL8
2025	205,000	5.000	0.930	123.184	RM6
2026	245,000	5.000	0.960	126.783	RN4
2027	285,000	5.000	1.010	130.099	RP9
2028	330,000	5.000	1.070	133.158	RQ7
2029	380,000	5.000	1.140	135.923	RR5
2030	430,000	5.000	1.200	135.257 C	RS3
2031	485,000	5.000	1.250	134.705 C	RT1
2032	540,000	5.000	1.300	134.156 C	RU8
2033	600,000	3.000	2.040	108.538 C	RV6
2034	655,000	3.000	2.130	107.703 C	RW4
2035	715,000	3.000	2.200	107.059 C	RX2
2036	770,000	3.000	2.270	106.418 C	RY0
2037	835,000	3.000	2.300	106.145 C	RZ7
2038	900,000	3.000	2.350	105.692 C	SA1
2039	965,000	3.000	2.400	105.241 C	SB9
2040	1,035,000	3.000	2.440	104.882 C	SC7
2041	1,110,000	3.000	2.470	104.613 C	SD5

$5,235,000 - 3.000% Term Bonds maturing August 1, 2045; Yield: 2.650%; Price: 103.019 C; CUSIP†: SH6

$10,325,000 - 3.000% Term Bonds maturing August 1, 2049; Yield: 2.700%; Price: 102.581 C; CUSIP†: SM5

C Priced to par call on the first optional redemption date of August 1, 2029.

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

PIEDMONT UNIFIED SCHOOL DISTRICT
(Alameda County, California)

BOARD OF EDUCATION

Amal Smith, *President*
Cory Smegal, *Vice President*
Sarah Pearson, *Member*
Megan Pillsbury*, Member*
Andrea Swenson*, Member*

DISTRICT ADMINISTRATION

Randall Booker, *Superintendent*
Ruth Alahydoian, *Chief Financial Officer*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

KNN Public Finance, LLC
Oakland, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

U.S. Bank National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

Involvement of Purchaser. The Purchaser has provided the following statement for inclusion in this Official Statement: The Purchaser has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Purchaser does not guarantee the accuracy or completeness of such information.

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

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

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

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

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

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$30,000,000
PIEDMONT UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2016, Series 2019

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the general obligation bonds captioned above (the **"Bonds"**) by Piedmont Unified School District (the "**District**").

INTRODUCTION

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

The District. The District is located in Alameda County (the "**County**") in the San Francisco Bay Area and serves the residents of the City of Piedmont (the "**City**"), an area of approximately 1.8 square miles with a population estimated of approximately 11,000. The District, created in 1920 and unified in 1936, currently operates three grades K-5 elementary schools, one grades 6-8 middle school, one traditional high school, one alternative high school and one adult education school. Enrollment in the District was 2,596 students in fiscal year 2018-19 and is budgeted at 2,539 students for fiscal year 2019-20.

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

Purpose of Issue. The net proceeds of the Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District at an election held on November 8, 2016 (the **"Bond Election"**). See "THE BONDS - Purpose of Issue" herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election to authorize $66 million of general obligation bonds, and will be issued pursuant to certain provisions of the Government Code of the State and a resolution adopted by the Board of Education of the District on August 14, 2019 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Description of the Bonds. The Bonds will be issued as current interest bonds. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. See "THE BONDS – Description of the Bonds" herein.

Payment and Registration of the Bonds. The Bonds will be issued in fully registered form only, 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 cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through participants in DTC's book-entry only system ("**DTC Participants**") as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See APPENDIX F.

If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Bond Resolution. See "THE BONDS - Registration, Transfer and Exchange of Bonds" herein.

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

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

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

Tax-Exempt Status. In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" for additional information, and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of a continuing disclosure undertaking (the "**Continuing Disclosure Certificate**"), the form of which is attached as APPENDIX E. See "CONTINUING DISCLOSURE" for additional information.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement, and information concerning the Bonds, are available from the District at 760 Magnolia Avenue, Piedmont, California 94611, Phone: (510) 594-2600. The District may impose a charge for copying, mailing and handling.

THE BONDS

Authority for Issuance

The Bonds will be issued under 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 thereof, and the Bond Resolution.

The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of $66,000,000 (the "**2016 Authorization**").

On April 12, 2017, the District issued its $26,000,000 aggregate principal amount of General Obligation Bonds Election of 2016, Series 2017A (the "**Series 2017A Bonds**") pursuant to the 2016 Authorization. The Bonds are the second series of bonds issued pursuant to the 2016 Authorization. Following the issuance of the Bonds, there will be $10,000,000 remaining under the 2016 Authorization.

Purpose of Issue

Proceeds of the Bonds will be used for the purposes specified in the ballot measure approved by the District's voters on November 8, 2016, the abbreviated text of which appeared on the ballot as follows:

> *"To improve educational facilities and equipment to support advanced courses in math, science, engineering, arts and technology; repair and modernize aging science labs and classrooms at the high school and middle school; repair deteriorating roofs, plumbing, heating, ventilation and electrical systems; add kindergarten classrooms; and improve the likelihood of qualifying for state matching funds, shall Piedmont Unified School District issue 66 million dollars in bonds at legal interest rates, with independent citizen oversight and audits?"*

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the **"Project List"**). The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2016 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Bonds

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

The Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on Bonds is payable semiannually on each February 1 and August

1, commencing February 1, 2020 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15^{th}) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2020, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

Book-Entry Only System

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers of the Bonds will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

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

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

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2029 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2030 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2029, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2045 and August 1, 2049 (collectively, the **"Term Bonds"**), are subject to mandatory sinking fund redemption on

August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, respectively, without premium.

Term Bonds Maturing August 1, 2045

Redemption Date (August 1)	Sinking Fund Redemption
2042	$1,185,000
2043	1,265,000
2044	1,350,000
2045 (maturity)	1,435,000

Term Bonds Maturing August 1, 2049

Redemption Date (August 1)	Sinking Fund Redemption
2046	$1,530,000
2047	2,755,000
2048	2,930,000
2049 (maturity)	3,110,000

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

Notice of Redemption

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

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

Partial Redemption of Bonds

Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Bond Resolution, other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond registration books shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

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

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

Defeasance and Discharge of Bonds

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

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

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

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

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

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

DEBT SERVICE SCHEDULES

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

Piedmont Unified School District
General Obligation Bonds
Election of 2016, Series 2019
Debt Service Schedule

Bond Year Ending (August 1)	Principal	Interest	Total Annual Debt Service
2020	$1,520,000.00	$898,820.00	$2,418,820.00
2021	1,810,000.00	961,100.00	2,771,100.00
2022	320,000.00	870,600.00	1,190,600.00
2023	135,000.00	854,600.00	989,600.00
2024	170,000.00	847,850.00	1,017,850.00
2025	205,000.00	839,350.00	1,044,350.00
2026	245,000.00	829,100.00	1,074,100.00
2027	285,000.00	816,850.00	1,101,850.00
2028	330,000.00	802,600.00	1,132,600.00
2029	380,000.00	786,100.00	1,166,100.00
2030	430,000.00	767,100.00	1,197,100.00
2031	485,000.00	745,600.00	1,230,600.00
2032	540,000.00	721,350.00	1,261,350.00
2033	600,000.00	694,350.00	1,294,350.00
2034	655,000.00	676,350.00	1,331,350.00
2035	715,000.00	656,700.00	1,371,700.00
2036	770,000.00	635,250.00	1,405,250.00
2037	835,000.00	612,150.00	1,447,150.00
2038	900,000.00	587,100.00	1,487,100.00
2039	965,000.00	560,100.00	1,525,100.00
2040	1,035,000.00	531,150.00	1,566,150.00
2041	1,110,000.00	500,100.00	1,610,100.00
2042	1,185,000.00	466,800.00	1,651,800.00
2043	1,265,000.00	431,250.00	1,696,250.00
2044	1,350,000.00	393,300.00	1,743,300.00
2045	1,435,000.00	352,800.00	1,787,800.00
2046	1,530,000.00	309,750.00	1,839,750.00
2047	2,755,000.00	263,850.00	3,018,850.00
2048	2,930,000.00	181,200.00	3,111,200.00
2049	3,110,000.00	93,300.00	3,203,300.00
TOTAL	$30,000,000.00	$18,686,520.00	$48,686,520.00

Combined General Obligation Bonds. The following table shows the combined annual debt service schedule with respect to all outstanding general obligation bonds of the District secured by *ad valorem* taxes, assuming no optional redemptions. See APPENDIX A – “DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations” for additional information.

PIEDMONT UNIFIED SCHOOL DISTRICT
Combined Debt Service Schedule

Period Ending (Aug. 1)	Election of 2006, Series D Bonds (1)	2014 Refunding Bonds	2015 Refunding Bonds	Series 2017A Bonds	2017 Refunding Bonds	2017B Refunding Bonds (2)	The Bonds	Aggregate Annual Debt Service
2020	$575,000.00	$2,441,100.00	$1,134,450.00	$1,172,150.00	$651,575.00	$873,037.50	$2,418,820.00	$9,266,132.50
2021	575,000.00	--	1,200,650.00	941,150.00	651,575.00	873,037.50	2,771,100.00	7,012,512.50
2022	575,000.00	--	1,266,400.00	941,150.00	651,575.00	873,037.50	1,190,600.00	5,497,762.50
2023	575,000.00	--	1,352,150.00	1,011,150.00	651,575.00	873,037.50	989,600.00	5,452,512.50
2024	575,000.00	--	1,426,650.00	1,047,650.00	651,575.00	873,037.50	1,017,850.00	5,591,762.50
2025	575,000.00	--	1,535,450.00	1,082,150.00	651,575.00	873,037.50	1,044,350.00	5,761,562.50
2026	10,575,000.00	--	1,648,250.00	1,119,650.00	651,575.00	873,037.50	1,074,100.00	15,941,612.50
2027	--	--	1,748,050.00	1,159,900.00	651,575.00	2,373,037.50	1,101,850.00	7,034,412.50
2028	--	--	1,858,650.00	1,202,650.00	1,366,575.00	1,813,037.50	1,132,600.00	7,373,512.50
2029	--	--	1,974,600.00	1,242,650.00	1,515,825.00	1,773,037.50	1,166,100.00	7,672,212.50
2030	--	--	2,100,600.00	1,284,900.00	1,510,825.00	1,733,037.50	1,197,100.00	7,826,462.50
2031	--	--	2,101,200.00	1,329,150.00	1,753,825.00	1,693,037.50	1,230,600.00	8,107,812.50
2032	--	--	--	1,380,150.00	4,395,387.50	1,653,037.50	1,261,350.00	8,689,925.00
2033	--	--	--	1,427,400.00	4,673,200.00	1,623,037.50	1,294,350.00	9,017,987.50
2034	--	--	--	1,475,900.00	4,960,800.00	1,593,037.50	1,331,350.00	9,361,087.50
2035	--	--	--	1,525,400.00	--	2,573,037.50	1,371,700.00	5,470,137.50
2036	--	--	--	1,580,650.00	--	2,702,737.50	1,405,250.00	5,688,637.50
2037	--	--	--	1,636,150.00	--	2,836,737.50	1,447,150.00	5,920,037.50
2038	--	--	--	1,691,650.00	--	2,979,737.50	1,487,100.00	6,158,487.50
2039	--	--	--	1,751,900.00	--	3,131,287.50	1,525,100.00	6,408,287.50
2040	--	--	--	1,811,400.00	--	3,285,937.50	1,566,150.00	6,663,487.50
2041	--	--	--	1,878,200.00	--	3,449,531.26	1,610,100.00	6,937,831.26
2042	--	--	--	1,945,200.00	--	--	1,651,800.00	3,597,000.00
2043	--	--	--	2,012,200.00	--	--	1,696,250.00	3,708,450.00
2044	--	--	--	2,079,000.00	--	--	1,743,300.00	3,822,300.00
2045	--	--	--	2,155,400.00	--	--	1,787,800.00	3,943,200.00
2046	--	--	--	2,230,800.00	--	--	1,839,750.00	4,070,550.00
2047	--	--	--	--	--	--	3,018,850.00	3,018,850.00
2048	--	--	--	--	--	--	3,111,200.00	3,111,200.00
2049	--	--	--	--	--	--	3,203,300.00	3,203,300.00
TOTAL	$14,025,000.00	$2,441,100.00	$19,347,100.00	$40,115,700.00	$25,389,037.50	$41,324,568.76	$48,686,520.00	$191,329,026.26

(1) The Series D Bonds are Qualified School Construction Bonds and the District receives a subsidy from the federal government for a portion of each interest payment on the Series D Bonds. Debt service shown represent gross debt service, which is not net of the federal subsidy payment. In addition, the County collects an amount each year that is set aside in a sinking fund, to be applied to the final maturity of the Series D Bonds on 5/1/2026.
(2) Issued for the purpose of refunding, in full, the District’s General Obligation Bonds, Election of 2006, Series E, on a crossover basis, as of August 1, 2023.

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	$30,000,000.00
Original Issue Premium	2,113,051.75
Total Sources	$32,113,051.75
Uses of Funds	
Building Fund	$29,812,235.00
Debt Service Fund	2,070,213.76
Costs of Issuance (1)	230,602.99
Total Uses	$32,113,051.75

(1) All estimated costs of issuance including, but not limited to, Purchaser's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Paying Agent and the rating agencies.

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

Other Debt Payable from Ad Valorem Property Taxes. In addition to the Bonds, there is other debt issued by the District and other entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and "- Direct and Overlapping Debt" below.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

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

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

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

Economic Conditions. Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION - Assessed Valuation" for additional information about recent notable disasters in the State.

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Bond Resolution and known as the "Piedmont Unified School District, Election of 2016, Series 2019 Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remains excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Fund

Amounts to pay debt service on the Bonds will be held in the fund created and established in the Bond Resolution and known as the "Piedmont Unified School District, Election of 2016, Series 2019 Debt Service Fund" (the "**Debt Service Fund**") for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the County shall transfer such amounts to the District's general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by Statutes of 1983, Chapter 498) (**"SB 813"**), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

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

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation

The assessed valuation of property in the District is established by the assessor of the County, except for public utility property which is assessed by the State Board of Equalization, as described above. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed, see APPENDIX A under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

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

PIEDMONT UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2004-05 through 2018-19

Fiscal Year	Local Secured	Unsecured	Total	% Change
2004-05	$2,216,839,781	$4,232,666	$2,221,072,447	--
2005-06	2,405,669,823	4,472,975	2,410,142,798	8.5%
2006-07	2,588,754,716	4,758,429	2,593,513,145	7.6
2007-08	2,774,434,485	4,684,478	2,779,188,963	7.2
2008-09	2,926,864,211	3,922,696	2,930,786,907	5.5
2009-10	3,013,260,726	3,866,636	3,017,147,362	2.9
2010-11	3,014,094,145	3,700,715	3,017,794,860	0.0
2011-12	3,081,529,298	3,428,903	3,084,958,201	2.2
2012-13	3,200,144,235	3,284,951	3,203,429,186	3.8
2013-14	3,378,910,933	3,558,461	3,382,469,394	5.6
2014-15	3,547,898,410	4,521,255	3,552,419,665	5.0
2015-16	3,840,794,553	5,141,847	3,845,936,400	8.3
2016-17	4,059,401,036	5,637,996	4,065,039,032	5.7
2017-18	4,280,632,412	5,380,452	4,286,012,864	5.4
2018-19	4,531,882,496	5,294,401	4,537,176,897	5.9

Source: California Municipal Statistics, Inc.

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

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

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

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2018-19. As shown, the majority of the District's assessed valuation is represented by residential property.

PIEDMONT UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2018-19

Non-Residential:	**2018-19 Assessed Valuation (1)**	**% of Total**	**No. of Parcels**	**% of Total**
Commercial	$14,797,953	0.33%	12	0.30%
Vacant Commercial	14,001	0.00	1	0.02
Government/Social/Institutional	1,082,080	0.02	52	1.30
Subtotal Non-Residential	$15,894,034	0.35%	65	1.62%
Residential:				
Single Family Residence	$4,442,812,907	98.03%	3,811	95.25%
2-4 Residential Units	34,526,579	0.76	36	0.90
5+ Residential Units/Apartments	11,587,592	0.26	7	0.17
Vacant Residential	27,061,384	0.60	82	2.05
Subtotal Residential	$4,515,988,462	99.65%	3,936	98.38%
Total	$4,531,882,496	100.00%	4,001	100.00%

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

Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2018-19, including the median and average assessed value of single family parcels in the District.

PIEDMONT UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2018-19

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	3,811	$4,442,812,907	$1,165,787	$946,980

2018-19 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	200	5.248%	5.248%	$ 13,927,161	0.313%	0.313%
$100,000 - $199,999	296	7.767	13.015	43,860,990	0.987	1.301
$200,000 - $299,999	183	4.802	17.817	45,232,668	1.018	2.319
$300,000 - $399,999	181	4.749	22.566	63,191,844	1.422	3.741
$400,000 - $499,999	207	5.432	27.998	93,141,846	2.096	5.838
$500,000 - $599,999	180	4.723	32.721	98,222,042	2.211	8.048
$600,000 - $699,999	214	5.615	38.336	139,670,937	3.144	11.192
$700,000 - $799,999	174	4.566	42.902	129,480,856	2.914	14.107
$800,000 - $899,999	172	4.513	47.415	146,199,716	3.291	17.397
$900,000 - $999,999	211	5.537	52.952	200,384,869	4.510	21.908
$1,000,000 - $1,099,999	193	5.064	58.016	203,010,829	4.569	26.477
$1,100,000 - $1,199,999	163	4.277	62.293	186,792,146	4.204	30.681
$1,200,000 - $1,299,999	159	4.172	66.465	198,871,034	4.476	35.158
$1,300,000 - $1,399,999	118	3.096	69.562	159,146,598	3.582	38.740
$1,400,000 - $1,499,999	110	2.886	72.448	159,429,300	3.588	42.328
$1,500,000 - $1,599,999	129	3.385	75.833	199,308,825	4.486	46.814
$1,600,000 - $1,699,999	96	2.519	78.352	158,319,354	3.563	50.378
$1,700,000 - $1,799,999	84	2.204	80.556	146,625,250	3.300	53.678
$1,800,000 - $1,899,999	76	1.994	82.551	140,873,389	3.171	56.849
$1,900,000 - $1,999,999	78	2.047	84.597	151,881,952	3.419	60.267
$2,000,000 and greater	587	15.403	100.000	1,765,241,301	39.733	100.000
Total	3,811	100.000%		$4,442,812,907	100.000%	

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

Reassessments and Appeals of Assessed Value

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

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

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

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

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

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

Tax Levies and Delinquencies

The following table shows secured tax charges and delinquencies for secured property in the District with respect to the District's levy for debt service on outstanding general obligation bonds. Secured property taxes not relating to the 1% general fund apportionment (which is provided for under the County's Teeter Plan described below) which are collected by the County are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when the secured property taxes are actually collected.

PIEDMONT UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2007-08 through 2017-18

Fiscal Year	Secured Tax Charge (1)	Amount Delinquent June 30	% Delinquent June 30
2007-08	$2,384,932	$29,743	1.25%
2008-09	3,105,121	47,985	1.55
2009-10	4,370,349	60,883	1.39
2010-11	3,932,633	32,983	0.84
2011-12	4,689,831	52,223	1.11
2012-13	4,850,293	53,141	1.10
2013-14	5,338,434	39,654	0.74
2014-15	5,182,137	50,532	0.98
2015-16	5,511,260	53,934	0.98
2016-17	5,015,423	38,028	0.76
2017-18	8,264,870	70,894	0.86

(1) General obligation bond debt service levy only.
Source: *California Municipal Statistics, Inc.*

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

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

However, because the County does <u>not</u> participate in the Teeter Plan with respect to tax levies for debt service, secured property taxes actually collected for such purpose are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when such secured property taxes are actually collected. As a consequence, the District's receipt of taxes levied for its general obligation bonds, including the Bonds, is subject to delinquencies, as shown in the table above.

Tax Rates

Below are historical typical tax rates in a typical tax rate area (TRA 18-000) within the District for fiscal years 2014-15 through 2018-19.

PIEDMONT UNIFIED SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 18-000)
Fiscal Years 2014-15 through 2018-19

	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Alameda County Bonds	--	--	--	--	.0112
Piedmont Unified School District Bonds	.1468	.1440	.1243	.1939	.1525
Peralta Community College District Bonds	.0412	.0337	.0256	.0310	.0269
Bay Area Rapid Transit District	.0045	.0026	.0080	.0084	.0070
East Bay Regional Park District	.0085	.0067	.0032	.0021	.0057
East Bay Municipal Utility District, Special District 1	.0047	.0034	.0028	.0011	.0000
Total Tax Rate	$1.2057	$1.1904	$1.1639	$1.2365	$1.2033

Source: California Municipal Statistics, Inc.

Top 20 Property Owners

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

PIEDMONT UNIFIED SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2018-19

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total (1)
1.	Bill Vuylsteke Trust	Residence	$ 14,192,038	0.31%
2.	Lipbu & Loo Ysa Tan, Trustees	Residence	11,234,846	0.25
3.	Thomas P. & Karen G. Sullivan, Trustees	Residence	9,810,056	0.22
4.	Derek G. & Rachel J. Benham, Trustees	Residence	9,788,568	0.22
5.	Piedmont Station LLC	Apartments	9,113,118	0.20
6.	Arun & Rmmi Sarin, Trustees	Residence	9,024,975	0.20
7.	Delanie S. & James P. Read, Jr. , Trustees	Residence	8,834,351	0.19
8.	David S. & Heather A. Ruegg, Trustees	Residence	8,310,353	0.18
9.	Weston J. & Lisa H. Settlemier, Trustees	Residence	7,682,857	0.17
10.	Yu J. Zhen & Levente T. Laczay, Trustees	Residence	7,194,363	0.16
11.	Michael R. Laufer & Carolyn K. Cahill, Trustees	Residence	7,175,284	0.16
12.	Jacky & Kitty Li, Trustees	Residence	7,163,725	0.16
13.	Techne Inc.	Residence	7,064,453	0.16
14.	Beth Pennington Trust	Residence	7,002,840	0.15
15.	Guy T. & Jeanine E. Saperstein, Trustees	Residence	6,914,268	0.15
16.	Aric M. Shalev & April J. Gruber	Residence	6,835,499	0.15
17.	Michael & Elyse O'Sullivan, Trustees	Residence	6,733,793	0.15
18.	Grace S. & Michael K. Park, Trustees	Residence	6,629,408	0.15
19.	Amnon & Kathryn Roan, Trustees	Residence	6,568,413	0.14
20.	Catherine Joseph Trust	Residence	6,425,525	0.14
			$163,698,733	3.61%

(1) 2018-19 local secured assessed valuation: $4,531,882,496.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

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

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

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

2018-19 Assessed Valuation: $4,537,176,897

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 8/1/19**
Alameda County	1.566%	$ 3,413,880
Bay Area Rapid Transit District	0.604	4,714,069
Peralta Community College District	4.385	15,425,553
Piedmont Unified School District	**100.000**	**78,053,678** (1)
East Bay Regional Park District	0.956	1,708,468
City of Piedmont 1915 Act Bonds	93.696	3,494,004
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$106,809,652
OVERLAPPING GENERAL FUND DEBT:		
Alameda County General Fund Obligations	1.566%	$13,597,147
Alameda-Contra Costa Transit District Certificates of Participation	1.854	203,940
Peralta Community College District Pension and Benefit Obligation Bonds	4.421	6,161,132
City of Piedmont Pension Obligation Bonds	100.000	1,110,000
TOTAL OVERLAPPING GENERAL FUND DEBT		$21,072,219
COMBINED TOTAL DEBT		$127,881,871 (2)

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($78,053,678)......1.72%
Total Direct and Overlapping Tax and Assessment Debt......2.35%
Combined Total Debt......2.82%

(1) Excludes the Bonds offered for sale hereunder.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

Tax Exemption

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

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

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

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

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

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

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

Form of Opinion. Copies of the proposed forms of opinion of Bond Counsel are attached hereto as APPENDIX D.

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of Litigation

No litigation is pending or threatened 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 that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

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

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, and KNN Public Finance LLC, as municipal advisor to the District, are contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

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

The District has prior undertakings pursuant to the Rule. The District has engaged KNN Public Finance, LLC, to serve as dissemination agent with respect to each of its continuing disclosure undertakings, including the undertaking to be entered into for the Bonds. Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

RATINGS

Moody's Investors Services ("**Moody's**") and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") have assigned ratings of "Aa2" and "AA+", respectively, to the Bonds. The District has provided certain additional information and materials to Moody's and S&P (some of which does not appear in this Official Statement). Such ratings reflect only the view of the respective rating agencies, and explanations of the significance of such rating may be obtained only from Moody's and S&P. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by Moody's or S&P, in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

COMPETITIVE SALE OF BONDS

The Bonds were sold pursuant to a competitive bidding process held on August 27, 2019, pursuant to the terms set forth in an Official Notice of Sale with respect to the Bonds.

The Bonds were awarded to J.P. Morgan Securities LLC (the "**Purchaser**"), whose proposal represented the lowest true interest cost for the Bonds as determined in accordance with the Official Notice of Sale. The Purchaser has agreed to purchase the Bonds at a price of $32,070,213.76, which is equal to the initial principal amount of the Bonds of $30,000,000, plus an original issue premium of $2,113,051.75, less a Purchaser's discount of $42,837.99. The Purchaser intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Purchaser may offer and sell to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering price may be changed from time to time by the Purchaser.

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

PIEDMONT UNIFIED SCHOOL DISTRICT

By: /s/ *Randall Booker*
Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

General Information

The District is located in Alameda County (the "**County**") in the San Francisco Bay Area and serves the residents of the City of Piedmont (the "**City**"), an area of approximately 1.8 square miles with a population estimated of approximately 11,000. The District, created in 1920 and unified in 1936, currently operates three grades K-5 elementary schools, one grades 6-8 middle school, one traditional high school, one alternative high school and one adult education school. Enrollment in the District was 2,596 students in fiscal year 2018-19 and is budgeted at 2,539 students for fiscal year 2019-20.

See also APPENDIX C hereto for demographic and other statistical information regarding the County.

Administration

The District is governed by a five-member Board of Education, each member of which is elected to a four-year term. Current members of the Board of Education, together with their office and the date their term expires, are listed below.

Name	Office	Term Expires
Amal Smith	President	December 2022
Cory Smegal	Vice President	December 2020
Sarah Pearson	Member	December 2020
Megan Pillsbury	Member	December 2022
Andrea Swenson	Member	December 2020

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Randall Booker is currently the Superintendent of the District and Ruth Alahydoian is the Chief Financial Officer.

Recent Enrollment Trends

The following table shows a recent history and budgeted enrollment for the District.

ANNUAL ENROLLMENT
Fiscal Years 2009-10 through 2019-20
Piedmont Unified School District

Fiscal Year	Student Enrollment	% Change
2009-10	2,554	--
2010-11	2,559	0.2%
2011-12	2,552	(0.3)
2012-13	2,605	2.1
2013-14	2,644	1.5
2014-15	2,706	2.3
2015-16	2,708	0.1
2016-17	2,692	(0.6)
2017-18	2,623	(2.6)
2018-19	2,596	(1.0)
2019-20(1)	2,539	(2.2)

(1) Budgeted.
Source: California Department of Education for 2009-10 through 2018-19; Piedmont Unified School District for 2019-20.

Employee Relations

The District has 190 certificated full-time equivalent ("**FTE**") employees, 128 classified FTE employees, and 20 management/supervisor/confidential FTE employees.

The employees of the District are represented by two bargaining units, as set forth in the following table.

BARGAINING UNITS
Piedmont Unified School District

Employee Group	Representation	Contract Expiration Date
Certificated	Association of Piedmont Teachers	June 30, 2020
Classified	California School Employees' Association	June 30, 2020
Administrators	Association of Piedmont School Administrators	June 30, 2020

Source: The District.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

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

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

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

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

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

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

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

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

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

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

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

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

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

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the 2013-14 State Budget created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

District Accounting Practices

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

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

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2018 Audited Financial Statements were prepared Vavrinek, Trine, Day & Co., LLP, Pleasanton, California and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Assistant Superintendent, Business and Operations of the District. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District for the fiscal years 2013-14 through 2017-18.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18 (Audited)
Piedmont Unified School District (1)

	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
Revenues					
LCFF	$16,178,447	$17,903,647	$19,621,472	$20,429,606	$20,766,766
Federal revenues	690,828	686,611	706,432	704,676	678,855
Other state revenues	2,441,490	2,004,477	7,343,312	3,537,972	2,863,442
Other local revenues	14,530,770	15,119,825	15,614,860	15,571,660	16,151,786
Total Revenues	33,841,535	35,714,560	43,286,076	40,243,914	40,460,849
Expenditures					
Instruction	24,472,011	24,936,425	26,148,272	26,828,347	26,781,760
Instruction-related activities:					
Supervision of instruction	660,180	631,239	841,954	983,437	984,733
Library, media and technology	491,335	545,697	541,128	657,213	651,729
School sites administration	1,945,848	3,938,003	5,677,917	4,023,186	3,417,993
Pupil services:					
Home-to-school transportation	94,716	118,179	162,859	109,929	204,986
Food services	2,085	--	--	3,008	--
All other pupil services	1,186,069	1,627,255	1,867,620	1,864,766	1,928,355
General Administration:					
Data processing	343,081	308,486	807,114	866,694	1,063,449
All other general admin.	1,706,500	1,876,649	2,017,335	2,177,742	2,152,959
Plant services	2,633,801	2,879,642	3,020,788	3,078,370	3,124,583
Facility acquisition, construction	44,883	353,610	174,939	192,969	--
Ancillary services	317,240	453,363	525,270	542,513	563,003
Debt service: principal	--	--	--	--	--
Total Expenditures	33,897,749	37,668,548	41,785,196	41,348,174	40,937,012
Excess of Revenues Over/(Under) Expend.	(56,214)	(1,953,988)	1,500,880	(1,104,260)	(476,163)
Other Financing Sources (Uses)					
Operating transfers in	--	--	--	--	--
Operating transfers out	(50,000)	(60,000)	(60,000)	(55,000)	(35,000)
Total Other Fin. Source(Uses)	(50,000)	(60,000)	(60,000)	(55,000)	(35,000)
Net change in fund balance	(106,214)	(2,013,988)	1,440,880	(1,159,260)	(511,163)
Fund Balance, July 1	5,334,309	5,228,095	3,214,107	4,654,987	3,495,727
Fund Balance, June 30	$5,228,095	$3,214,107	$4,654,987	$3,495,725	$2,984,564

(1) Figures may not sum to totals due to rounding.
Source: Piedmont Unified School District Audit Reports.

District Budget and Interim Financial Reporting

Budgeting and Interim Reporting Procedures. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Alameda County Superintendent of Schools (the "**County Superintendent**").

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

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

A State law adopted in 1991 (**"A.B. 1200"**) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget and Interim Certification History. During the past five years, each of the District's adopted budgets have been approved by the County Superintendent and the District has received positive certifications on all of its interim reports, with the exception of the 2018-19 first interim report, for which the District received a qualified certification. The District's 2018-19 second interim report received a positive qualification.

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

PIEDMONT UNIFIED SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2018-19 (Estimated Actuals)
Fiscal Year 2019-20 (Adopted Budget)

Revenues	**Estimated Actuals 2018-19**	**Adopted Budget 2019-20**
Total LCFF Sources	$21,619,160	$22,165,250
Federal Revenues	632,144	666,047
Other state revenues	2,785,572	2,570,646
Other local revenues	15,772,443	16,039,200
Total Revenues	40,809,319	41,441,143
Expenditures		
Certificated Salaries	18,231,357	17,886,459
Classified Salaries	5,759,347	5,891,345
Employee Benefits	10,794,144	11,724,813
Books and Supplies	1,562,202	1,101,793
Contract Services & Operating Exp.	5,435,722	4,648,195
Capital Outlay	31,386	--
Other Outgo (excluding indirect costs)	--	--
Other Outgo – Transfers of Indirect Costs	(145,000)	(155,000)
Total Expenditures	41,669,158	41,097,605
Excess of Revenues Over/(Under) Expenditures	(859,839)	343,538
Other Financing Sources (Uses)		
Operating transfers in	197,548	--
Operating transfers out	(30,000)	(50,000)
Other sources	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	167,548	(50,000)
Net change in fund balance	(692,291)	293,538
Fund Balance, July 1	2,038,835	1,346,544
Fund Balance, June 30	$1,346,544	$1,640,082

Source: Piedmont Unified School District Adopted Budget for fiscal year 2019-20.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District has historically had an unrestricted reserve in excess of the 3% minimum requirement.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget (**"SB 858"**), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

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

Attendance - Revenue Limit and LCFF Funding

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

PIEDMONT UNIFIED SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2013-14 through 2019-20 (Budgeted)

Fiscal Year	ADA	LCFF Funding Per ADA
2013-14	2,557	$6,291
2014-15	2,629	6,737
2015-16	2,628	7,394
2016-17	2,605	7,768
2017-18	2,552	8,129
2018-19 (1)	2,526	8,559
2019-20 (2)	2,470	8,974

(1) Estimated Actuals.
(2) Budgeted.
Source: California Department of Education; Piedmont Unified School District.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 3% for purposes of calculating supplemental and concentration grant funding under LCFF.

Revenue Sources

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

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

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

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

Under LCFF, a school district whose property tax revenues exceed its funding under the LCFF is entitled to keep its local property tax revenues which exceed its LCFF funding, maintaining its status as a Basic Aid District, now referred to as a "Community Supported District." For school districts that were Basic Aid prior to implementation of the LCFF, such districts are entitled to retain their status as Community Supported and keep their full local property tax revenue entitlement, provided that the per-pupil funding targets under LCFF, including economic recovery targets, are met or exceeded by local property tax revenues. The threshold for Community Supported status under the LCFF, however, is higher than under the prior funding formula, resulting in some districts falling out of Community Supported status as the result of the implementation of the LCFF. Accountability measures contained in the LCFF must be implemented by all districts, including Community Supported Districts.

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

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

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

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

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings, leases and rentals.

District Retirement Systems

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

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

STRS Contributions
Piedmont Unified School District
Fiscal Years 2013-14 through 2019-20 (Projected)

Fiscal Year	Amount
2013-14	$1,167,289
2014-15	1,361,235
2015-16	1,826,227
2016-17	2,224,455
2017-18	2,571,025
2018-19 (1)	4,206,198
2019-20 (2)	4,567,426

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

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.2 billion as of June 30, 2018 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

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

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

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

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

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

PERS Contributions
Piedmont Unified School District
Fiscal Years 2013-14 through 2019-20 (Projected)

Fiscal Year	Amount
2013-14	$497,611
2014-15	581,047
2015-16	622,624
2016-17	751,153
2017-18	879,430
2018-19 (1)	911,891
2019-20 (2)	1,183,564

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

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $27.2 billion as of June 30, 2018 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

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

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

Source: PERS.

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

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

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2022-23(1)

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

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

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

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

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

Additional Information. Additional information regarding the District's retirement programs is available in Note 11 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Purchaser for accuracy or completeness.*

Other Post-Employment Retirement Benefits

Plan Description. The Piedmont Unified School District Postemployment Benefits Plan (the **"Plan"**) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan as of June 30, 2016 was 88 retirees and beneficiaries currently receiving benefits and 318 active plan members.

At June 30, 2018, the plan has 123 retirees receiving benefits and 347 active plan members for a total of 470 plan members.

Contributions. The benefit payment requirements of the Plan members and the District are established and may be amended by negotiated agreement between the District, the Association of Piedmont Teachers ("**APT**"), the local California Service Employees Association ("**CSEA**"), the Association of Piedmont School Administrators ("**APSA**"), and unrepresented individuals. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, APT, CSEA, APSA, and the unrepresented individuals. For fiscal year 2017-2018, the District paid $376,529 in benefits.

Total OPEB Liability. The District's total OPEB liability was measured as of June 30, 2017, using an actuarial valuation of that date.

Actuarial Assumptions. The District's total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: the entry age level percent of pay actuarial cost method was used, inflation 2.75%, salary increases 2.75%, average including inflation, discount rate of 3.50% was based on the Bond Buyer 20-bond General Obligation Index, healthcare cost trend 4.0% for 2017. Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2017 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 20, 2017.

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

CHANGES IN TOTAL OPEB LIABILITY
Piedmont Unified School District

Changes for the Year Ended June 30, 2018	
Balance at June 30, 2016	$6,915,186
Service Cost	236,532
Interest	238,886
Benefit payments	(409,752)
Net Change in Total OPEB liability	(65,666)
Balance at June 30, 2017	$6,980,852

Source: Piedmont Unified School District.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. For the year ended June 30, 2018, the District recognized OPEB expense of $475,418.

Insurance – Risk Management

Property and Liability. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2018, the District contracted with Alameda County Schools Insurance Group ("**ACSIG**") for property and liability insurance coverage. Extended property and liability coverage was provided by NorCal Relief. Settled claims have not exceeded this commercial coverage in any of the past 3 years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation. For fiscal year 2018, the District participated in the ACSIG, an insurance purchasing pool. The intent of the ACSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the ACSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the ACSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of each participating school district. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the ACSIG. Participation in the ACSIG is limited to districts that can meet the ACSIG selection criteria.

Coverage provided by ACSIG, NorCal Relief, and Schools Association for Excess Risk for property and liability and workers is as follows:

PIEDMONT UNIFIED SCHOOL DISTRICT
Insurance Summary

Insurance Program / Company Name	Type of Coverage	Limits
Alameda County Schools Insurance Group	Workers' Compensation	Statutory Limit
NorCal Relief	Property	$500-$250,250,000
NorCal Relief	Liability	$50,000-$50 million
Schools Association for Excess Risk	Excess Property	$250,000-$250 million
Schools Association for Excess Risk	Excess Liability	$1million-$25 million

Source: Piedmont Unified School District.

Existing Debt Obligations

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

SUMMARY OF OUTSTANDING GENERAL OBLIGATION BONDS
Piedmont Unified School District

Dated Date	Series	Amount of Original Issue	Final Maturity Date	Outstanding as of August 2, 2019
	2006 Authorization			
05/04/2011	General Obligation Bonds, Election of 2006, Series D	$10,000,000.00	August 1, 2026	$10,000,000.00
08/21/2013	General Obligation Bonds, Election of 2006, Series E (1)	11,998,678.35	August 1, 2043	11,998,678.35
	2016 Authorization			
04/12/2017	General Obligation Bonds, Election of 2016, Series 2017A	26,000,000.00	August 1, 2046	21,450,000.00
	Refunding Bonds			
11/26/2014	2014 General Obligation Refunding Bonds	9,965,000.00	August 1, 2020	2,370,000.00
03/24/2015	2015 General Obligation Refunding Bonds	16,075,000.00	August 1, 2031	15,460,000.00
04/12/2017	2017 General Obligation Refunding Bonds	16,775,000.00	August 1, 2034	16,775,000.00
12/21/2017	2017B General Obligation Refunding Bonds	27,000,000.00	August 1, 2041	27,000,000.00
Total		**$117,813,678.35**		**$78,053,678.35**

(1) Refunded in full on a crossover basis with proceeds of the District's 2017B General Obligation Refunding Bonds, as of August 1, 2023.
(2) The 2017B Refunding Bonds are not included in the outstanding debt calculation until the crossover date of August 1, 2023.
Source: Piedmont Unified School District.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See APPENDIX G to the Official Statement for the County's current investment policy and recent investment report.

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

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

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

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

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

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

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

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

Recent State Budgets

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

- The California State Treasurer internet home page at www.treasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State budget, past State budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State budgets.

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

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

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

2019-20 State Budget

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

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

- $1.5 billion anticipated in Proposition 51 bond funds for school facilities and an additional $1.2 million of ongoing Proposition 51 bond funds;

- $5 million one-time funding for a long-term strategic plan to provide childcare and preschool for children from birth through age twelve;

- $300 million one-time funding to construct new or retrofit existing facilities to support full-day kindergarten programs;

- $645.3 million ongoing funding for special education, including $152.6 million to provide all Special Education Loan Plan Areas with at least the statewide target rate for base special education funding.

- $147.4 million one-time and ongoing funding to address the shortage of teachers;

- $918 million in additional funding to identify and implement recommendations and solutions to reduce wildfire risk, bolster the state's emergency preparedness capacity and protect vulnerable communities;

- $518,000 one-time funding to reimburse cities, counties and special districts for 2018-2019 property tax losses and a corresponding $530,000 that will be used to backfill property tax revenue losses for K-14 schools in those cities, counties and districts;

- $460 million one-time general funding to increase the quality and availability of child care, including $263 million for child care and preschool facilities expansion and $195 million for childcare and preschool workforce development;

- one-time funding of $750 million to support local governments in increasing and accelerating housing production; and

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

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

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

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

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

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

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

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

Article XIIIB of the California Constitution

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

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

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

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

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

Unitary Property

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

Articles XIIIC and XIIID of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the 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 XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

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

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

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Proposition 98

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

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

Proposition 111

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

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

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

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

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

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

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

Proposition 39

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

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

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

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

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

California Senate Bill 222

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

Future Initiatives

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

APPENDIX B

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

PIEDMONT UNIFIED
SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
JUNE 30, 2018

PIEDMONT UNIFIED SCHOOL DISTRICT

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JUNE 30, 2018

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
Piedmont Unified School District
Piedmont, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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Opinions

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

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 14 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 17, 2018

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets (including capital assets) and deferred outflows of the District as well as all liabilities (including long-term liabilities) and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Piedmont Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

In the *Statement of Net Position* and the *Statement of Activities* we include the District activities as follows:

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the *Fiduciary Fund - Statement of Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was ($27,187,268), and ($19,775,963) for the fiscal years ended June 30, 2018 and 2017, respectively. Of this amount, ($35,897,260) 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 the net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2018	**2017 (as restated)**
Current and other assets	$ 64,204,046	$ 39,007,960
Capital assets	78,124,107	77,293,334
Total Assets	**142,328,153**	**116,301,294**
DEFERRED OUTFLOWS OF RESOURCES	**13,814,216**	**9,202,471**
Current liabilities	3,455,724	6,250,851
Long-term liabilities other than pension liability	134,279,133	99,200,631
Aggregate net pension liability	41,664,050	36,400,768
Total Liabilities	**179,398,907**	**141,852,250**
DEFERRED INFLOWS OF RESOURCES	**3,930,730**	**3,427,478**
Net position		
Net investment capital assets	(12,293)	405,879
Restricted	8,722,285	7,510,983
Unrestricted	(35,897,260)	(27,692,825)
Total Net Position	**$ (27,187,268)**	**$ (19,775,963)**

The ($35,897,260) in unrestricted net position of governmental activities represents the *accumulated* results of all past years' operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 13. Table 2 takes the information from the Statement, and rearranges them slightly so you can see our total revenues and expenses for the year.

Table 2

	Governmental Activities	
Revenues	**2018**	**2017**
Program revenues		
Operating grants and contributions	$ 5,449,959	$ 5,350,591
General revenues:		
Federal and State aid	10,085,923	10,123,755
Property taxes (including parcel tax)	30,442,487	26,666,552
Other general revenues	4,264,948	4,950,362
Total Revenues	50,243,317	47,091,260
Expenses		
Instruction related	34,276,678	34,854,969
Student support services	3,048,226	2,866,089
Administration	3,485,232	3,277,745
Maintenance and operations	4,717,997	4,204,216
Other	5,166,528	4,749,856
Total Expenses	50,694,661	49,952,875
Change in Net Position	$ (451,344)	$ (2,861,615)

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was $50,694,661. However, the amount that our taxpayers ultimately financed for these activities through local taxes was $30.4 million; part of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions ($5.5 million). We paid for the remaining "public benefit" portion of our governmental activities with $10.1 million in Federal and State aid and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions: regular instruction, instruction related activities, pupil services, and other as well as each program's *net* cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction	$ 28,840,818	$ 28,764,011	$ 25,924,253	$ 24,382,594
Instruction related activities	5,435,860	6,090,958	4,965,430	3,929,023
Pupil services	3,048,226	2,866,089	2,899,587	2,695,663
General administration	3,485,232	3,277,745	3,459,737	2,967,561
Plant services	4,717,997	4,204,216	4,566,646	3,299,036
Other	5,166,528	4,749,856	3,429,049	2,779,417
Totals	$ 50,694,661	$ 49,952,875	$ 45,244,702	$ 40,053,294

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $36,107,491 which is a decrease of $1,222,349 from last year.

The primary reasons for the change between 2017 and 2018 are facilities and bond program expenses as the H1 Bond program gets underway and bond proceeds are spent.

- Issuance of the first series of the Measure H1 government obligation (G.O.) bonds for $26,000,000. Net of the cost of issuance, the District received $25,843,795 in proceeds. Proceeds were deposited into the Building Fund 21.
- Conversely, some other funds (Adult Education, Fund 11) had some carryover money from 2015-16 that was spent down in 2016-17.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 27, 2018. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 61.

The primary reasons for the changes in the revenues and expenditures between the original and final budgets and the actual amounts are the spending down of carryover funds, and the recognition of revenues and associated expenses as they were received throughout the year.

The District projected a decrease in the general fund of $1,080,698 and the actual net change in fund balance is a decrease of $511,163. Revenues and expenditures were $1,150,154 and $580,619, respectively, more than projected. As part of the expenditures, the District transferred $30,000 to the Special Reserve Fund for Capital Outlay Projects, and $5,000 to the Self-Insurance Fund. The District monitored expenditures closely to be able to continue providing all programs.

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had $78,124,107 in a broad range of capital assets (net of depreciation), including land and improvements, buildings and improvements, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of $830,773 from last year due to an increase in acquisitions offset by current year depreciation.

Table 4

	Governmental Activities	
	2018	2017
Land and improvements	$ 3,222,257	$ 3,290,717
Buildings and improvements	71,710,506	73,616,510
Furniture and equipment	643,680	104,728
Construction in progress	2,547,664	281,379
Totals	$ 78,124,107	$ 77,293,334

Additional detail on capital assets can be found in Note 5 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $175,943,183 of long term debt outstanding versus $139,494,428 last year; an increase of 26.1 percent. The long term obligations outstanding consisted of:

Table 5

	Governmental Activities	
	2018	2017 restated
General obligation bonds	$ 120,252,083	$ 95,546,395
General obligation bond premiums	6,911,057	7,191,942
Compensated absences (vacation)	135,141	142,338
Net other postemployment benefits OPEB liability	6,980,852	6,915,186
Aggregate net pension liability	41,664,050	36,400,768
Totals	$ 175,943,183	$ 146,196,629

We present more detailed information regarding our long-term obligations in Note 8 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2017-2018 ARE NOTED BELOW:

- Despite declining enrollment and increasing pension costs, the district was able to keep overall deficit spending at the originally budgeted level of $500K.
- All employees received additional support from the District towards the cost of health benefit premiums. The District's cap was increased by $300 per FTE.
- The District maintained a positive certification on its First and Second Interim Financial Reports.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2018-19 year, the Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are:

- LCFF Revenues are based on the FCMAT LCFF Calculator and funding rates available at the May Revise (May 2018).
- Enrollment is currently projected to decline by 69 students. The District will use 2017-18 ADA for budget purposes.
- The Piedmont Education Foundation has committed a total of $2.7 M to support various programs throughout the District.
- Measure M, the School Support (Parcel) tax will increase by 2%, as allowed by the ballot language.
- Employee costs are based on natural progression of employees (Step and Column), a 3% raise for all APT employees (certificated bargaining unit) and the increased employer contribution rates for employer contributions to the STRS and PERS pensions.
- Non-personnel expenses are budgeted at approximately the same levels as budgeted in 2017-18.

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:

Randall Booker
Superintendent
Piedmont Unified School District
Piedmont, CA 94611
OR
rbooker@piedmont.k12.ca.us

PIEDMONT UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Deposits and investments	$ 62,589,124
Receivables	1,543,891
Prepaid expenses	71,031
Capital assets not depreciated	2,882,687
Capital assets, net of accumulated depreciation	75,241,420
Total Assets	142,328,153
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to debt refunding	774,598
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	376,529
Deferred outflows of resources related to pension	12,663,089
Total Deferred Outflows of Resources	13,814,216
LIABILITIES	
Accounts payable	1,888,843
Interest payable	1,566,881
Long Term Obligations:	
Current portion of long-term obligations other than pensions	6,507,748
Noncurrent portion of long-term obligations other than pensions	127,771,385
Total Long-Term Obligations	134,279,133
Aggregate net pension liability	41,664,050
Total Liabilities	179,398,907
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to debt refunding	450,000
Deferred inflows of resources related to pensions	3,480,730
Total Deferred Inflows of Resources	3,930,730
NET POSITION	
Net investment in capital assets	(12,293)
Restricted for:	
Debt service	8,619,584
Capital projects	(101,219)
Educational programs	194,786
Other activities	9,134
Unrestricted	(35,897,260)
Total Net Position	$ (27,187,268)

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

PIEDMONT UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Governmental Activities
Governmental Activities:				
Instruction	$ 28,840,818	$ -	$ 2,916,565	$ (25,924,253)
Instruction-related activities:				
Supervision of instruction	1,060,442	-	36,523	(1,023,919)
Instructional library, media, and technology	701,836	-	19,731	(682,105)
School site administration	3,673,582	-	414,176	(3,259,406)
Pupil services:				
Home-to-school transportation	220,746	-	-	(220,746)
Food services	750,867	-	8,702	(742,165)
All other pupil services	2,076,613	-	139,937	(1,936,676)
General administration:				
Data processing	1,145,210	-	10,636	(1,134,574)
All other general administration	2,340,022	-	14,859	(2,325,163)
Plant services	4,717,997	-	151,351	(4,566,646)
Facility acquisition and construction	-	-	4,449	4,449
Ancillary services	606,289	-	-	(606,289)
Enterprise services	7,867	-	-	(7,867)
Interest on long-term obligations	4,552,372	-	-	(4,552,372)
Other outgo	-	-	1,733,030	1,733,030
Total Governmental Activities	$ 50,694,661	$ -	$ 5,449,959	(45,244,702)
General revenues and subventions:				
Property taxes, levied for general purposes				11,701,120
Property taxes, levied for debt service				8,550,052
Taxes levied for other specific purposes				10,191,315
Federal and State aid not restricted to specific purposes				10,085,923
Interest and investment earnings				36,753
Special and extraordinary items				30,026,234
Miscellaneous				(25,798,039)
Subtotal, General Revenues				44,793,358
Change in Net Position				(451,344)
Net Position - Beginning, as restated				(26,735,924)
Net Position - Ending				$ (27,187,268)

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

PIEDMONT UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Building Fund	Special Reserve Capital Outlay Fund
ASSETS			
Deposits and investments	$ 2,527,860	$ 22,494,430	$ 592,138
Receivables	1,421,551	52,330	38,797
Due from other funds	40,000	163	-
Prepaid expenses	71,031	-	-
Total Assets	$ 4,060,442	$ 22,546,923	$ 630,935
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 1,075,715	$ 605,921	$ 183,014
Due to other funds	163	-	-
Total Liabilities	1,075,878	605,921	183,014
Fund Balances:			
Nonspendable	96,031	-	-
Restricted	194,786	21,941,002	447,921
Committed	638,686	-	-
Assigned	-	-	-
Unassigned	2,055,061	-	-
Total Fund Balances	2,984,564	21,941,002	447,921
Total Liabilities and Fund Balances	$ 4,060,442	$ 22,546,923	$ 630,935

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
$ 10,162,643	$ 604,341	$ 36,381,412
23,822	7,391	1,543,891
-	-	40,163
-	-	71,031
$ 10,186,465	$ 611,732	$ 38,036,497
$ -	$ 24,193	$ 1,888,843
-	40,000	40,163
-	64,193	1,929,006
-	-	96,031
10,186,465	13,422	32,783,596
-	526,518	1,165,204
-	7,599	7,599
-	-	2,055,061
10,186,465	547,539	36,107,491
$ 10,186,465	$ 611,732	$ 38,036,497

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

PIEDMONT UNIFIED SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds		**$ 36,107,491**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 105,393,628	
Accumulated depreciation is	(27,269,521)	
Net Capital Assets		78,124,107
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(1,566,881)
Cash held with fiscal agent represents crossover refunding bond proceeds placed in an escrow account to be held until the crossover date at which time the funds will be used to refund the outstanding maturities of the District's Election 2006, Series E capital appreciation bonds and is not reported in the District's funds.		26,207,712
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities.		324,598
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	$ 3,441,455	
Net change in proportionate share of net pension liability	1,065,342	
Differences between projected and actual earnings on pension plan investments	356,253	
Differences between expected and actual experience in the measurement of the total pension liability.	484,941	
Changes of assumptions	7,315,098	
Total Deferred Outflows of Resources Related to Pensions		12,663,089

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

PIEDMONT UNIFIED SCHOOL DISTRICT

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

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	$ (1,977,056)	
Differences between projected and actual earnings on pension plan investments	(835,356)	
Differences between expected and actual experience in the measurement of the total pension liability.	(547,068)	
Changes of assumptions	(121,250)	
Total Deferred Inflows of Resources Related to Pensions		(3,480,730)
Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of amounts paid by the District for OPEB as the benefits comes due subsequent to the measurement date.		376,529
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(41,664,050)
Long-term liabilities are reported on the statement of net position and not on the fund statements and at year end consist of:		
Bonds payable	$ (120,252,083)	
Compensated absences (vacations)	(135,141)	
Bond premium net of amortization	(6,911,057)	
Net other postemployment benefits (OPEB) liability	(6,980,852)	
Total Long-Term Liabilities		(134,279,133)
Total Net Position - Governmental Activities		**$ (27,187,268)**

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

PIEDMONT UNIFIED SCHOOL DISTRICT

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

	General Fund	Building Fund	Special Reserve Capital Outlay Fund
REVENUES			
Local Control Funding Formula	$ 20,766,766	$ -	$ -
Federal sources	678,855	-	-
Other state sources	2,863,442	-	-
Other local sources	16,151,786	279,577	40,440
Total Revenues	40,460,849	279,577	40,440
EXPENDITURES			
Current			
Instruction	26,781,760	-	-
Instruction-related activities:			
Supervision of instruction	984,733	-	-
Instructional library, media and technology	651,729	-	-
School site administration	3,417,993	-	-
Pupil services:			
Home-to-school transportation	204,986	-	-
Food services	-	-	-
All other pupil services	1,928,355	-	-
General administration:			
Data processing	1,063,449	-	-
All other general administration	2,152,959	-	-
Plant services	3,124,583	527,669	267,350
Ancillary services	563,003	-	-
Enterprise services	-	-	-
Facility acquisition and construction	63,462	3,155,501	140,761
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	40,937,012	3,683,170	408,111
Excess (Deficiency) of Revenues Over Expenditures	(476,163)	(3,403,593)	(367,671)
Other Financing Sources (Uses):			
Transfers in	-	-	30,000
Other sources	-	-	-
Transfers out	(35,000)	-	-
Other uses	-	-	-
Net Financing Sources (Uses)	(35,000)	-	30,000
NET CHANGE IN FUND BALANCES	(511,163)	(3,403,593)	(337,671)
Fund Balance - Beginning, as restated	3,495,727	25,344,595	785,592
Fund Balance - Ending	$ 2,984,564	$ 21,941,002	$ 447,921

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ 20,766,766
490,495	8,698	1,178,048
40,899	4	2,904,345
9,541,031	919,135	26,931,969
10,072,425	927,837	51,781,128
-	-	26,781,760
-	-	984,733
-	-	651,729
-	-	3,417,993
-	-	204,986
-	697,260	697,260
-	-	1,928,355
-	-	1,063,449
-	20,000	2,172,959
-	34,464	3,954,066
-	-	563,003
-	7,659	7,659
-	39,684	3,399,408
4,290,000	-	4,290,000
2,886,117	-	2,886,117
7,176,117	799,067	53,003,477
2,896,308	128,770	(1,222,349)
-	5,000	35,000
27,281,863	-	27,281,863
-	-	(35,000)
(27,281,863)	-	(27,281,863)
-	5,000	-
2,896,308	133,770	(1,222,349)
7,290,157	413,769	37,329,840
$ 10,186,465	$ 547,539	$ 36,107,491

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

PIEDMONT UNIFIED SCHOOL DISTRICT

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

Total Net Change in Fund Balance - Governmental Funds		**$ (1,222,349)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation expense in the period.		
Depreciation expense	$ (2,108,703)	
Capital outlays	2,939,476	
Net Expense Adjustment		830,773
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned or used during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		7,197
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(1,463,763)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		310,863
Premiums and refunding gains and losses on bonds are amortized over the term of the bond in the government-wide statements, but are recorded as an other source of funds in the year of issue on the governmental fund statements.		495,193
Proceeds received from the sale of government obligation bonds, including premiums, is revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		(27,281,863)

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

PIEDMONT 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, 2018

Premiums and refunding gains and losses on bonds are amortized over the term of the bond in the government-wide statements, but are recorded as an other source of funds in the year of issue on the governmental fund statements.		495,193
Proceeds received from the sale of government obligation bonds, including premiums, is revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		(27,281,863)
Cash held with fiscal agent is an expenditure in the governmental funds but it increases the assets in the Statement of Position and does not affect the Statement of Activities		26,795,523
Change in fair market value of cash held with fiscal agent is not reported in governmental funds		(587,811)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		3,340,000
Interest on long-term debt is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		(1,675,107)
Change in Net Position of Governmental Activities	**$**	**(451,344)**

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

PIEDMONT UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Agency Funds
ASSETS	
Deposits and investments	$ 331,251
LIABILITIES	
Due to student groups	$ 331,251

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Piedmont Unified School District (District) was unified on July 1, 1936 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates three elementary schools, one middle school, one high school, one alternative high school, and one adult school.

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

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 component units.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Three funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Under the flexibility provisions of current statute that allow certain formerly restricted revenues to be used for any educational purpose, Fund 11, Adult Education Fund, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for other than Capital Outlay do not currently meet the definition of special revenue funds as these funds are no longer primarily composed of restricted or committed revenue sources.

As the District has not taken formal action to commit the flexed revenues formerly restricted to these programs to the continued operation of the original programs, the revenues within these funds would be considered to be available for general educational purposes, resulting in Fund 11, Adult Education, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve for other than Capital Outlay being combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in assets, liabilities, fund balance, revenues and expenditures of $970,178, $24,399, $945,727, $705,180, and $720,072, respectively.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a District (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds

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

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

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

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

Internal Service Fund Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self insurance fund that is accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. 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. The District only has one fiduciary fund, which is an agency fund.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

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

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

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

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

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

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

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

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 45 or 60 days.

However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

Investments held at June 30, 2018, 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 investment pool is determined by the program sponsor.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the Debt Service Fund represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures over the benefiting period when paid.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000 for equipment and $15,000 for site improvements and buildings. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

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

Interfund Balances

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

Compensated Absences

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

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

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

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

Debt Issuance Costs, Debt Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and additions to/deductions from the District Plan have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Fund Balances – Governmental Funds

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

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

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

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

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief financial officer may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

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

Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. 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 column of the Statement of Activities, except for the net residual amounts transferred between governmental activities.

Estimates

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

Property Tax

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

Changes in Accounting Principles

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

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

The District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;

- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

Governmental activities	$ 62,589,124
Fiduciary funds	331,251
Total Deposits and Investments	$ 62,920,375

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

Cash on hand and in banks	$ 534,334
Cash in revolving fund	25,000
Cash with fiscal agent	26,207,712
Investments	36,153,329
Total Deposits and Investments	$ 62,920,375

Policies and Practices

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

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

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
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

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 purchasing a combination of shorter term and longer term investments by maintaining funds in the investment pool listed below. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no specific limitations with respect to this metric.

Investment Type	Fair Value	Weighted Average Maturity in Days
County Treasury Investment Pool	$ 36,153,329	357

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the county treasury investment pool are not required to be rated, nor have they been rated as of June 30, 2018.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. The District has no investments in any one issuer that represent five percent (5%) or more of the total investments that are required to be disclosed at June 30, 2018.

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 (unless so waived by the governmental unit). 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 agency. 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, 2018, none of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's custodial credit risk is limited as all funds were invested in the county treasury investment pool.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

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

The District's fair value measurements are as follows at June 30, 2018:

		Fair Value Measurements Using			
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
County Treasury Investment Pool	$ 36,153,329	$ -	$ -	$ -	$ 36,153,329

All assets have been valued using a market approach, with quoted market prices.

NOTE 4 - RECEIVABLES

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

	General Fund	Building Fund	Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Federal Government						
Categorical aid	$ 326,991	$ -	$ -	$ -	$ 679	$ 327,670
State Government						
Categorical aid	148,420	-	-	-	-	148,420
Lottery	73,805	-	-	-	-	73,805
Local Government						
Interest	9,306	52,330	1,313	23,822	1,200	87,971
Other local sources	863,029	-	37,484	-	5,512	906,025
Total	$ 1,421,551	$ 52,330	$ 38,797	$ 23,822	$ 7,391	$ 1,543,891

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 335,023	$ -	$ -	$ 335,023
Construction in Progress	281,379	2,313,395	47,110	2,547,664
Total Capital Assets Not Being Depreciated	616,402	2,313,395	47,110	2,882,687
Capital Assets Being Depreciated:				
Land Improvements	5,292,903	35,127	-	5,328,030
Buildings and Improvements	95,646,738	69,673	-	95,716,411
Furniture and Equipment	898,109	568,391	-	1,466,500
Total Capital Assets Being Depreciated	101,837,750	673,191	-	102,510,941
Total Capital Assets	102,454,152	2,986,586	47,110	105,393,628
Less Accumulated Depreciation:				
Land Improvements	2,337,209	103,587	-	2,440,796
Buildings and Improvements	22,030,228	1,975,677	-	24,005,905
Furniture and Equipment	793,381	29,439	-	822,820
Total Accumulated Depreciation	25,160,818	2,108,703	-	27,269,521
Governmental Activities Capital Assets, Net	$ 77,293,334	$ 877,883	$ 47,110	$ 78,124,107

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

Governmental Activities	
Instruction	$ 1,331,314
Supervision of instruction	48,951
Instructional library, media, and technology	32,397
School site administration	169,908
Home-to-school transportation	10,190
Food services	34,661
All other pupil services	95,858
Ancillary	27,987
Data processing	108,017
All other general administration	52,864
Plant services	196,556
Total Depreciation Expenses Governmental Activities	$ 2,108,703

NOTE 6– INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

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

	Due From		
Due To	General Fund	Building Fund	Total
General Fund	$ -	$ 163	$ 163
Non-Major Governmental Funds	40,000	-	40,000
Total	$ 40,000	$ 163	$ 40,163

All balances resulted from the time lag between the date that (1) interfund goods and services were provided or reimburseable expenditures occurred, (2) transactions were recorded in the accounting system, and (3) payments between funds were made in the subsequent fiscal year.

Operating Transfers

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

	Transfer To	
Transfer From	General Fund	Total
Special Reserve Fund for Capital Outlay Projects	$ 30,000	$ 30,000
Non-Major Governmental Funds	5,000	5,000
Total	$ 35,000	$ 35,000

The General Fund transferred to the Special Reserve Capital Outlay Fund to reserve for future sports field repairs.	$ 30,000
The General Fund transferred to the Self Insurance Fund to set aside funds for preventative measures related to potential worker's compensation claims.	5,000
Total	$ 35,000

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

NOTE 7 - ACCOUNTS PAYABLE

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

	General Fund	Building Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 1,075,715	$ 605,921	$ 183,014	$ 24,193	$ 1,888,843

NOTE 8 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2017 restated	Additions	Accretions	Deductions	Balance June 30, 2018	Due in One Year
General obligation bonds	$ 95,546,395	$ 27,000,000	$ 1,045,688	$ 3,340,000	$ 120,252,083	$ 5,945,000
Bond premium, net	7,191,942	281,863	-	562,748	6,911,057	562,748
Compensated absences	142,338	-	-	7,197	135,141	-
Net other postemployment benefits (OPEB) liability	6,915,186	65,666	-	-	6,980,852	-
Aggregate net pension liability	36,400,768	5,263,282	-	-	41,664,050	-
Total	$ 146,196,629	$ 32,610,811	$ 1,045,688	$ 3,909,945	$ 175,943,183	$ 6,507,748

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Compensated absences, net other postemployment benefit obligation, and the aggregate net pension liabilities are paid by the fund for which the employee worked.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Issued	Accretions	Redeemed	Bonds Outstanding June 30, 2018
10/14/2009	8/1/2018	2.0-3.0%	$ 13,145,000	$ 4,040,000	$ -	$ -	$ -	$ 4,040,000
4/20/2011	5/1/2026	5.75%	$ 10,000,000	10,000,000	-	-	1,795,000	8,205,000
8/23/2013	8/1/2043	5.3-6.3%	$ 11,998,678	15,431,395	-	1,045,688	-	16,477,083
11/13/2014	8/1/2020	2.0-5.0%	$ 9,965,000	7,225,000	-	-	1,500,000	5,725,000
3/10/2015	8/1/2031	2.0-5.0%	$ 16,075,000	16,075,000	-	-	45,000	16,030,000
4/12/2017	8/1/2046	5.00%	$ 26,000,000	26,000,000	-	-	-	26,000,000
4/12/2017	8/1/2034	3.125-5.0%	$ 16,775,000	16,775,000	-	-	-	16,775,000
12/21/2017	8/1/2041	3.0-4.0%	$ 27,000,000	-	27,000,000	-	-	27,000,000
				$ 95,546,395	$ 27,000,000	$ 1,045,688	$ 3,340,000	$ 120,252,083

Debt Service Requirements to Maturity

The bonds mature through fiscal year 2047 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 5,945,000	$ 3,998,089	$ 9,943,089
2020	4,775,000	3,776,489	8,551,489
2021	3,185,000	3,609,364	6,794,364
2022	685,000	3,539,289	4,224,289
2023	785,000	3,502,539	4,287,539
2024-2028	18,700,742	16,134,868	34,835,610
2029-2033	23,212,998	12,655,541	35,868,539
2034-2038	32,254,938	56,332,023	88,586,961
2039-2043	18,550,000	3,047,745	21,597,745
2044-2047	7,680,000	643,800	8,323,800
Total	115,773,678	$ 107,239,747	$ 223,013,425
Accretions to date	4,478,405		
Total	$ 120,252,083		

Refunding Bond

On December 21, 2017, the District issued General Obligation Crossover Refunding Bonds (2017B Refunding Bonds) in the amount of $27,000,000 to refund the outstanding maturities of the Election 2006, Series E Bonds (2006E Bonds). The 2006E Bonds will be called on August 1, 2023, the “Crossover Date”. The proceeds from the 2017B Refunding Bonds were placed in an escrow account held by U.S. Bank and are sufficient to pay off the 2006E Bonds on the Crossover Date, including accreted interest to that date. The funds placed in the escrow account are also sufficient to pay debt service due on the 2017B Refunding Bonds up to and including the Crossover Date. Only interest is due on the 2017B Refunding Bonds through the Crossover Date. After the Crossover Date, the debt service on the 2017B Refunding Bonds will be paid through tax collections. The economic gain on the crossover refunding was $10,847,027. The balance of the escrow account at June 30, 2018 was $26,207,712.

Defeased Debt

On April 12, 2017, the District defeased general obligation bonds issued in 2006 by creating an irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund with an escrow agent. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore, removed as a liability from the District’s Long-Term Obligations. The balance in the escrow account at June 30, 2018, was $16,799,851.

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2018, amounted to $135,141.

Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2018, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plan:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 6,980,852	$ 376,529	$ -	$ 475,418

The details of the plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2018, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	123
Active employees	347
	470

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by negotiated agreement between the District, the Association of Piedmont Teachers (APT), the local California Service Employees Association (CSEA), the Association of Piedmont School Administrators (APSA), and unrepresented individuals. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, APT, CSEA, APSA, and the unrepresented individuals. For fiscal year 2017-2018, the District paid $376,529 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $6,980,852 was measured as of June 30, 2017. The total OPEB liability used to calculate the reported amount was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average including inflation
Discount rate	3.5 percent
Health care cost trend rates	4.0 percent for 2017

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2017 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2017.

Changes in the Total OPEB Liability

Balance at June 30, 2016	$	6,915,186
Service Cost		236,532
Interest		238,886
Benefit payments		(409,752)
Net change in total OPEB liability		65,666
Balance at June 30, 2017	$	6,980,852

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

Total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate		Net OPEB Liability
1% decrease (2.5%)	$	7,657,062
Current discount rate (3.5%)		6,980,852
1% increase (4.5%)		6,405,327

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

Total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rate		Net OPEB Liability
1% decrease (3%)	$	6,881,863
Current healthcare cost trend rate (4%)		6,980,852
1% increase (5%)		7,133,428

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $475,418. At June 30, 2018, the District reported deferred outflows of resources for the amount paid by the District for OPEB as the benefits come due subsequent to measurement date of $376,529.

NOTE 9 – FUND BALANCE

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 25,000	$ -	$ -	$ -	$ -	$ 25,000
Prepaid expenditures	71,031	-	-	-	-	71,031
Total Nonspendable	96,031	-	-	-	-	96,031
Restricted						
Legally restricted programs	194,786	-	-	-	9,134	203,920
Capital projects	-	21,941,002	447,921	-	4,288	22,393,211
Debt services	-	-	-	10,186,465	-	10,186,465
Total Restricted	194,786	21,941,002	447,921	10,186,465	13,422	32,783,596
Committed						
Deferred maintenance program	208,613	-	-	-	-	208,613
Adult education program	430,073	-	-	-	-	430,073
Cafeteria program	-	-	-	-	526,518	526,518
Total Committed	638,686	-	-	-	526,518	1,165,204
Assigned						
Other	-	-	-	-	7,599	7,599
Total Assigned	-	-	-	-	7,599	7,599
Unassigned						
Reserve for economic uncertainties	296,665	-	-	-	-	296,665
Remaining unassigned	1,758,396	-	-	-	-	1,758,396
Total Unassigned	2,055,061	-	-	-	-	2,055,061
Total	$ 2,984,564	$21,941,002	$ 447,921	$ 10,186,465	$ 547,539	$36,107,491

NOTE 10 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. During fiscal year ending June 30, 2018, the District contracted with Alameda County Schools Insurance Group (ACSIG) JPA for property and liability insurance coverage. Extended property and liability coverage was provided by NorCal Relief. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2018, the District participated in the ACSIG, an insurance purchasing pool for worker’s compensation coverage. The intent of the ACSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the ACSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the ACSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the ACSIG. Participation in the ACSIG is limited to districts that can meet the ACSIG selection criteria.

Coverage provided by ACSIG, NorCal Relief and Schools Association for Excess Risk (SAFER) for property and liability and workers’ compensation is as follows:

Insurance Program / Company Name	Type of Coverage	Limits
Alameda County Schools Insurance Group (ACSIG)	Workers Compensation	Statutory Limit
Excess Property and Liability Program		
NorCal Relief	Property	\$500 - \$250,250,000
NorCal Relief	Liability	\$50,000 - \$50,000,000
Property and Liability Program		
Schools Association For Excess Risk (SAFER)	Excess Property	\$250,000 - \$250,000,000
Schools Association For Excess Risk (SAFER)	Excess Liability	\$1,000,000 - \$25,000,000

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

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

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 31,365,687	$ 9,563,220	$ 3,145,187	$ 3,047,104
CalPERS	10,298,363	3,099,869	335,543	1,858,113
Total	$ 41,664,050	$ 12,663,089	$ 3,480,730	$ 4,905,217

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $2,571,025.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:		
District's proportionate share of net pension liability	$	31,365,687
State's proportionate share of the net pension liability associated with the District		18,555,675
Total	$	49,921,362

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively was 0.0339 percent and 0.0343 percent, resulting in a net decrease in the proportionate share of 0.0004 percent.

For the year ended June 30, 2018, the District recognized pension expense of $3,047,104. In addition, the District recognized pension expense and revenue of $1,051,737 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Pension contributions subsequent to measurement date	$	2,571,025	$	-
Net change in proportionate share of net pension liability		1,065,342		1,762,763
Difference between projected and actual earnings on pension plan investments		-		835,356
Differences between expected and actual experience in the measurement of the total pension liability		115,993		547,068
Changes in assumptions		5,810,860		-
Total	$	9,563,220	$	3,145,187

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Outflows/(Inflows) of Resources
2019	$ (694,462)
2020	525,502
2021	75,775
2022	(742,171)
Total	$ (835,356)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 787,206
2020	787,206
2021	787,206
2022	787,209
2023	584,460
Thereafter	949,077
Total	$ 4,682,364

Actuarial Methods and Assumptions

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

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

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

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

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

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

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

Discount Rate	Liability
1% decrease (6.10%)	$ 46,054,786
Current discount rate (7.10%)	$ 31,365,687
1% increase (8.10%)	$ 19,444,487

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were $879,430.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $10,298,363. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportion proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively was 0.0431 percent and 0.0440 percent, resulting in a net decrease in the proportionate share of 0.0009 percent.

For the year ended June 30, 2018, the District recognized pension expense of $1,858,113. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 870,430	$ -
Net change in proportionate share of net pension liability	-	214,293
Difference between projected and actual earnings on pension plan investments	356,253	-
Differences between expected and actual experience in the measurement of the total pension liability	368,948	-
Changes of assumptions	1,504,238	121,250
Total	$ 3,099,869	$ 335,543

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (9,653)
2020	411,039
2021	149,951
2022	(195,084)
Total	$ 356,253

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 519,242
2020	529,285
2021	489,116
Total	$ 1,537,643

Actuarial Methods and Assumptions

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

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

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 15,152,192
Current discount rate (7.15%)	$ 10,298,363
1% increase (8.15%)	$ 6,271,705

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its alternative plan. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $1,051,737 (9.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS.) Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves, but have not been included in the budget amounts reported in the General Fund Budgetary Comparison Schedule.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

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

Construction and Other Commitments

As of June 30, 2018, the District had the following commitments:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
STEAM buildings	$ 2,145,084	August 2021
HVAC upgrades	19,068	August 2018
Athletic field restoration	48,172	August 2019
	$ 2,212,324	

Operating Leases

The District leases certain office equipment under non-cancelable operating leases. Future minimum rental payments under operating leases at June 30, 2018, are:

Year Ending June 30,	Lease Payment
2019	$ 101,088
2020	94,162
2021	29,400
Total	$ 224,650

Rent expense under operating leases was $121,366 in 2018 and $127,736 in 2017. Renewal options are provided.

NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS]

The District is a member of the Alameda County Schools Insurance Group, public entity risk pool. The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. The relationship between the District, and the JPA is such that it is not a component unit of the District for financial reporting purposes.

This entity has budgeting and financial reporting requirements independent of member units and its financial statements are not presented in these financial statements; however, fund transactions between the entity and the District is included in these statements. Audited financial statements are generally available from the entity.

During the year ended June 30, 2018, the District made payments of $700,278 to Alameda County Schools Insurance Group for workers' compensation, property, and liability insurance coverage.

NOTE 14 – RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. In addition, the District made corrections to governmental fund 21 and 51. As a result, the effect on the current year is as follows:

Government-Wide Financial Statements	
Net Position - Beginning	$ (19,775,963)
Inclusion of OPEB liability from the adoption of GASB Statement No. 75	(6,702,201)
Fund 51-the federal subsidy received in 2016-17 was not recognized/recorded by the county treasurer until after the books had closed.	(287,500)
Fund 21-correction to accounts payable related to a bond measure fully spent	29,740
Net Position - Beginning as Restated	$ (26,735,924)

REQUIRED SUPPLEMENTARY INFORMATION

PIEDMONT UNIFIED SCHOOL DISTRICT

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local Control Funding Formula	$20,757,618	$20,755,642	$ 20,766,766	$ 11,124
Federal sources	671,917	649,196	678,855	29,659
Other State sources	2,108,574	2,490,045	2,863,442	373,397
Other local sources	15,051,361	15,415,812	16,151,786	735,974
Total Revenues[1]	38,589,470	39,310,695	40,460,849	1,150,154
EXPENDITURES				
Current				
Certificated salaries	18,060,648	18,171,775	18,369,075	(197,300)
Classified salaries	5,743,272	5,659,439	5,820,271	(160,832)
Employee benefits	10,219,990	10,402,737	10,306,055	96,682
Books and supplies	1,369,038	1,913,104	1,469,709	443,395
Services and operating expenditures	4,013,864	4,250,967	4,886,856	(635,889)
Other outgo	(120,000)	(140,000)	(20,000)	(120,000)
Capital outlay	41,000	98,371	105,046	(6,675)
Total Expenditures[1]	39,327,812	40,356,393	40,937,012	(580,619)
Excess (Deficiency) of Revenues Over Expenditures	(738,342)	(1,045,698)	(476,163)	569,535
Other Financing Sources (Uses):				
Transfers out	(50,000)	(35,000)	(35,000)	-
Net Financing Sources (Uses)	(50,000)	(35,000)	(35,000)	-
NET CHANGE IN FUND BALANCES	(788,342)	(1,080,698)	(511,163)	569,535
Fund Balance - Beginning	3,495,727	3,495,727	3,495,727	-
Fund Balance - Ending	$ 2,707,385	$ 2,415,029	$ 2,984,564	$ 569,535

[1] On behalf payments of $1,051,737 are included in this schedule but have not been included in the budgeted amounts. In addition, due to the consolidation of Fund 11, Adult Education Fund; Fund 14, Deferred Maintenance Fund; and Fund 17, Special Reserve-Non-Capital Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

See accompanying note to required supplementary information.

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

Total OPEB Liability	2018
Service Cost	$ 236,532
Interest	238,886
Benefit payments	(409,752)
Net change in total OPEB liability	65,666
Total OPEB Liability - beginning	6,915,186
Total OPEB Liability - ending	$ 6,980,852
Covered payroll	$ 24,615,767
District's total OPEB liability as a percentage of covered payroll	N/A[1]

Note: In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

	2018
Actuarially determined contribution	Not Available
Covered employee payroll	$ 24,615,767

Note : In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

Fiscal Year	2018	2017	2016	2015
Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014
CalSTRS				
District's proportion of the net pension liability	0.0339%	0.0343%	0.3720%	0.0346%
District's proportionate share of the net pension liability	$31,365,687	$27,718,731	$25,023,490	$20,224,335
State's proportionate share of the net pension liability associated with the District	18,555,675	15,779,779	13,234,668	12,212,327
Total	$49,921,362	$43,498,510	$38,258,158	$32,436,662
District's covered - employee payroll	$17,936,540	$17,298,329	$17,348,602	$15,958,129
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	174.87%	160.24%	144.24%	126.73%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
CalPERS				
District's proportion of the net pension liability	0.0431%	0.0440%	0.0455%	0.0436%
District's proportionate share of the net pension liability	$10,298,363	$ 8,682,037	$ 6,705,041	$ 4,955,168
District's covered - employee payroll	$ 5,517,790	$ 5,291,631	$ 5,644,661	$ 5,800,301
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	186.64%	164.07%	118.79%	85.43%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

Note: In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 2,571,025	$ 2,224,455	$ 1,826,227	$ 1,361,235
Contributions in relation to the contractually required contribution	(2,571,025)	(2,224,455)	(1,826,227)	(1,361,235)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered - employee payroll	$ 18,096,024	$ 17,936,540	$ 17,298,329	$ 17,348,602
Contributions as a percentage of covered - employee payroll	14.21%	12.40%	10.56%	7.85%
CalPERS				
Contractually required contribution	$ 870,430	$ 751,123	$ 622,624	$ 581,047
Contributions in relation to the contractually required contribution	(870,430)	(751,123)	(622,624)	(581,047)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered - employee payroll	$ 5,614,031	$ 5,517,790	$ 5,291,631	$ 5,644,661
Contributions as a percentage of covered - employee payroll	15.50%	13.61%	11.77%	10.29%

Note: In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations. At June 30, 2018, the District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	$ 40,391,393	$ 40,972,012	$ 580,619

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms **–** There were no changes in benefit terms since the previous valuation.

Changes of Assumptions **–** There were no changes in assumptions since the previous valuation.

Schedule of District Contributions for OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

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

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

Changes in Benefit Terms **–** There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

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

Schedule of District Contributions

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

SUPPLEMENTARY INFORMATION

PIEDMONT UNIFIED SCHOOL DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Title I - Part A, Basic Grants Low Income and Neglected	84.010	14329	$ 36,807
Title II - Part A, Improving Teacher Quality	84.367	14341	23,944
Title III - Limited English Proficiency (LEP) Student Program	84.365	14346	4,230
Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	543,896
Preschool Local Entitlement Part B, Sec 611	84.027A	13682	29,720
Preschool Grants Part B, Sec 619	84.173	13430	10,413
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	29,845
Subtotal Special Education Cluster (IDEA)			613,874
Total U.S. Department of Education			678,855
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster			
Special Milk Program for Children	10.556	13390	8,698
Subtotal Child Nutrition Cluster			8,698
Total U.S. Department of Agriculture			8,698
Total Expenditures of Federal Awards			$ 687,553

See accompanying note to supplementary information.

ORGANIZATION

The Piedmont Unified School District was established July 1, 1936, and consists of an area comprising approximately 1.7 square miles. The District operates three elementary schools, one middle school, one high school, one alternative high school, and an adult school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Sarah Pearson	President	2020
Amal Smith	Vice President	2018
Andrea Swenson	Member	2020
Cory Smegal	Member	2020
Doug Ireland	Member	2018

ADMINISTRATION

NAME	**TITLE**
Randall Booker	Superintendent
Song Chin-Bendib	Assistant Superintendent, Business Services
Michelle Nguyen	Director, Fiscal Services

See accompanying note to supplementary information.

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

	Final Report	
	Amended Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	646.61	646.86
Fourth through sixth	604.97	606.46
Seventh and eighth	443.67	444.37
Ninth through twelfth	840.30	837.79
Total Regular ADA	2,535.55	2,535.48
Extended Year Special Education		
Transitional kindergarten through third	1.92	1.92
Fourth through sixth	1.37	1.37
Seventh and eighth	0.57	0.57
Ninth through twelfth	0.55	0.55
Total Extended Year Special Education	4.41	4.41
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.96	0.92
Seventh and eighth	0.95	1.18
Ninth through twelfth	9.18	9.23
Total Special Education, Nonpublic, Nonsectarian Schools	11.09	11.33
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.18	0.17
Ninth through twelfth	0.67	0.68
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.85	0.85
Total ADA	2,551.90	2,552.07

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2017

Grade Level	1986-87 Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	46,170	180	In compliance
Grades 1 - 3				
Grade 1	50,400	52,085	180	In compliance
Grade 2	50,400	52,085	180	In compliance
Grade 3	50,400	52,085	180	In compliance
Grades 4 - 6				
Grade 4	54,000	54,035	180	In compliance
Grade 5	54,000	54,935	180	In compliance
Grade 6	54,000	61,674	180	In compliance
Grades 7 - 8				
Grade 7	54,000	61,674	180	In compliance
Grade 8	54,000	61,674	180	In compliance
Grades 9 - 12				
Grade 9	64,800	65,055	180	In compliance
Grade 10	64,800	65,055	180	In compliance
Grade 11	64,800	65,055	180	In compliance
Grade 12	64,800	65,055	180	In compliance

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2018.

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

	(Budget) 2019 [1]	2018	2017	2016
GENERAL FUND [4]				
Revenues	$ 41,112,189	$ 40,460,849	$ 40,243,914	$ 43,286,076
Other sources and transfers in	-	-	-	-
Total Revenues and Other Sources	41,112,189	40,460,849	40,243,914	43,286,076
Expenditures	41,152,797	40,937,012	41,348,174	41,785,196
Other uses and transfers out	30,000	35,000	55,000	60,000
Total Expenditures and Other Uses	41,182,797	40,972,012	41,403,174	41,845,196
INCREASE (DECREASE) IN FUND BALANCE	$ (70,608)	$ (511,163)	$ (1,159,260)	$ 1,440,880
ENDING FUND BALANCE	$ 2,913,956	$ 2,984,564	$ 3,495,727	$ 4,654,987
AVAILABLE RESERVES [2]	$ 2,141,632	$ 2,055,061	$ 2,622,708	$ 1,846,825
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3]	5.20%	5.02%	6.33%	4.41%
LONG-TERM OBLIGATIONS [5]	$ 169,435,435	$ 175,943,183	$ 146,196,629	$ 107,918,155
K-12 AVERAGE DAILY ATTENDANCE AT P-2	2,538	2,552	2,607	2,631

The General Fund balance has decreased by $1,670,423 over the past two years. The fiscal year 2018-2019 budget projects a decrease of $70,608 (2 percent) For a district this size, the State recommends available reserves of at least three percent of total 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 2018-2019 fiscal year.

Average daily attendance has decreased by 79 over the past two years. A decline of 14 ADA is anticipated during fiscal year 2018-2019.

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

[2] Available reserves include all unassigned fund balances including all amounts reserved for economic uncertainties contained in the Special Reserve Fund for Other Than Capital Outlay Projects.

[3] On-behalf payments of $851,505 has been excluded from the calculation of available reserves for the fiscal year ending June 30, 2015.

[4] General Fund amounts include activity related to the consolidation of the Adult Fund, the Deferred Maintenance Fund, and the Special Revenue Fund Other Than Capital Outlay Projects as required by GASB 54 Statement No. 54.

[5] Long-term obligations have been restated due to the implementation of GASB Statement No. 75.

See accompanying note to supplementary information.

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Cafeteria Fund	County School Facilities Fund	Self Insurance Fund	Total Non-Major Governmental Funds
ASSETS				
Deposits and investments	$ 570,856	$ 25,893	$ 7,592	$ 604,341
Receivables	7,323	61	7	7,391
Total Assets	$ 578,179	$ 25,954	$ 7,599	$ 611,732
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 2,527	$ 21,666	$ -	$ 24,193
Due to other funds	40,000	-	-	40,000
Total Liabilities	42,527	21,666	-	64,193
Fund Balances:				
Restricted	9,134	4,288	-	13,422
Committed	526,518	-	-	526,518
Assigned	-	-	7,599	7,599
Total Fund Balance	535,652	4,288	7,599	547,539
Total Liabilities and Fund Balances	$ 578,179	$ 25,954	$ 7,599	$ 611,732

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

	Cafeteria Fund	County School Facilities Fund	Self Insurance Fund	Total Non-Major Governmental Funds
REVENUES				
Federal sources	$ 8,698	$ -	$ -	$ 8,698
Other state sources	4	-	-	4
Other local sources	918,465	595	75	919,135
Total Revenues	927,167	595	75	927,837
EXPENDITURES				
Current				
Pupil services:				
Food services	697,260	-	-	697,260
General administration:				
All other general administration	20,000	-	-	20,000
Plant services	-	34,464	-	34,464
Enterprise services	-	-	7,659	7,659
Facility acquisition and construction	-	39,684	-	39,684
Total Expenditures	717,260	74,148	7,659	799,067
Excess (Deficiency) of Revenues Over Expenditures	209,907	(73,553)	(7,584)	128,770
Other Financing Sources (Uses):				
Transfers in	-	-	5,000	5,000
Net Financing Sources (Uses)	-	-	5,000	5,000
NET CHANGE IN FUND BALANCES	209,907	(73,553)	(2,584)	133,770
Fund Balance - Beginning	325,745	77,841	10,183	413,769
Fund Balance - Ending	$ 535,652	$ 4,288	$ 7,599	$ 547,539

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of federal revenue received but not required to be reported on Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance:		$ 1,178,048
Federal interest reimbursement of Quality School Construction Bonds	N/A	(490,495)
Total Schedule of Expenditures of Federal Awards		$ 687,553

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.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by Education Code Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

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.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

INDEPENDENT AUDITOR'S REPORTS

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

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

Governing Board
Piedmont Unified School District
Piedmont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Piedmont Unified School District (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Piedmont Unified School District's basic financial statements, and have issued our report thereon dated December 17, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 14 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Piedmont Unified School District in a separate letter dated December 17, 2018.

Purpose of This Report

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

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 17, 2018

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

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Piedmont Unified School District
Piedmont, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Piedmont Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Piedmont 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 opinions. Our audit does not provide a legal determination of Piedmont Unified School District's compliance with those requirements.

Unmodified Opinion

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

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

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

The District does not offer a Middle or Early College High School Program; therefore, we did not perform any procedures related to the Middle or Early College High School Program.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures related to the Apprenticeship Program.

The District does not offer an After/Before School Education and Safety Program; therefore, we did not perform procedures related to the After/Before School Education and Safety Program.

The District does not offer an Independent Study-Course Based Program; therefore, we did not perform any procedures related to the Independent Study-Course Based Program.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 17, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIEDMONT UNIFIED SCHOOL DISTRICT

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

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No
STATE AWARDS	
Type of auditor's report issued on compliance for programs:	Unmodified

FINANCIAL STATEMENT FINDING
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

Financial Statement Finding

2017-001 Code 30000 – Internal Control

Associated Student Body

Finding
During the review of ASB accounts at Millennium Continuation High School, we noted that a monitoring control was not properly designed. The checking account monthly bank reconciliation is not reviewed.

Recommendation
We recommend that District management discuss with site personnel the importance of timely reconciliation and review of the checking account. The reviewer should be someone other than the preparer. The preparation and review of the bank reconciliation should be documented with both the preparer and reviewer's signature. District management should also consider requesting a copy of the monthly reconciliation to review the progress and improvement of this issue.

Current Status
Implemented.

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

VALUE THE *difference*

Governing Board and Management
Piedmont Unified School District
Piedmont, California

In planning and performing our audit of the financial statements of Piedmont Unified School District for the year ended June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted a matter that is an opportunity for strengthening internal controls and operating efficiency. The following item represents a condition noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 17, 2018 on the financial statements of the District.

Comment
Associated Student Body (ASB) funds are subject to higher risk of misappropriation due to the nature of transactions consisting primarily of cash and to decentralized accounting.

Management is responsible for establishing and maintaining an effective system of internal control to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition. Without well-designed monitoring controls in all phases of ASB activities, opportunities exist for the intentional misuse of student funds that may go undetected.

During our review of ASB accounts, we noted conditions indicating that operating controls are not functioning at their optimum levels. In particular, we noted several cash collections that did not appear to be deposited timely. Days between receipt and deposit were between 43 and 63 days. In addition, we noted that tracking of cash collected at ticketed events could be improved.

Recommendation
To ensure student funds are properly safeguarded, we recommend that District management discuss with site personnel FCMAT's best practice guideline for depositing cash collections We also recommend supporting receipts for cash collected be reconciled to deposit slips prior to making the bank deposit. In addition, we recommend tracking beginning and ending tickets used at events to assist in reconciling funds expected to be received with actual cash collections. District management should consider monitoring ASB activity to verify that established procedures are followed and transactions are verified.

We will review the status of the current year comments during our next audit engagement.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 17, 2018

APPENDIX C

GENERAL AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF PIEDMONT AND ALAMEDA COUNTY

*The following information about the City of Piedmont, (the "**City**") and Alameda County (the "**County**") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the City, the County, the State of California (the "**State**") or any of its political subdivisions (other than the District), and none of the City, the County, the State or any of its political subdivisions (other than the District) is liable therefor.*

The City. The City of Piedmont (the "**City**") is a small, residential community surrounded on all sides by the City of Oakland. The City is almost entirely zoned for single-family dwelling residential use, and has minimal commerce compared with statistically similar cities. The City provides its own fire and police services but does not have its own public library or federal post office; these services are shared with the City of Oakland.

***The County**.* The County of Alameda (the "**County**") is located on the east side of the San Francisco Bay, extending to the City of Albany on the north, the City of Fremont on the south, and to the City of Livermore on the east, and is approximately ten miles west of San Francisco. Automobile access to San Francisco is provided by the San Francisco-Oakland Bay Bridge.

The northern part of Alameda County has direct access to San Francisco Bay and the City of San Francisco. It is highly diversified with residential areas, active commercial areas, traditional heavy industry, the University of California at Berkeley, the Port of Oakland, and sophisticated manufacturing, computer services and biotechnology firms. The middle of the County is also highly developed including older established residential and industrial areas. The southeastern corner of the County, including the cities of Pleasanton and Livermore, has seen strong growth in residential development and manufacturing. Many high-tech firms have moved from neighboring Silicon Valley in Santa Clara County to the County.

Population

The following table lists population estimates for the City, the County, and the State of California (the "**State**") for the last five calendar years, as of January 1.

ALAMEDA COUNTY
Population Estimates
Calendar Years 2015 through 2019 as of January 1

	2015	2016	2017	2018	2019
Alameda	77,254	78,750	78,945	78,980	79,316
Albany	18,717	18,749	18,861	19,216	19,393
Berkeley	119,400	120,012	121,328	122,369	123,328
Dublin	56,398	57,879	59,500	61,874	64,577
Emeryville	10,795	11,738	11,883	11,871	11,885
Fremont	228,119	229,687	230,525	231,252	232,532
Hayward	154,321	156,114	158,290	158,693	159,433
Livermore	86,549	87,976	89,517	90,359	91,039
Newark	44,549	44,882	45,479	47,178	48,712
Oakland	420,624	426,850	430,482	431,373	432,897
Piedmont	**11,217**	**11,292**	**11,368**	**11,368**	**11,420**
Pleasanton	75,246	76,073	77,097	79,483	80,492
San Leandro	89,143	89,605	89,630	89,552	89,825
Union City	73,203	73,430	74,100	74,058	74,916
Unincorporated County	147,633	148,051	149,151	149,258	149,536
County Total	**1,613,168**	**1,631,088**	**1,646,156**	**1,656,884**	**1,669,301**
State Total	**38,952,462**	**39,214,803**	**39,504,609**	**39,740,508**	**39,927,315**

Source: State Department of Finance estimates (as of January 1).

Employment and Industry

The City is included in the Oakland-Hayward-Berkeley Metropolitan Division ("**MD**"). The unemployment rate in the MD was 3.1%t in June 2019, up from a revised 2.6% in May 2019, and below the year-ago estimate of 3.3%. This compares with an unadjusted unemployment rate of 4.1% for the State and 3.1% or the nation during the same period. The unemployment rate was 3.1% in the County and 3.2% in Contra Costa County.

The table below list employment by industry group for Alameda and Contra Costa Counties for the years 2014 to 2018.

OAKLAND- HAYWARD-BERKELY MD
(Alameda and Contra Costa Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force (1)	1,347,700	1,364,800	1,386,100	1,399,500	1,412,800
Employment	1,267,500	1,298,500	1,325,600	1,347,200	1,369,500
Unemployment	80,300	66,300	60,500	52,300	43,200
Unemployment Rate	6.0%	4.9%	4.4%	3.7%	3.1%
Wage and Salary Employment: (2)					
Agriculture	1,300	1,200	1,300	1,400	1,300
Mining and Logging	400	300	300	200	200
Construction	58,600	62,800	67,900	71,200	75,400
Manufacturing	83,300	88,100	91,000	95,500	100,400
Wholesale Trade	45,600	47,000	48,100	48,700	48,000
Retail Trade	109,200	111,800	113,400	114,400	114,700
Transportation, Warehousing, Utilities	35,100	37,500	39,200	40,500	42,100
Information	23,000	25,000	26,400	26,800	27,400
Finance and Insurance	36,000	37,400	38,800	38,700	37,200
Real Estate and Rental and Leasing	16,800	16,800	16,900	17,400	17,700
Professional and Business Services	175,100	177,500	181,200	184,700	189,500
Educational and Health Services	173,100	178,600	185,900	191,500	194,900
Leisure and Hospitality	102,100	106,600	111,700	114,900	116,600
Other Services	37,500	38,100	39,100	40,200	40,700
Federal Government	13,800	13,800	13,900	13,800	13,600
State Government	39,300	39,900	39,700	39,300	39,500
Local Government	113,400	115,600	119,800	121,500	122,100
Total, All Industries (3)	1,063,300	1,098,000	1,134,600	1,160,600	1,181,200

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The table below lists the major employers in the County, listed alphabetically, as of July 2019.

ALAMEDA COUNTY
Major Employers

Employer Name	Location	Industry
Alameda County Law Enforcement	Oakland	Government Offices-County
Alameda County Sheriff's Ofc	Oakland	Government Offices-County
Alta Bates Summit Med Ctr-Lab	Oakland	Laboratories-Medical
Alta Bates Summit Medical Ctr	Berkeley	Hospitals
BART	Oakland	Transportation
Bayer Health Care	Berkeley	Laboratories-Pharmaceutical (mfrs)
Coopervision Inc	Pleasanton	Optical Goods-Wholesale
East Bay Mud	Oakland	Water & Sewage Companies-Utility
Ebmud	Oakland	Utilities
Grifols Diagnostic Solutions	Emeryville	Pharmaceutical Research Laboratories
Highland Hospital	Oakland	Hospitals
Kaiser Permanente Oakland Med	Oakland	Hospitals
Lawrence Berkeley Lab	Berkeley	Laboratories-Research & Development
Lawrence Livermore Natl Lab	Livermore	University-College Dept/Facility/Office
Lifescan Inc	Fremont	Physicians & Surgeons Equip & Supls-Mfrs
Llnl St & T Staff	Livermore	Research Service
Safeway Inc	Pleasanton	Grocers-Retail
San Francisco Bay Area Rapid	Oakland	Transit Lines
Tesla	Fremont	Automobile Dealers-Electric Cars
Transportation Dept-California	Oakland	Government Offices-State
UCSF Benioff Children's Hosp	Oakland	Hospitals
University of CA Berkeley	Berkeley	Schools-Universities & Colleges Academic
University of CA-BERKELEY	Berkeley	University-College Dept/Facility/Office
University-Ca-Berkeley Dept	Berkeley	University-College Dept/Facility/Office
Western Digital Corp	Fremont	Computer Storage Devices (mfrs)

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition.

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Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2014 through 2018.

CITY OF PIEDMONT
Total Building Permit Valuations
(Valuations in Thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$480.0	$980.0	$1,000.0	$2,010.0	$315.0
New Multi-family	0.0	3,900.0	0.0	0.0	0.0
Res. Alterations/Additions	17,443.0	17,432.9	18,550.2	18,964.0	15,099.3
Total Residential	17,923.0	22,312.9	19,550.2	20,974.0	15,414.3
New Commercial	145.0	3,500.0	1,271.9	600.0	0.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	2,501.5	3,394.8	4,270.3	2,705.0	2,897.8
Com. Alterations/Additions	25.0	319.9	15.0	68.0	10.0
Total Nonresidential	2,671.5	7,214.7	5,557.2	3,373.0	2,907.8
New Dwelling Units					
Single Family	2	2	1	2	2
Multiple Family	0	7	0	0	0
TOTAL	2	9	1	2	2

Source: Construction Industry Research Board, Building Permit Summary.

ALAMEDA COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$400,498.1	$576,948.5	$791,891.2	$763,677.9	$689,530.0
New Multi-family	392,331.4	456,361.3	497,341.3	1,307,094.0	1,431,985.0
Res. Alterations/Additions	325,493.9	344,975.9	466,239.3	501,276.2	469,158.5
Total Residential	1,118,323.4	1,378,285.7	1,755,471.8	2,572,048.1	2,590,673.5
New Commercial	175,958.9	187,303.4	444,307.9	585,896.6	551,547.4
New Industrial	102,926.6	92,470.2	53,242.1	26,703.6	302,121.2
New Other	147,944.7	193,029.9	87,213.3	148,820.3	89,686.1
Com. Alterations/Additions	599,941.3	673,633.6	775,031.8	829,413.8	819,040.7
Total Nonresidential	1,026,771.5	1,146,437.1	1,359,795.1	1,590,834.3	1,762,395.4
New Dwelling Units					
Single Family	1,076	1,671	2,348	2,175	1,867
Multiple Family	2,048	3,370	3,171	6,889	6,540
TOTAL	3,124	5,041	5,519	9,064	8,407

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the median household effective buying income for the City, the County, the State and the United States for the period 2015 through 2019.

CITY OF PIEDMONT, ALAMEDA COUNTY, STATE OF CALIFORNIA, AND THE UNITED STATES
Effective Buying Income
Median Household
As of January 1, 2015 Through 2019

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	City of Piedmont	$804,008	$145,229
	Alameda County	47,744,408	60,575
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	City of Piedmont	$905,638	$172,143
	Alameda County	52,448,661	64,030
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Piedmont	$943,491	$164,370
	Alameda County	56,091,066	67,631
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Piedmont	$1,005,819	$188,466
	Alameda County	61,987,949	73,633
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Piedmont	$993,373	$188,155
	Alameda County	67,609,653	79,446
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

Taxable Transactions

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2018 in the City were reported to be $3,417,847 a 5.51% decrease over the total taxable sales of $3,617,119 reported in the first quarter of calendar year 2017. Annual figures for calendar year 2018 are not yet available.

CITY OF PIEDMONT
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	115	$15,093	191	$16,819
2014	117	15,007	190	17,758
2015(1)	105	13,603	211	16,344
2016	93	13,307	202	15,447
2017	91	13,359	202	16,292

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2018 in the County were reported to be $7,889,204,811 a 7.30% increase over the total taxable sales of $7,352,177,917 reported in the first quarter of calendar year 2017. Annual figures for calendar year 2018 are not yet available.

ALAMEDA COUNTY
Taxable Transactions
Number of Permits and Valuation Of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	27,017	$16,893,102	40,662	$26,624,571
2014	27,152	17,820,857	40,746	28,377,714
2015(1)	17,260	18,702,806	45,197	29,770,157
2016	27,273	19,386,688	44,799	30,958,480
2017	27,431	20,561,252	45,232	32,476,174

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

September 19, 2019

Board of Education
Piedmont Unified School District
760 Magnolia Avenue
Piedmont, California 94611

OPINION: $30,000,000 Piedmont Unified School District (Alameda County, California) General Obligation Bonds, Election of 2016, Series 2019

Members of the Board of Education:

We have acted as bond counsel to the Piedmont Unified School District (the "District") in connection with the issuance by the District of $30,000,000 principal amount of Piedmont Unified School District (Alameda County, California) General Obligation Bonds, Election of 2016, Series 2019, dated the date hereof (together, the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Education adopted on August 14, 2019 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the Board enforceable against the Board in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Butte is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$30,000,000
PIEDMONT UNIFIED SCHOOL DISTRICT
(Alameda County, California)
General Obligation Bonds
Election of 2016, Series 2019

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Piedmont Unified School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Education of the District on August 14, 2019 (the "**Resolution**"). U.S. Bank National Association is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently being March 31 based on a fiscal year ending June 30).

"*Dissemination Agent*" means, initially, KNN Public Finance LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

“*Paying Agent*” means U.S. Bank National Association, San Francisco, California, or any successor thereto.

“*Participating Underwriter*” means the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. <u>Provision of Annual Reports</u>.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020 with the report for the 2018-19 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, in an electronic format, as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. <u>Content of Annual Reports</u>. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the District shall include in its Annual Report the following information:

(i) current fiscal year assessed valuation of taxable properties in the District, including assessed valuation of the top ten properties if the combined assessed valuation of the top ten properties are equal to or exceed 15 percent of District assessed value, and

(ii) prior fiscal year total secured property tax levy and collections, showing current collections as a percent of the total levy, but only if ad valorem taxes for debt service are not paid for pursuant to the County's Teeter Plan.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. <u>Reporting of Significant Events</u>.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed

Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be KNN Public Finance LLC. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: September 19, 2019

PIEDMONT UNIFIED SCHOOL DISTRICT

By: ______________________________
Name:_____________________________
Title:______________________________

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

KNN PUBLIC FINANCE LLC

By: ________________________________
Name:______________________________
Title:_______________________________

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

APPENDIX G

ALAMEDA COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

ALAMEDA COUNTY
Annual Investment Policy
Calendar Year 2019

Introduction

The Alameda County Board of Supervisors, by Ordinance # O-2018-66 has renewed the annual delegation of its investment authority and responsibility to invest and/or to reinvest the funds in the Alameda County treasury to the Alameda County Treasurer. Accordingly, to provide a framework for the oversight of the Treasurer's investment responsibilities and activities, the *Government Code of the State of California through Section 27133* requires the County Treasurer to prepare an annual investment policy that provides the specific guidelines, pursuant to which, the Treasurer should carry-out investment-related functions. Participation in the Alameda County investment pool is limited to entities that are required by mandate to deposit their revenues in the county treasury.

Investment Philosophy

The Alameda County Treasurer shall invest monies in the treasury in accordance with the following basic principles of investing, in the order of priority:

1. **Safety** – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. **Liquidity** – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
3. **Return** - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints of safety.

The investment portfolio shall be diversified and designed to attain a market-average rate of return that considers the cash-flow characteristics and operating cash needs of County departments, the County's various subdivisions, school districts and special districts.

The investment portfolio shall strive to attain an average maturity not to exceed 36 months. Investments shall be made with the general intention of holding to maturity and not for trading. However, the Treasurer may, from time to time, swap or sell securities to re-position investment holdings to current coupon issues or to take advantage of market value appreciation by realizing profits on securities held by the portfolio.

The Treasurer may sell securities in which actual loss from such sale may be incurred under the following conditions:

1. To raise cash to meet unanticipated cash-flow need.
2. To swap old securities for current coupon securities.
3. To avoid further erosion and loss of investment principal due to deterioration in credit-worthiness or if interest rates are anticipated to continually rise.

Investment Guidelines and Eligible Securities

Section 53600 et seq. of the Government Code of the State of California prescribes the statutory requirements relating to investments by local treasurers, including types of allowable investments, proportional limits by investment type relative to the size of the investment pool, maximum maturity of investments, and credit rating criteria. The term to maturity of investments in the pool shall not exceed a final maturity of 5 years from date of purchase, except when specifically authorized by a resolution of the Alameda County Board of Supervisors. Final maturity limits, investment type limits, and issuer ratings and limits are calculated/considered at time of purchase.

Alameda County investments shall conform to the legal provisions set forth in the Government Code, except that, the County further prescribes the following requirements:
(Please refer to ATTACHMENT I)

I. Bankers' Acceptance

- Maximum limit: 30% of the portfolio.
- Ratings requirement: "A" rated by S & P or its equivalent by other rating agencies for domestic banks. "AA" rated by S & P or its equivalent by other rating agencies for US Branch of Foreign Banks.
- Maximum maturity: May not exceed 180 days from purchase date to final maturity.

II. Commercial Paper

- Maximum limit: 25% of the portfolio.
- Ratings requirement: "P-1" rated by S & P or its equivalent by other rating agencies.
- Maximum maturity: May not exceed 270 days from purchase date to final maturity.

III. Medium-Term Corporate Notes

- Maximum limit: 30% of the portfolio.

- Ratings requirement: “A” rated by S & P or the equivalent by other rating agencies if maturity is less than 3 years. “AA” rated by S & P or the equivalent by other rating if maturity is more than 3 years from purchase date.
- Maximum maturity: May not exceed 5 years from purchase date to final maturity.

IV. <u>Negotiable Certificates of Deposits</u>

- Maximum limit: 30% of the portfolio.
- Ratings requirement: “A” rated by S & P or the equivalent by other rating agencies if issued by a domestic bank. “AA” rated by S & P or the equivalent by other rating agencies if issued by a U.S. branch of a foreign bank.
- Maximum maturity: May not exceed one year in maturity from purchase date.

V. <u>Money Market Mutual Funds</u>

- Maximum limit: 20% of the portfolio. Investments in any one fund may not exceed 5% of the portfolio
- NAV requirement: A money-market fund must maintain a constant NAV (Net Asset Value) of $1.00.
- Rating requirement: In order to be eligible for purchase for the Treasurer’s investment pool, a money market fund, must meet either of the following requirements.

    - The fund must be invested in securities and obligations permitted by subdivisions (a) to (1) inclusive, of Section 53601 of the Government Code of the State of California. The fund must attain “AAA” ratings from 2 of the 3 nationally recognized rating services.

    OR

    - The fund must be invested in securities and obligations permitted by subdivisions (a) to (1) inclusive, of Section 53601 of the Government Code of the State of California, and **if not rated**, must retain an investment adviser registered with the SEC with more than five years of experience investing in the securities and obligations as authorized by subdivisions (a) to (m), inclusive, and with assets under management in excess of $500,000,000.

VI. <u>U.S. Treasury Bills, U.S. Government Notes and Bonds, Federal Agency</u>

Notes, debt issues of the State of California and debt issues of local agencies within the State of California

- Maximum limit: 100% of the portfolio.
- Purchase of debt issues of the U.S. Government, Federal Agencies, State of California and other local agencies in the State of California are eligible for purchase without limit, subject to requirements and restrictions of Section 53601 et seq. of the Government Code, except that floating rate notes, structured notes and other derivative securities permitted for purchase under the Code shall be limited to an aggregate cap of 15% of the total portfolio. Plain callable securities are not subject to the 15% limit.
- Maximum maturity: 5 years

VII. Washington Supranational Obligations

- Maximum limit: 30% of the portfolio.
- Purchase of U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank of Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) that are eligible for purchase or sale in the United States.
- Ratings requirement: AA or better by S & P or equivalent by other rating agencies.
- Maximum maturity: 5 years

VIII. Asset-Backed Securities

- Maximum limit: 20% of the portfolio.
- Equipment lease-backed certificates, consumer receivable pass-through certificates or consumer receivable-backed bonds are eligible for purchase.
- Ratings requirement: The security must carry a ‘AA’ or better by S&P or equivalent by other rating agencies.
- Maximum maturity: 5 years

IX. Repurchase Agreements

1. Repurchase Agreements
   - Maximum limit: 20% of the portfolio.
   - Counter-party requirements: A financial institution that will deliver the securities versus payment, either to the Treasurer’s custodian bank or to a third-party custodian.
   - Collateral requirements: U.S. Government Securities or Federal Agency Securities with final maturity not exceeding 5 years from commencement of repurchase agreement.

- Collateral value requirements: Minimum of 102% of the funds borrowed and marked-to-market daily during the term of agreement.
- Maximum term of agreement: 180 days.

2. Reverse Repurchase Agreements
   - Maximum limit: 20% of the portfolio.
   - Borrowing for leveraging purposes shall conform in all aspects to the governing provisions of the Government Code Section 53601, et. seq. Reverse repurchase agreements which have been entered into for purposes of either raising temporary cash needs or for the purpose of leveraging to attain favorable investment spreads, must be approved by the Board of Supervisors, pursuant to Government Code guidelines.

X. LAIF (Local Agency Investment Fund)

- Maximum amount: As permitted by the State Treasurer

XI. CalTRUST (Joint Powers Authority Investment Trust for California Public Agencies)

- Maximum limit: Twice the limit of LAIF deposits

XII. CAMP (Joint Powers Authority created to provide a statewide local government investment pool)

- Maximum limit: Twice the limit of LAIF deposits

XIII. Collateralized/FDIC - Insured Time Deposits

The Treasurer may place interest-bearing inactive public time deposits with banks and savings and loan associations located within the State of California, collateralized in accordance with requirements of the Government Code. Further, pursuant to the requirement of Government Code Section 53635.2, in order to be eligible as a depository of local agency monies, the depository institution must have a CRA (Community Reinvestment Act) rating of at least “Satisfactory”, received in its most recent evaluation by the appropriate federal rating agency. Pursuant to Government Code section 53601.8, the depository bank may use an eligible private sector entity to help place deposits with one or more commercial banks, savings and loan associations, or credit unions located in the United States. The Treasurer may also place with an eligible bank, savings and loan association, and credit union uncollateralized interest-bearing inactive time deposits for the FDIC or the NCUA insured amount of up to $250,000, provided that the depository institution requests, and the Treasurer grants, a waiver of security in writing.

XIV. **<u>Collateralized Money Market Bank Accounts</u>**

The Treasurer may open and deposit funds in interest-bearing active collateralized money market bank accounts in the banks that qualify under the eligibility requirements required for collateralized inactive time deposits, under **item XII** of this policy. Deposits in money market bank accounts are made to provide better short-term yield, as well as to provide another source of immediate liquidity.

XV. **<u>Others – any other legally permitted investments by specific authorizing resolutions of the Alameda County Board of Supervisors shall be eligible investments.</u>**

Credit rating requirements for eligible securities referred-to in this policy shall mean the numeric, alpha, and/or alpha-numeric designations assigned by the following rating agencies:

Moody's Investor Service
Standard & Poor's Rating Services
Fitch IBCA, Inc.
Thompson Bank Watch

The list of possible ratings for Standard and Poor's, Moody's and Fitch are Attachment II.

<u>Directed Investments and Withdrawal Policy</u>

Self-directed investments made by any school district or any special district, including deposits by same districts into the State's Local Agency Investment Fund (LAIF) are considered withdrawal of funds from the County treasury. Each district withdrawing funds for the purpose of investing outside of the Treasurer's investment pool may only do so once each month, upon a 3-day written notice to the Treasurer in an amount not exceeding $20,000,000**.** Such withdrawal is hereafter referred to as a "Permissible Withdrawal". Permissible withdrawals are further subject to the following requirements:

- Each district wishing to invest bond proceeds and/or bond funds outside of the Treasurer's investment pool, must notify the Treasurer no later than on the day of the bond closing, so that the Treasurer could place such bond proceeds in short-term investment/s whose maturity would coincide with the settlement/purchase date of the directed investment.
- Securities representing district- directed investments shall be held solely for the purpose of safekeeping by the County Treasurer at the County's custodial bank.
- Directed investments shall be the direct responsibility of each respective district with respect to their accounting and accountability.
- Any school district or special district that has obtained a temporary loan from the Alameda County Treasurer may not invest operating funds outside of the Treasurer's investment pool until the temporary loan is fully liquidated.

<u>Securities Lending</u>

Pursuant to Section 53601 (i) (3) of the Government Code, the Alameda County Treasurer may engage in securities lending through a third-party custodian and lending administrator. Revenues derived from securities lending will be considered incremental interest income to be shared among participating funds in the investment pool.

Other Provisions

Further, the Treasurer of Alameda County sets forth the following:

1. The Treasurer shall maintain sufficient funds in the County Treasury, to meet the estimated normal daily operating cash demands of the County and investment pool participants by investing funds to maturities that anticipate major cash needs. Investments shall, whenever possible, be made in securities that have active secondary or resale markets in order to provide maximum portfolio liquidity.

2. The treasurer's investment pool practices a "buy and hold" strategy, thus, funds are invested in securities that mature on dates coincident with the anticipated operating cash requirements of all participating entities. Consequently, withdrawal of funds for purposes other than to pay operating expenditures is unanticipated and could risk the pool's liquidity and stability. Nevertheless, subject to the **Directed Investments and Withdrawal Policy**, the Treasurer may liquidate securities in order to meet unanticipated cash withdrawals or disbursements made by the County or any pool participant, whether the purpose of such withdrawal or disbursement is to make payment for a legitimate obligation or to pull-out funds to reinvest outside the Treasurer's pool. Except for permissible withdrawals as described in the previous section, in the event the Treasurer is obligated to liquidate investments in an adverse market, the resulting loss, if any (calculated on the basis of comparing the accrued interest earned at the original purchase rate vs. the actual interest earned and/or loss at the current sale rate), due to an unanticipated school or special district withdrawal that normal pool liquidity cannot meet, and if the purpose of such withdrawal is to invest the funds outside of the Treasurer's investment pool, shall be borne by the withdrawing district/s alone. Losses due to the sale of securities to meet unanticipated cash needs other than for the purpose of investing funds outside the treasurer's pool shall be considered as normal cost of providing unanticipated liquidity needs.

3. The Treasurer shall hold all securities including collateral on repurchase agreements, in safekeeping with the County's custodial bank or with a national bank located in a Federal Reserve City which has provided the County with a safekeeping agreement.

4. The Alameda County Treasurer's investment pool does not accept non-mandatory depositors.

Investment Report

The Treasurer shall submit a report on the monthly status of the investment pool to the Alameda County Board of Supervisors, the Treasurer's Oversight Committee and the participating districts. The investment report must include the total market value of securities held, as reported by the custodial bank in its custodial report to the County, in each of the following calendar-quarter monthly reports, September, December, March, and June.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of Alameda County Treasurer's investment pool.

Further, any securities broker or dealer who has made a political contribution to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices, in an amount that exceeds the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board within any consecutive 48-month period following January 1, 1996, shall be disqualified from transacting securities trades (purchase, sale and/or exchange) with the County Treasurer.

Safekeeping and Custody

The following process shall be maintained for safekeeping and custody of securities:

1. Delivery vs. payment
   All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the Alameda County's safekeeping institution prior to the release of funds.
2. Third-Party Safekeeping
   All marketable securities except for money market funds registered in the County's name shall be deposited for safekeeping with banks contracted to provide the County Treasurer with custodial security clearance services. Securities are **NOT** to be held in investment firm/broker-dealer account.

Authorized Financial Institutions, Depositories, and Broker/Dealers

The Treasurer shall maintain a list of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of broker/dealers that are approved to conduct investment security transactions with the Alameda County Treasurer. These may include primary dealers, regional broker/dealers, minority-owned broker/dealers and direct issuers of securities.

All financial institutions and depositories, including broker-dealers, must provide certification of having read and understood and agreeing to comply with Alameda County Treasurer's investment policy on an annual basis.

All broker/dealers who desire to become qualified for investment transactions must supply the following (as appropriate):

1. Audited financial statements

2. Proof of FINRA registration
3. Proof of state registration
4. Completed broker/dealer questionnaire
5. Certification of having read and understood and agreeing to comply with Alameda County Treasurer's investment policy

Allocation of Interest Income and Costs

The Treasurer shall account for interest income on a cash basis to be apportioned based on average daily cash balances of participating funds during the quarterly allocation period. Government Code Section 27013 permits the Treasurer to charge the cost of the treasury operations and administration to the interest income prior to distribution. The cost of operating the County treasury which includes tax and revenue receipt processing, county-wide central cashiering, investment banking, management, operations, safekeeping and accounting, daily redemption of county warrants/checks and other direct and indirect treasury operations costs, shall be netted on a quarterly basis against the un-apportioned interest prior to its allocation to the pool participants. The treasury operations costs are determined each fiscal year as part of the budgeting process, during which the departmental budget is allocated among the various functioning units of the Treasurer-Tax Collector's department.

Treasury Oversight Committee

The Treasury Oversight Committee shall meet at least once annually, preferably the third week of November. The responsibilities of the Treasury Oversight Committee are:

1. To ensure that an annual audit of the investment portfolio is performed;
2. To review the Treasurer's Annual Investment Policy before it is submitted to the Board of Supervisors for authorization; and
3. To ensure that the Treasurer's investments conform to the requirements of the annual investment policy.

Limit on Receipt of Honoraria, Gifts and Gratuities

No individual responsible for the management of the County's investment portfolio or any member of the Treasury Oversight Committee shall accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker or other person with whom the county treasury conducts business, that aggregate in value in excess of $250.00 in any calendar year.

Conclusion

Any provision in this, the investment policy of Alameda County, which may later be disallowed by the governing sections of the Government Code of the State of California, shall also be so disallowed. Conversely, any new permissive provisions under the governing sections of the Government Code shall be allowed without necessarily amending the investment policy during the year that the law takes effect. However, such new provision shall be adopted by policy in the next annual investment policy. This investment policy shall be in effect until revised or replaced by the investment policy of the following calendar year.

SUMMARY OF ALLOWABLE INVESTMENTS

AUTHORIZED INVESTMENTS	MAXIMUM % HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY
Banker's Acceptance	30%	N/A	180 days	"A" rated by S&P or equivalent for domestic banks
Commercial Paper	25%	N/A	270 days	"AA" rated by S&P or equivalent for US branch of foreign banks "A-1/P-1" rated by S&P and Moody's or equivalent
Medium Term Notes or Corporate Notes	30%	N/A	5 years	"A" rated by S&P or equivalent for maturity less than 3 years "AA" rated by S&P or equivalent for maturity over 3 years
Negotiable CD	30%	N/A	1 year	"A" rated by S&P or equivalent for domestic banks "AA" rated by S&P or equivalent for US branch of foreign banks
Money-Market Mutual Funds	20%	Max. 5% Must maintain constant NAV of $1.00	Daily Liquidity	"AAA" from 2 of the 3 nationally recognized rating services
US Treasury Bills, US Government Notes and Bonds, Federal Agency bonds (FHLB, FFCB, FNMA, FHLMC or FAMCA), debt issues by St. of CA and local agencies within the state	100%	N/A	5 years	N/A
Washington Supranational Obligations	30%	Senior unsecured unsubordinated or unconditionally guaranteed by IBRD, IFC, or IADB	5 years	"AA" by S&P or equivalent by other rating agencies
Asset-Backed Securities	20%	Equipment leased-backed certificate, consumer receivable pass-through certificates, consumer receivables-backed bonds	5 years	Security: 'AA' or better by S&P or equivalent by other rating agencies
Repurchase Agreements (REPO)	20%	Counter-party that will deliver securities DVP. Collateral to be US Government or Federal Agency securities with maximum maturity of 5 years. 102% of funds borrowed and marked-tomarket daily.	180 days	N/A
Reverse Repurchase Agreements (Reverse REPO)	20%	Prior Approval of Board of Supervisors	As per code	N/A
LAIF	N/A	As per limit set by LAIF	Daily Liquidity	N/A
CAMP	N/A	2 x LAIF	Daily Liquidity	N/A
CalTRUST	N/A	2 x LAIF	Daily Liquidity	N/A
Fully Collateralized/FDIC - Insured Time Deposits	no limit	Refer to page 5	5 years	N/A
Fully Collateralized Money Market Bank Account	no limit	Refer to page 5	Daily Liquidity	N/A

RATINGS INTERPRETATION

LONG TERM DEBT RATINGS			
MOODY'S	**S&P**	**FITCH**	**RATINGS INTERPRETATION FOR CREDIT**
Aaa	AAA	AAA	STRONGEST QUALITY
Aa1	AA+	AA+	STRONG QUALITY
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	GOOD QUALITY
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	MEDIUM QUALITY
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	SPECULATIVE
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	LOW
B2	B	B	
B3	B-	B-	
Caa	CCC+	CCC	POOR
-	CCC	-	HIGHLY SPECULATIVE TO DEFAULT
-	CCC-	-	
Ca	CC	CCC	
C	-	-	
-	-	DDD	
-	-	DD	
-	D	D	

SHORT TERM DEBT RATINGS			
MOODY'S	**S&P**	**FITCH**	**RATINGS INTERPRETATION FOR CREDIT**
P-1	A-1+	F1+	STRONGEST QUALITY
	A-1	F1	STRONG QUALITY
P-2	A-2	F2	GOOD QUALITY
P-3	A-3	F3	MEDIUM QUALITY

Agenda ______ June 18, 2019

TREASURER - TAX COLLECTOR

HENRY C. LEVY
TREASURER - TAX COLLECTOR

May 28, 2019

Board of Supervisors
County of Alameda
1221 Oak Street, 5th Floor
Oakland, CA 94612

Dear Board Members:

RE: Investment Report – April 2019

In accordance with the Treasurer's investment policy, submitted herewith is a report of the cash pool investments for the month of April 2019. Enclosed with this report is a detailed composition of all outstanding investments by securities category as of April 30, 2019. This report reflects the market value and cost of purchase. All investments in the Treasurer's investment portfolio conform to the statutory requirements of Government Code Section 53601 et. seq., authorities delegated by the County Board of Supervisors and the Treasurer's investment policy.

As Of April 30, 2019

Treasurer's Investment Pool – Book Value	$ 6,684,548,617
Treasurer's Investment Pool – Market Value	6,687,739,338
Total Cash in Bank	45,171,083
Total interest received during the month	14,594,601
Average Maturity of the portfolio	399 days
Annualized cash basis rate of return for the month	2.64%

Liquidity Summary of the Portfolio as Of April 30, 2019

Maturity	Amount	Percentage Held
1 to 90 days	$ 1,811,202,687	27.10%
91 to 365 days	2,673,625,931	40.00%
2 years	890,778,788	13.33%
3 years	561,669,144	8.40%
4 years,	389,414,386	5.83%
5 years	357,857,682	5.34%
Total	**$ 6,684,548,617**	**100.00%**

Conclusion

Based on investment activity during the month of April 2019, the Treasurer expects to meet all operating cash needs for the pool participants within the next six months from the portfolio's most liquid assets and current revenues. For your review, a copy of the Investment Status Report and transacation details for the month of April 2019 is attached and on file with the Office of the Clerk of the Board of Supervisors.

Vision 2026 Goal

The Investment Report meets the 10x goal of **Accessible Infrastructure** in support of our shared vision of **Prosperous and Vibrant Economy**.

Very truly yours,

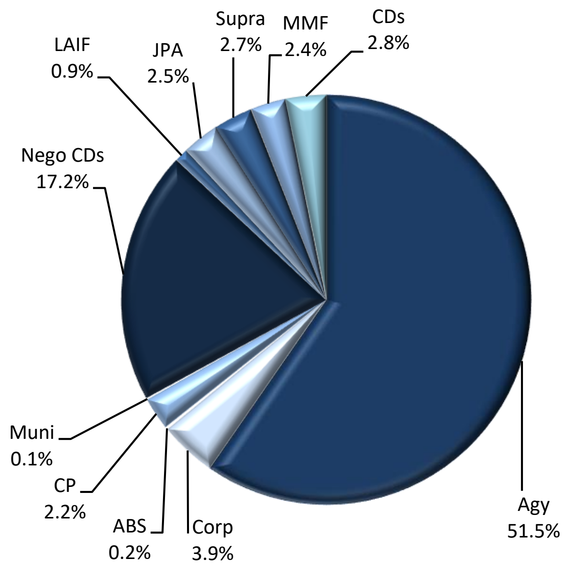
Henry C. Levy
Treasurer – Tax Collector

cc: Susan Muranishi, County Administrator
Melissa Wilk, Auditor-Controller
School District and Special District Participants
Members of the Treasury Oversight Committee

Portfolio Summary
4/30/2019

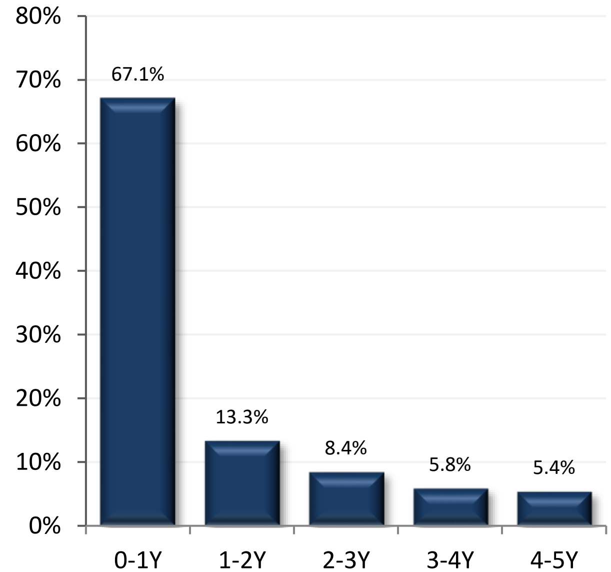
County of Alameda

SECTOR ALLOCATION



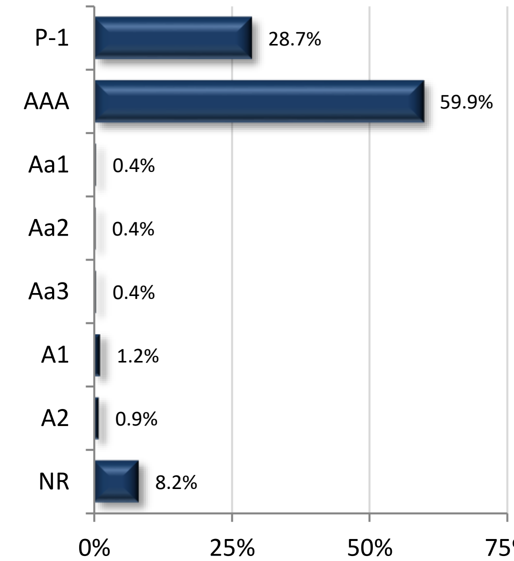
Per Book Value

MATURITY DISTRIBUTION



Per Book Value

CREDIT QUALITY (MOODY'S)



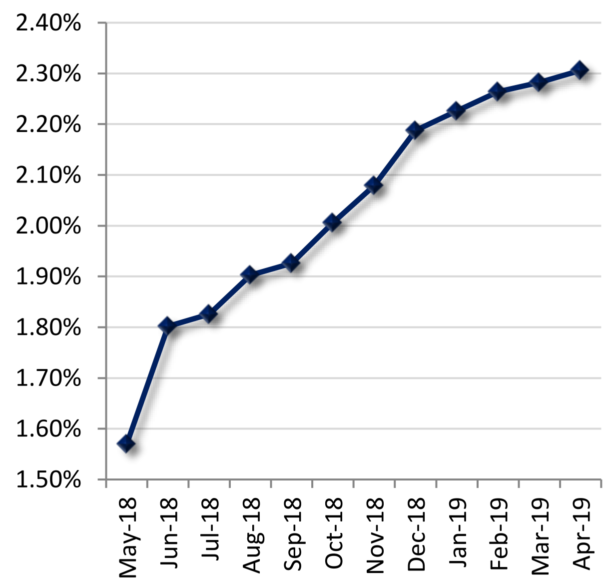
NR: Not Rated

ACCOUNT SUMMARY

	4/30/19	3/31/19
Market Value	$6,687,739,338	$6,196,865,375
Book Value*	$6,684,548,617	$6,194,165,234
Unrealized G/L	$3,190,720	$2,700,141
Par Value	$6,705,570,000	$6,210,570,000
Net Asset Value	$100.048	$100.044
Book Yield	2.31%	2.28%
Years to Maturity	1.09	0.79
Effective Duration	0.86	0.64

*Book Value is not Amortized

PORTFOLIO BOOK YIELD HISTORY



TOP ISSUERS

Issuer	% Portfolio
Federal Home Loan Mtg Corp	13.0%
Federal Home Loan Bank	11.9%
U.S. Treasury	9.6%
Federal National Mtg Assn	8.6%
Federal Farm Credit Bank	8.3%
Federal Home Loan Bk Disc Note	4.7%
FARMER MAC	3.4%
MUFG UNION BANK	3.0%
NATXNY	3.0%
Toronto Dominion Bank	3.0%
Treasury Bill	2.9%
International Bank Recon & D	2.7%
TOYOTA MOTOR CREDIT CORP	2.4%
Bank of Montreal	2.2%
Nordea Bank Fin NY	2.2%

Per Book Value

FTN FINANCIAL
MAIN STREET ADVISORS
A Subsidiary of First Tennessee Bank National Association

Investment Policy Compliance

4/30/2019

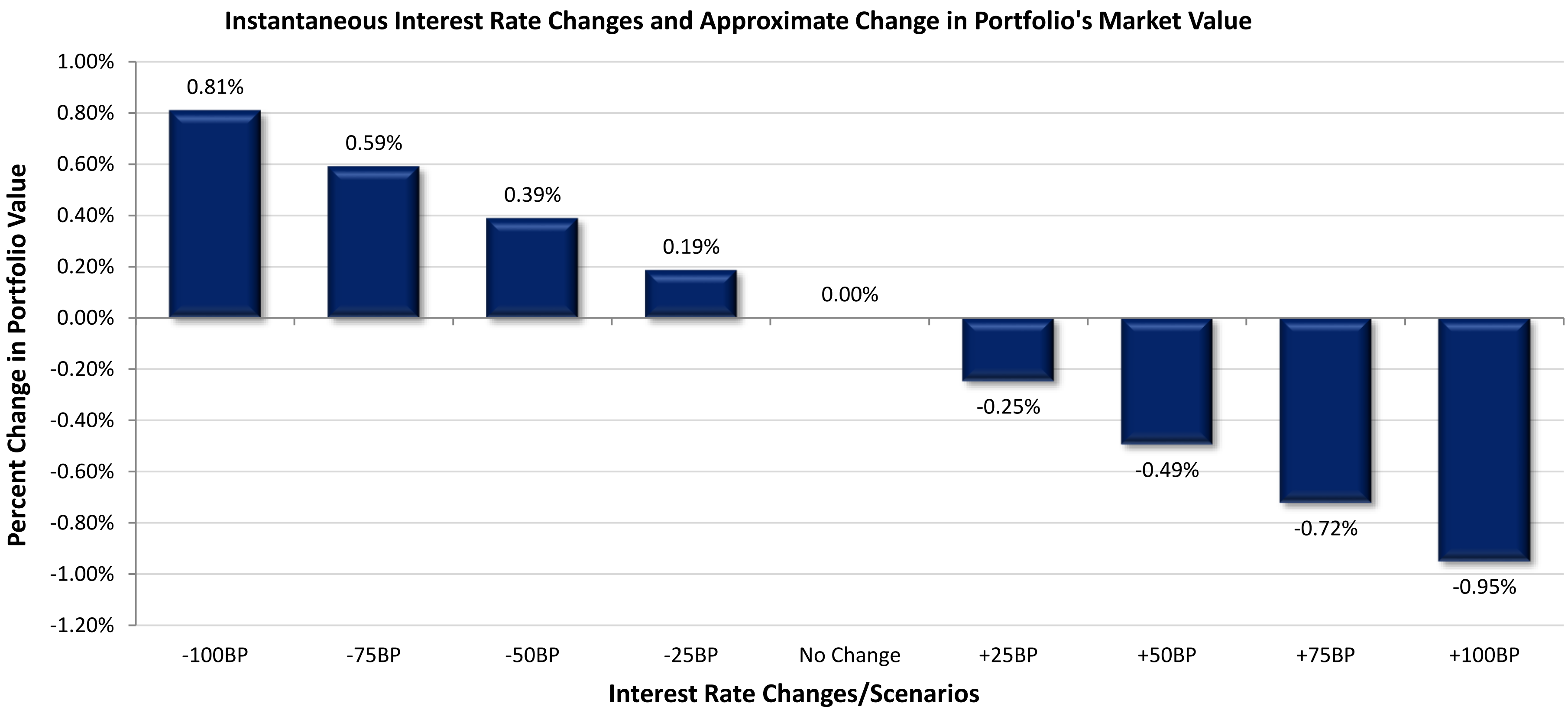
County of Alameda

Item / Sector	Parameters	In Compliance	
Weighted Average Maturity	Maximum WAM of 3.0 years	Yes	1.09 yrs
U.S. Treasury and Federal Agency Obligations	No sector limit; no issuer limit; max maturity 5 years	Yes	64.1%
Debt Issued by State of CA and Local Agencies within the State	No sector limit; no issuer limit; max maturity 5 years	Yes	0.1%
LAIF	Maximum amount permitted by LAIF (currently $65 million limit)	Yes	$60 Mil
Joint Powers Authority (CAMP)	Max Limit: Twice the limit of LAIF deposits (currently $130 million limit)	Yes	$130 Mil
Joint Powers Authority (CalTrust)	Max Limit: Twice the limit of LAIF deposits (currently $130 million limit)	Yes	$40 Mil
Money Market Mutual Funds	20% limit; 5% per fund limit or $75 Mil, whichever is lower (except for Nov, Dec, March, and April); SEC registered with stable NAV; No front-end loads; Rated AAAm or equivalent by at least two of the three rating agencies or advisor requirements	Yes	2.4%
Commercial Paper (Includes Asset Backed)	25% sector limit; Max maturity of 270 days; Rated A-1, P-1, or F-1; Total assets over $500mm; Asset Backed CP Must have program-wide credit enhancements	Yes	2.2%
Negotiable CDs	30% limit; Minimum rating of A by rating agency if issued by domestic bank; Minimum rating of AA if a U.S. branch of a foreign bank; Max maturity of 1 year	Yes	17.2%
Collateralized/FDIC - Insured Time Deposits	Time deposits with banks and savings and loans associations located with the State, collateralized according to Government code	Yes	2.8%
Collateralized Money Market Bank Accounts	Deposit funds in interest-bearing active collateralized money market bank accounts	Yes	1.0%
Medium-Term Notes	30% limit; Max maturity 5 years; Minimum rating of A by rating a rating agency if maturing less than 3 years; minimum rating of AA if maturity is greater than 3 years	Yes	3.9%
Repurchase Agreement	20% limit; Max maturity of 180 days; Must have 102% collateral; Collateral of agency and treasuries with final maturity not to exceed 5 years	Yes	0.0%
Supranationals	30% limit; Only IBRD, IFC, IADB; Max Maturity 5 years; Minimum rating of AA by a rating agency.; max maturity of 5 years	Yes	2.7%
Floaters, Structured Notes, Derivatives	15% limit for treasuries, agencies, and munis	Yes	0.0%

Historical Book Values
4/30/2019

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fiscal Year 2016	$3.325	$3.023	$3.078	$2.936	$3.117	$3.530	$3.747	$3.852	$3.862	$4.195	$4.199	$4.060
Fiscal Year 2017	$4.120	$3.786	$3.698	$3.962	$4.328	$4.781	$4.807	$4.726	$4.767	$5.174	$5.263	$5.253
Fiscal Year 2018	$5.107	$4.600	$4.490	$4.625	$5.096	$5.818	$6.011	$5.881	$5.868	$6.002	$5.984	$5.901
Fiscal Year 2019	$5.648	$5.146	$5.108	$5.047	$5.540	$6.217	$6.047	$5.912	$6.093	$6.626		

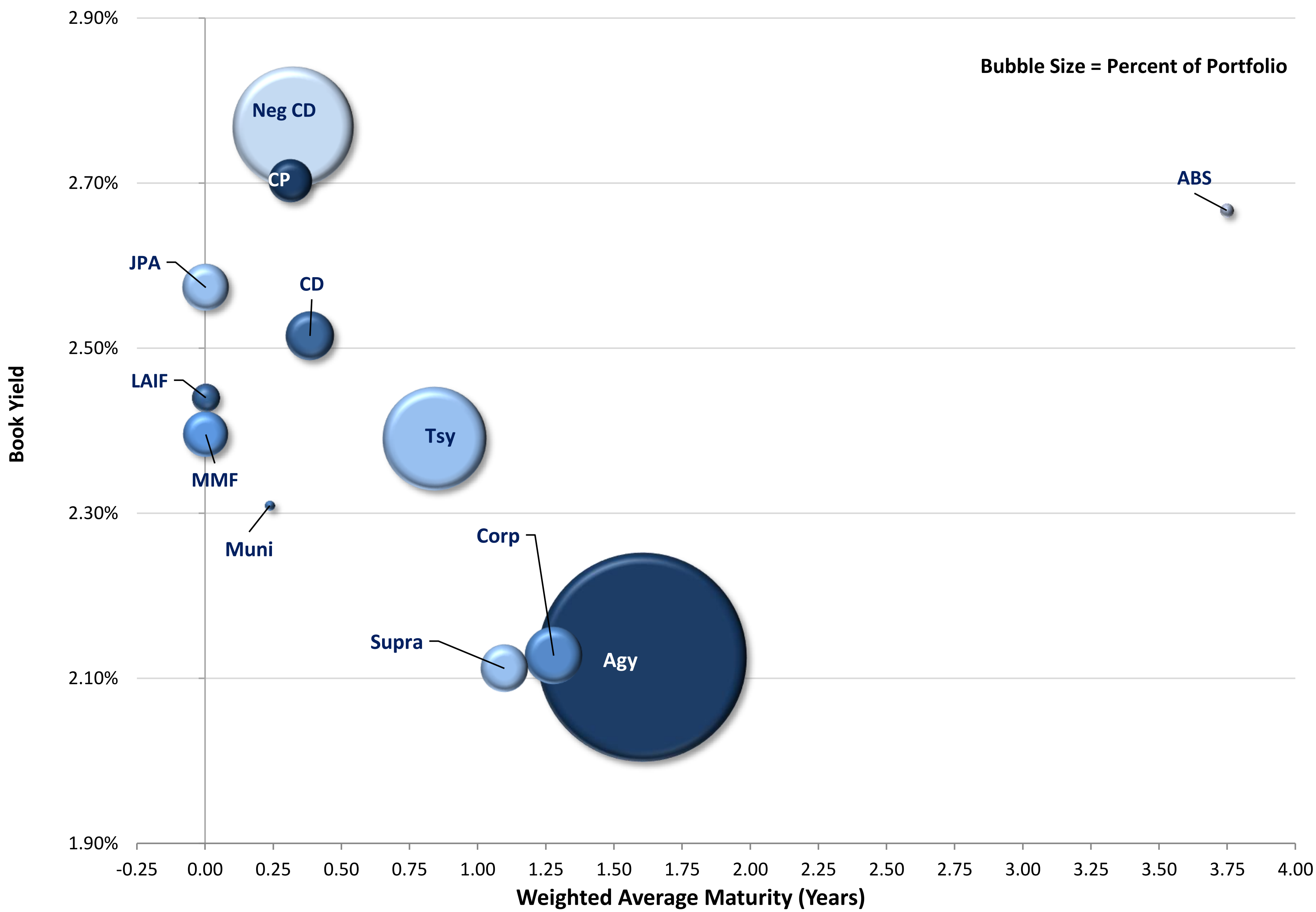
Figures in Billions, Average Daily Balance



Int. Rate Change	Portfolio Value	Value Change	Percent Change
-100 Basis Points	$6,741,910,026	$54,170,689	0.81%
-75 Basis Points	$6,727,283,940	$39,544,603	0.59%
-50 Basis Points	$6,713,741,268	$26,001,931	0.39%
-25 Basis Points	$6,700,198,596	$12,459,258	0.19%
No Change	$6,687,739,338	$0	0.00%
+25 Basis Points	$6,671,220,621	-$16,518,716	-0.25%
+50 Basis Points	$6,654,701,905	-$33,037,432	-0.49%
+75 Basis Points	$6,639,453,860	-$48,285,478	-0.72%
+100 Basis Points	$6,624,205,814	-$63,533,524	-0.95%

Book Yield per WAM per Percent of Portfolio
4/30/2019

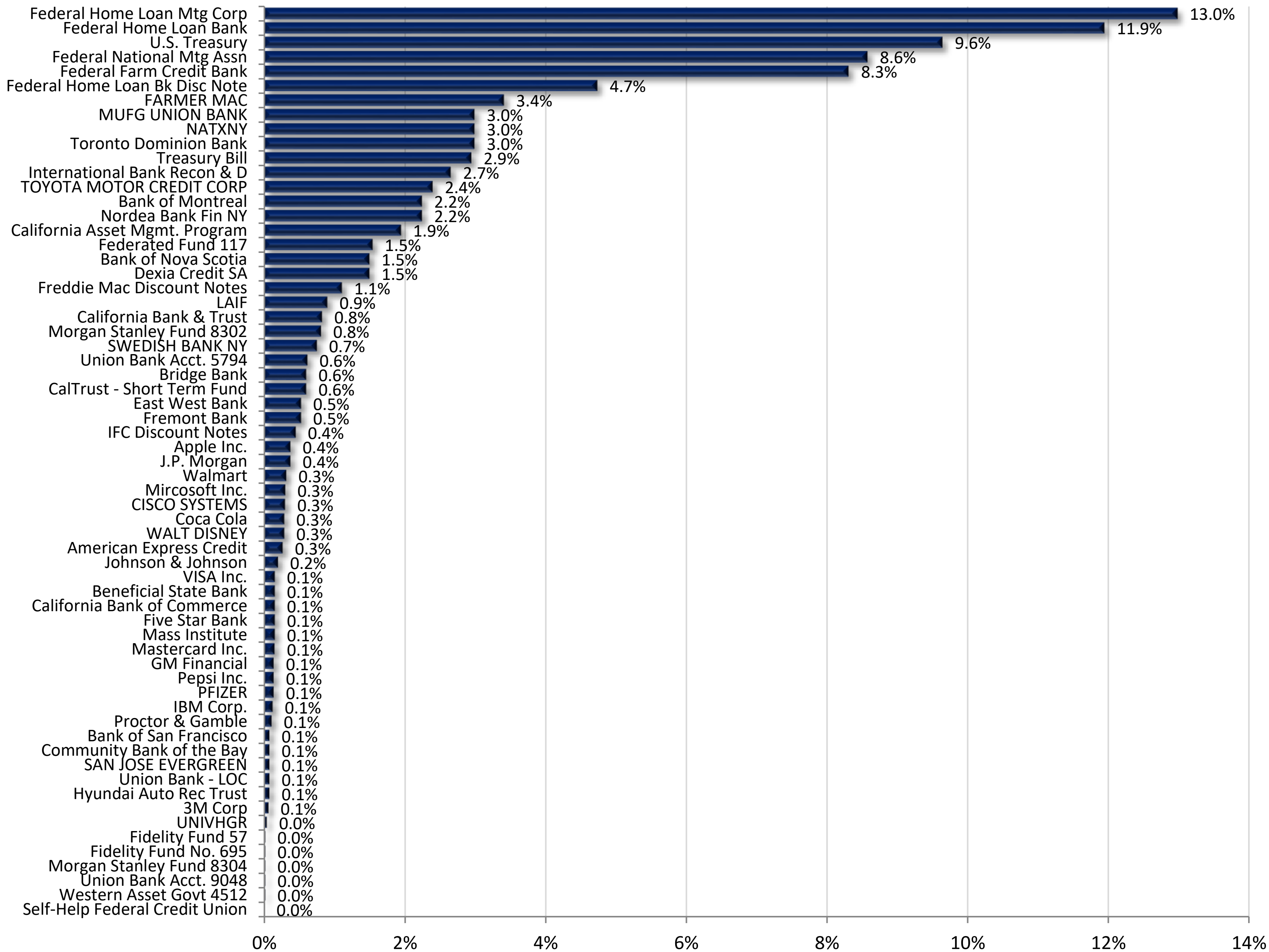
County of Alameda



*Note: Excludes Cash Balance

Holdings Allocation by Issuer
4/30/2019

County of Alameda



Alameda County Investment Pool
Portfolio Management
Portfolio Summary
April 30, 2019

Investments	Par Value	Market Value	Book Value	% of Portfolio	Days to Maturity	YTM 365 Equiv.
Non-Negotiable CDs	185,170,000.00	185,170,000.00	185,170,000.00	2.77	141	2.515
Local Agency Investment Funds	60,000,000.00	60,000,000.00	60,000,000.00	0.90	1	2.440
Joint Powers Authority	170,000,000.00	170,000,000.00	170,000,000.00	2.54	1	2.574
Money Market Mutual Funds	161,000,000.00	161,000,000.00	161,000,000.00	2.41	1	2.395
Money Market Bank Accounts	67,000,000.00	67,000,000.00	67,000,000.00	1.00	1	1.280
Negotiable CDs	1,150,000,000.00	1,150,061,500.00	1,150,000,000.00	17.20	118	2.768
Corporate Notes	258,500,000.00	257,623,858.75	258,121,838.75	3.86	467	2.127
Washington Supranational Obligation	178,500,000.00	178,162,744.50	177,378,567.60	2.65	401	2.112
Commercial Paper Disc. -Amortizing	150,000,000.00	148,794,000.00	148,108,486.12	2.22	114	2.703
Agency Bullets (Aaa/AA+)	385,000,000.00	386,360,450.00	384,597,500.00	5.75	973	2.380
Federal Agency Disc. -Amortizing	425,000,000.00	423,358,750.00	420,581,395.84	6.29	58	2.551
Treasury Notes and Bonds	650,000,000.00	646,014,495.24	644,827,917.14	9.65	356	2.356
Treasury Discounts -Amortizing	200,000,000.00	198,050,500.00	196,887,659.73	2.95	150	2.500
Agency Callables (Aaa/AA+)	2,643,900,000.00	2,634,631,889.05	2,639,376,425.55	39.48	613	2.020
Asset Backed Securities	14,000,000.00	14,013,350.00	13,998,826.60	0.21	1,368	2.667
Municipal Bonds	7,500,000.00	7,497,800.00	7,500,000.00	0.11	87	2.309
Investments	**6,705,570,000.00**	**6,687,739,337.54**	**6,684,548,617.33**	**100.00%**	**399**	**2.306**

Total Earnings	April 30 Month Ending	Fiscal Year To Date
Current Year	13,003,462.75	97,671,996.45
Average Daily Balance	**6,625,659,814.34**	**5,674,995,555.51**
Effective Rate of Return	**2.39%**	**2.07%**

Henry C. Levy, Treasurer - Tax Collector

Reporting period 04/01/2019-04/30/2019

Run Date: 05/29/2019 - 14:12

Portfolio POOL
RC
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Non-Negotiable CDs											
SYS11589	11589	Five Star Bank		11/09/2018	10,000,000.00	10,000,000.00	10,000,000.00	2.510	2.545	8	05/09/2019
SYS11655	11655	Bank of San Francisco		02/07/2019	5,000,000.00	5,000,000.00	5,000,000.00	2.500	2.535	97	08/06/2019
SYS11690	11690	Bridge Bank		04/02/2019	40,000,000.00	40,000,000.00	40,000,000.00	2.390	2.423	154	10/02/2019
SYS11691	11691	Beneficial State Bank		04/03/2019	10,000,000.00	10,000,000.00	10,000,000.00	2.440	2.474	155	10/03/2019
SYS11730	11730	California Bank & Trust		04/17/2019	30,000,000.00	30,000,000.00	30,000,000.00	2.380	2.413	63	07/03/2019
SYS11667	11667	Community Bank of the Bay		03/07/2019	5,000,000.00	5,000,000.00	5,000,000.00	2.500	2.535	125	09/03/2019
SYS11600	11600	California Bank of Commerce		11/21/2018	10,000,000.00	10,000,000.00	10,000,000.00	2.510	2.545	20	05/21/2019
SYS11601	11601	East West Bank		11/15/2018	25,000,000.00	25,000,000.00	25,000,000.00	2.800	2.839	13	05/14/2019
SYS11711	11711	East West Bank		04/11/2019	10,000,000.00	10,000,000.00	10,000,000.00	2.800	2.839	13	05/14/2019
SYS11749	11749	Fremont Bank		04/30/2019	35,000,000.00	35,000,000.00	35,000,000.00	2.410	2.443	365	04/30/2020
SYS11669	11669	Self-Help Federal Credit Union		03/13/2019	170,000.00	170,000.00	170,000.00	2.100	2.129	317	03/13/2020
SYS11729	11729	Union Bank - LOC		04/17/2019	5,000,000.00	5,000,000.00	5,000,000.00	2.000	2.028	351	04/16/2020
		Subtotal and Average	**131,336,666.67**		**185,170,000.00**	**185,170,000.00**	**185,170,000.00**		**2.515**	**141**	
Local Agency Investment Funds											
SYS10285	10285	LAIF		07/01/2013	60,000,000.00	60,000,000.00	60,000,000.00	2.440	2.440	1	
		Subtotal and Average	**60,000,000.00**		**60,000,000.00**	**60,000,000.00**	**60,000,000.00**		**2.440**	**1**	
Joint Powers Authority											
SYS10470	10470	California Asset Mgmt. Program		06/28/2012	130,000,000.00	130,000,000.00	130,000,000.00	2.590	2.590	1	
SYS10472	10472	CalTrust - Short Term Fund		07/01/2013	40,000,000.00	40,000,000.00	40,000,000.00	2.520	2.520	1	
		Subtotal and Average	**186,000,000.00**		**170,000,000.00**	**170,000,000.00**	**170,000,000.00**		**2.574**	**1**	
Money Market Mutual Funds											
608919718	11093	Federated Fund 117		09/30/2016	103,000,000.00	103,000,000.00	103,000,000.00	2.400	2.400	1	
316175504	10274	Fidelity Fund No. 695		06/28/2012	1,000,000.00	1,000,000.00	1,000,000.00	2.370	2.370	1	
316175108	11090	Fidelity Fund 57		09/30/2016	1,000,000.00	1,000,000.00	1,000,000.00	2.330	2.330	1	
61747C707	10280	Morgan Stanley Fund 8302		06/28/2013	54,000,000.00	54,000,000.00	54,000,000.00	2.390	2.390	1	
61747C582	11089	Morgan Stanley Fund 8304		09/30/2016	1,000,000.00	1,000,000.00	1,000,000.00	2.350	2.350	1	
52470G791	10318	Western Asset Govt 4512		08/15/2013	1,000,000.00	1,000,000.00	1,000,000.00	2.350	2.350	1	
		Subtotal and Average	**576,466,666.67**		**161,000,000.00**	**161,000,000.00**	**161,000,000.00**		**2.395**	**1**	
Money Market Bank Accounts											
SYS10286	10286	California Bank & Trust		06/28/2013	25,000,000.00	25,000,000.00	25,000,000.00	1.750	1.750	1	
SYS10290	10290	Union Bank Acct. 5794		06/28/2013	41,000,000.00	41,000,000.00	41,000,000.00	1.000	1.000	1	

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Money Market Bank Accounts											
SYS10291	10291	Union Bank Acct. 9048		06/28/2013	1,000,000.00	1,000,000.00	1,000,000.00	1.000	1.000	1	
		Subtotal and Average	**61,300,000.00**		**67,000,000.00**	**67,000,000.00**	**67,000,000.00**		**1.280**	**1**	
Negotiable CDs											
06370RPW3	11613	Bank of Montreal		12/04/2018	50,000,000.00	50,052,000.00	50,000,000.00	2.920	2.961	91	07/31/2019
06370RRD3	11619	Bank of Montreal		12/11/2018	50,000,000.00	50,060,000.00	50,000,000.00	2.900	2.940	112	08/21/2019
06370RRE1	11620	Bank of Montreal		12/11/2018	50,000,000.00	50,053,000.00	50,000,000.00	2.900	2.940	98	08/07/2019
06417G3R7	11618	Bank of Nova Scotia		12/11/2018	50,000,000.00	50,040,500.00	50,000,000.00	2.890	2.930	91	07/31/2019
06417G5D6	11661	Bank of Nova Scotia		02/20/2019	50,000,000.00	49,582,000.00	50,000,000.00	2.610	2.646	119	08/28/2019
25215FEJ9	11611	Dexia Credit SA		12/04/2018	50,000,000.00	50,039,500.00	50,000,000.00	2.850	2.890	91	07/31/2019
25215FEQ3	11648	Dexia Credit SA		01/29/2019	50,000,000.00	50,025,000.00	50,000,000.00	2.680	2.717	140	09/18/2019
55379WRA6	11587	MUFG UNION BANK		10/31/2018	50,000,000.00	50,014,500.00	50,000,000.00	2.830	2.869	30	05/31/2019
62478TY52	11682	MUFG UNION BANK		03/26/2019	50,000,000.00	50,009,000.00	50,000,000.00	2.600	2.636	142	09/20/2019
62478TZ69	11694	MUFG UNION BANK		04/05/2019	50,000,000.00	50,000,000.00	50,000,000.00	2.590	2.626	225	12/12/2019
62478TZ85	11714	MUFG UNION BANK		04/11/2019	50,000,000.00	49,992,500.00	50,000,000.00	2.570	2.606	236	12/23/2019
63873NZM6	11599	NATXNY		11/21/2018	50,000,000.00	50,034,500.00	50,000,000.00	2.930	2.971	56	06/26/2019
63873NZW4	11612	NATXNY		12/04/2018	50,000,000.00	50,047,000.00	50,000,000.00	2.940	2.981	84	07/24/2019
63873NP39	11674	NATXNY		03/19/2019	50,000,000.00	50,025,500.00	50,000,000.00	2.690	2.727	182	10/30/2019
63873NR52	11695	NATXNY		04/05/2019	50,000,000.00	50,000,500.00	50,000,000.00	2.600	2.636	208	11/25/2019
65558TAK1	11592	Nordea Bank Fin NY		11/15/2018	50,000,000.00	50,004,500.00	50,000,000.00	2.780	2.819	9	05/10/2019
65558TAJ4	11593	Nordea Bank Fin NY		11/15/2018	50,000,000.00	50,020,000.00	50,000,000.00	2.810	2.849	42	06/12/2019
65558TDN2	11650	Nordea Bank Fin NY		01/29/2019	50,000,000.00	50,019,500.00	50,000,000.00	2.670	2.707	91	07/31/2019
87019VTE7	11585	SWEDISH BANK NY		10/30/2018	50,000,000.00	50,000,000.00	50,000,000.00	2.640	2.677	0	05/01/2019
89114MYC5	11675	Toronto Dominion Bank		03/19/2019	50,000,000.00	50,018,000.00	50,000,000.00	2.630	2.667	196	11/13/2019
89114MZA8	11681	Toronto Dominion Bank		03/26/2019	50,000,000.00	50,006,500.00	50,000,000.00	2.580	2.616	154	10/02/2019
89114MZJ9	11684	Toronto Dominion Bank		03/28/2019	50,000,000.00	50,010,000.00	50,000,000.00	2.600	2.636	196	11/13/2019
89114MA80	11697	Toronto Dominion Bank		04/05/2019	50,000,000.00	50,007,500.00	50,000,000.00	2.580	2.616	126	09/04/2019
		Subtotal and Average	**1,161,666,666.67**		**1,150,000,000.00**	**1,150,061,500.00**	**1,150,000,000.00**		**2.768**	**118**	
Corporate Notes											
037833BD1	10648	Apple Inc.		05/13/2015	5,000,000.00	4,973,150.00	4,992,250.00	2.000	2.033	371	05/06/2020
037833CC2	11060	Apple Inc.		08/04/2016	5,000,000.00	4,894,900.00	4,993,050.00	1.550	1.579	826	08/04/2021
037833CB4	11061	Apple Inc.		08/04/2016	5,000,000.00	4,981,700.00	4,995,000.00	1.100	1.134	93	08/02/2019
037833CK4	11207	Apple Inc.		02/09/2017	10,000,000.00	9,950,600.00	9,995,100.00	1.900	1.917	282	02/07/2020
0258M0EE5	11225	American Express Credit		03/03/2017	2,500,000.00	2,489,450.00	2,497,400.00	2.200	2.236	307	03/03/2020

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Corporate Notes											
0258MODT3	11686	American Express Credit		03/29/2019	15,000,000.00	15,083,168.75	15,083,168.75	2.375	2.600	391	05/26/2020
17275RBD3	11575	CISCO SYSTEMS		10/11/2018	10,000,000.00	9,940,100.00	9,779,300.00	2.200	3.180	669	02/28/2021
17275RAX0	11710	CISCO SYSTEMS		04/11/2019	10,000,000.00	10,076,344.44	10,066,044.44	2.450	2.560	411	06/15/2020
25468PDL7	11044	WALT DISNEY		07/12/2016	1,000,000.00	996,710.00	996,640.00	0.875	0.989	72	07/12/2019
25468PDU7	11292	WALT DISNEY		06/06/2017	5,000,000.00	4,962,700.00	4,994,200.00	1.800	1.840	401	06/05/2020
25468PDU7	11293	WALT DISNEY		06/06/2017	13,000,000.00	12,903,020.00	12,984,920.00	1.800	1.840	401	06/05/2020
459200JE2	10916	IBM Corp.		02/19/2016	8,000,000.00	7,997,360.00	8,000,000.00	1.800	1.799	16	05/17/2019
478160BS2	10927	Johnson & Johnson		03/01/2016	2,000,000.00	1,969,240.00	2,000,000.00	1.650	1.650	670	03/01/2021
478160CD4	11226	Johnson & Johnson		03/03/2017	11,000,000.00	10,944,670.00	10,970,080.00	2.250	2.308	1,037	03/03/2022
46625HNX4	11687	J.P. Morgan		03/29/2019	25,000,000.00	24,941,000.00	24,975,000.00	2.550	2.614	547	10/29/2020
191216BV1	11005	Coca Cola		05/31/2016	19,000,000.00	18,983,280.00	18,986,700.00	1.375	1.399	29	05/30/2019
575718AC5	11597	Mass Institute		11/20/2018	10,000,000.00	9,986,300.00	9,964,000.00	2.051	1.819	61	07/01/2019
57636QAF1	11737	Mastercard Inc.		04/25/2019	10,000,000.00	9,958,255.56	9,942,055.56	2.000	2.580	935	11/21/2021
88579YBA8	11567	3M Corp		09/14/2018	4,000,000.00	4,051,480.00	3,991,800.00	3.000	3.072	867	09/14/2021
594918BG8	10819	Mircosoft Inc.		11/03/2015	2,000,000.00	1,986,700.00	1,998,400.00	2.000	2.017	552	11/03/2020
594918BN3	11062	Mircosoft Inc.		08/08/2016	4,000,000.00	3,984,840.00	3,995,880.00	1.100	1.135	99	08/08/2019
594918BP8	11063	Mircosoft Inc.		08/08/2016	2,000,000.00	1,957,080.00	1,997,900.00	1.550	1.572	830	08/08/2021
594918BN3	11064	Mircosoft Inc.		08/08/2016	5,000,000.00	4,981,050.00	4,994,850.00	1.100	1.135	99	08/08/2019
594918BP8	11065	Mircosoft Inc.		08/08/2016	7,000,000.00	6,849,780.00	6,992,650.00	1.550	1.572	830	08/08/2021
713448DX3	11333	Pepsi Inc.		10/10/2017	9,000,000.00	8,917,740.00	8,998,200.00	2.000	2.006	715	04/15/2021
717081EB5	11142	PFIZER		11/21/2016	9,000,000.00	8,950,230.00	8,993,520.00	1.700	1.724	228	12/15/2019
742718EQ8	11126	Proctor & Gamble		11/03/2016	5,000,000.00	4,913,300.00	4,989,750.00	1.700	1.743	917	11/03/2021
742718EZ8	11354	Proctor & Gamble		10/25/2017	2,000,000.00	1,992,560.00	1,999,300.00	1.750	1.768	177	10/25/2019
89236TBP9	11478	TOYOTA MOTOR CREDIT CORP		04/13/2018	12,000,000.00	11,988,240.00	11,943,720.00	2.125	2.503	78	07/18/2019
92826CAB8	11709	VISA Inc.		04/11/2019	10,000,000.00	10,022,100.00	10,020,000.00	2.200	2.515	593	12/14/2020
931142DU4	11342	Walmart		10/20/2017	5,000,000.00	4,961,200.00	4,999,600.00	2.350	2.351	1,324	12/15/2022
931142DY6	11343	Walmart		10/20/2017	4,000,000.00	3,983,040.00	3,999,920.00	1.750	1.751	161	10/09/2019
931142EA7	11344	Walmart		10/20/2017	5,000,000.00	4,952,350.00	4,992,750.00	1.900	1.947	594	12/15/2020
931142EJ8	11535	Walmart		06/27/2018	3,000,000.00	3,037,320.00	2,999,850.00	3.125	3.127	784	06/23/2021
931142EK5	11536	Walmart		06/27/2018	2,000,000.00	2,054,880.00	1,999,460.00	3.400	3.406	1,517	06/26/2023
931142EG4	11537	Walmart		06/27/2018	2,000,000.00	2,008,020.00	1,999,380.00	2.850	2.866	419	06/23/2020
		Subtotal and Average	**243,787,402.16**		**258,500,000.00**	**257,623,858.75**	**258,121,838.75**		**2.127**	**467**	
Washington Supranational Obligation											
45905UZJ6	11135	International Bank Recon & D		11/16/2016	10,000,000.00	9,933,900.00	9,974,100.00	1.300	1.390	177	10/25/2019

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Washington Supranational Obligation											
459058FS7	11159	International Bank Recon & D		12/12/2016	15,000,000.00	14,877,750.00	14,821,950.00	1.125	1.537	210	11/27/2019
45905UZJ6	11227	International Bank Recon & D		03/03/2017	10,000,000.00	9,933,900.00	9,920,000.00	1.300	1.610	177	10/25/2019
45905UQ56	11353	International Bank Recon & D		10/25/2017	25,000,000.00	24,944,000.00	25,000,000.00	1.650	1.650	92	08/01/2019
45905UQ49	11356	International Bank Recon & D		10/26/2017	25,000,000.00	24,793,250.00	25,000,000.00	1.800	1.800	457	07/31/2020
459058FQ1	11381	International Bank Recon & D		11/30/2017	15,000,000.00	14,916,900.00	14,816,700.00	1.200	1.881	152	09/30/2019
459058FQ1	11386	International Bank Recon & D		12/01/2017	15,000,000.00	14,916,900.00	14,815,200.00	1.200	1.885	152	09/30/2019
45905UQ80	11464	International Bank Recon & D		03/27/2018	10,000,000.00	9,921,300.00	9,839,000.00	1.950	2.292	558	11/09/2020
45905UQ80	11538	International Bank Recon & D		06/28/2018	10,000,000.00	9,921,300.00	9,826,900.00	1.950	2.710	558	11/09/2020
459058GH0	11544	International Bank Recon & D		07/25/2018	10,000,000.00	10,091,400.00	9,976,600.00	2.750	2.832	814	07/23/2021
45905UQ80	11555	International Bank Recon & D		08/30/2018	10,000,000.00	9,921,300.00	9,813,622.60	1.950	2.832	558	11/09/2020
45905UY32	11621	International Bank Recon & D		12/11/2018	23,500,000.00	23,990,844.50	23,574,495.00	3.170	3.169	919	11/05/2021
		Subtotal and Average	**186,717,073.16**		**178,500,000.00**	**178,162,744.50**	**177,378,567.60**		**2.112**	**401**	
Commercial Paper Disc. -Amortizing											
89233HSV7	11626	TOYOTA MOTOR CREDIT CORP		12/17/2018	50,000,000.00	49,904,500.00	49,357,055.56	2.840	2.917	28	05/29/2019
89233HZC1	11696	TOYOTA MOTOR CREDIT CORP		04/05/2019	50,000,000.00	49,209,500.00	49,118,013.89	2.530	2.648	225	12/12/2019
89233HUX0	11722	TOYOTA MOTOR CREDIT CORP		04/16/2019	50,000,000.00	49,680,000.00	49,633,416.67	2.490	2.543	91	07/31/2019
		Subtotal and Average	**171,472,832.42**		**150,000,000.00**	**148,794,000.00**	**148,108,486.12**		**2.703**	**114**	
Agency Bullets (Aaa/AA+)											
3132X0Q53	11469	FARMER MAC		03/29/2018	10,000,000.00	10,045,800.00	9,995,100.00	2.600	2.617	698	03/29/2021
3132X0U25	11486	FARMER MAC		04/19/2018	30,000,000.00	30,482,100.00	29,982,000.00	2.800	2.813	1,449	04/19/2023
3132X0U25	11487	FARMER MAC		04/19/2018	40,000,000.00	40,642,800.00	39,976,000.00	2.800	2.813	1,449	04/19/2023
3132X0U25	11488	FARMER MAC		04/19/2018	30,000,000.00	30,482,100.00	29,982,000.00	2.800	2.813	1,449	04/19/2023
31422BEV8	11731	FARMER MAC		04/22/2019	50,000,000.00	50,089,500.00	50,000,000.00	2.485	2.485	887	10/04/2021
31422BEX4	11736	FARMER MAC		04/24/2019	50,000,000.00	50,029,000.00	50,000,000.00	2.475	2.475	1,252	10/04/2022
3133EHHB2	11265	Federal Farm Credit Bank		04/27/2017	5,000,000.00	4,955,150.00	4,986,500.00	1.450	1.542	362	04/27/2020
3133EJHL6	11459	Federal Farm Credit Bank		03/27/2018	10,000,000.00	9,992,800.00	9,992,800.00	2.375	2.412	331	03/27/2020
3133EJHL6	11460	Federal Farm Credit Bank		03/27/2018	10,000,000.00	9,984,000.00	9,984,000.00	2.375	2.457	331	03/27/2020
3130A7CV5	10911	Federal Home Loan Bank		02/18/2016	5,000,000.00	4,917,350.00	4,979,800.00	1.375	1.459	659	02/18/2021
3130A7CV5	10912	Federal Home Loan Bank		02/18/2016	15,000,000.00	14,752,050.00	14,939,400.00	1.375	1.459	659	02/18/2021
3130ACM92	11334	Federal Home Loan Bank		10/13/2017	10,000,000.00	9,955,900.00	9,982,300.00	1.500	1.679	173	10/21/2019
3130ACM92	11335	Federal Home Loan Bank		10/13/2017	10,000,000.00	9,955,900.00	9,982,300.00	1.500	1.679	173	10/21/2019
3130ACM92	11336	Federal Home Loan Bank		10/13/2017	10,000,000.00	9,955,900.00	9,982,300.00	1.500	1.679	173	10/21/2019
3130ADUJ9	11455	Federal Home Loan Bank		03/16/2018	15,000,000.00	14,999,100.00	14,997,300.00	2.375	2.384	334	03/30/2020

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Agency Bullets (Aaa/AA+)											
3130ADUJ9	11456	Federal Home Loan Bank		03/16/2018	15,000,000.00	14,999,100.00	14,997,300.00	2.375	2.384	334	03/30/2020
3130ADR53	11458	Federal Home Loan Bank		03/20/2018	10,000,000.00	9,990,500.00	10,000,000.00	2.350	2.350	324	03/20/2020
3135G0T29	11218	Federal National Mtg Assn		02/28/2017	10,000,000.00	9,929,100.00	9,993,600.00	1.500	1.522	303	02/28/2020
3135G0T29	11219	Federal National Mtg Assn		02/28/2017	10,000,000.00	9,929,100.00	9,993,600.00	1.500	1.147	303	02/28/2020
3135G0V34	11657	Federal National Mtg Assn		02/08/2019	20,000,000.00	20,136,600.00	19,925,600.00	2.500	2.580	1,741	02/05/2024
3135G0V34	11658	Federal National Mtg Assn		02/08/2019	20,000,000.00	20,136,600.00	19,925,600.00	2.500	2.580	1,741	02/05/2024
		Subtotal and Average	**319,262,246.67**		**385,000,000.00**	**386,360,450.00**	**384,597,500.00**		**2.380**	**973**	
Federal Agency Disc. -Amortizing											
313384HJ1	11594	Federal Home Loan Bk Disc Note		11/16/2018	50,000,000.00	49,812,500.00	49,229,166.67	2.500	2.604	56	06/26/2019
313384GG8	11631	Federal Home Loan Bk Disc Note		12/20/2018	50,000,000.00	49,899,500.00	49,442,000.00	2.480	2.578	30	05/31/2019
313384FK0	11633	Federal Home Loan Bk Disc Note		12/20/2018	20,000,000.00	19,988,000.00	19,806,908.33		2.559	9	05/10/2019
313384HY8	11641	Federal Home Loan Bk Disc Note		12/28/2018	50,000,000.00	49,765,500.00	49,325,041.67	2.505	2.608	70	07/10/2019
313384NA3	11673	Federal Home Loan Bk Disc Note		03/19/2019	50,000,000.00	49,440,000.00	49,280,548.61	2.455	2.556	168	10/16/2019
313384GG8	11689	Federal Home Loan Bk Disc Note		03/29/2019	50,000,000.00	49,899,500.00	49,790,000.00	2.400	2.478	30	05/31/2019
313384GT0	11743	Federal Home Loan Bk Disc Note		04/29/2019	50,000,000.00	49,863,000.00	49,856,666.67	2.400	2.474	41	06/11/2019
313396HD8	11591	Freddie Mac Discount Notes		11/15/2018	50,000,000.00	49,829,500.00	49,249,111.11	2.480	2.583	51	06/21/2019
31315KGG9	11642	Freddie Mac Discount Notes		12/28/2018	25,000,000.00	24,949,750.00	24,734,777.78	2.480	2.577	30	05/31/2019
459516GW4	11701	IFC Discount Notes		04/09/2019	30,000,000.00	29,911,500.00	29,867,175.00	2.415	2.494	44	06/14/2019
		Subtotal and Average	**480,486,879.26**		**425,000,000.00**	**423,358,750.00**	**420,581,395.84**		**2.551**	**58**	
Treasury Notes and Bonds											
9128282T6	11324	U.S. Treasury		09/21/2017	50,000,000.00	49,785,000.00	49,816,406.25	1.250	1.442	122	08/31/2019
912828R44	11596	U.S. Treasury		11/19/2018	50,000,000.00	49,975,334.25	49,620,068.63	0.875	2.468	14	05/15/2019
912828WL0	11606	U.S. Treasury		11/30/2018	50,000,000.00	49,962,000.00	49,751,953.13	1.500	2.505	30	05/31/2019
912828V31	11624	U.S. Treasury		12/13/2018	50,000,000.00	49,629,000.00	49,271,484.38	1.375	2.741	259	01/15/2020
912828VV9	11702	U.S. Treasury		04/09/2019	50,000,000.00	49,968,989.13	49,933,848.51	2.125	2.391	488	08/31/2020
912828F21	11712	U.S. Treasury		04/11/2019	50,000,000.00	49,883,433.06	49,803,417.44	2.125	2.316	883	09/30/2021
912828H52	11713	U.S. Treasury		04/11/2019	50,000,000.00	49,679,356.35	49,652,106.35	1.250	2.430	275	01/31/2020
912828H52	11715	U.S. Treasury		04/11/2019	50,000,000.00	49,679,356.35	49,652,106.35	1.250	2.430	275	01/31/2020
912828TH3	11723	U.S. Treasury		04/16/2019	50,000,000.00	49,893,642.27	49,871,892.27	0.875	2.375	91	07/31/2019
912828TH3	11724	U.S. Treasury		04/16/2019	50,000,000.00	49,893,642.27	49,875,798.52	0.875	2.348	91	07/31/2019
912828H52	11734	U.S. Treasury		04/23/2019	100,000,000.00	99,400,149.17	99,372,992.92	1.250	2.444	275	01/31/2020
9128282D1	11744	U.S. Treasury		04/29/2019	50,000,000.00	48,264,592.39	48,205,842.39	1.375	2.304	1,583	08/31/2023
		Subtotal and Average	**414,070,187.72**		**650,000,000.00**	**646,014,495.24**	**644,827,917.14**		**2.356**	**356**	

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Treasury Discounts -Amortizing											
912796RR2	11607	Treasury Bill		11/30/2018	50,000,000.00	49,903,500.00	49,382,840.28	2.455	2.555	29	05/30/2019
912796QR3	11625	Treasury Bill		12/17/2018	50,000,000.00	49,743,000.00	49,263,375.00	2.490	2.593	78	07/18/2019
912796RT8	11692	Treasury Bill		04/05/2019	50,000,000.00	49,202,000.00	49,119,777.78	2.330	2.429	246	01/02/2020
912796RT8	11693	Treasury Bill		04/05/2019	50,000,000.00	49,202,000.00	49,121,666.67	2.325	2.423	246	01/02/2020
		Subtotal and Average	**217,026,588.75**		**200,000,000.00**	**198,050,500.00**	**196,887,659.73**		**2.500**	**150**	
Agency Callables (Aaa/AA+)											
31422BEK2	11699	FARMER MAC		04/09/2019	12,000,000.00	11,995,800.00	11,988,000.00	2.760	2.782	1,805	04/09/2024
31422BEK2	11700	FARMER MAC		04/09/2019	6,000,000.00	5,997,900.00	5,985,000.00	2.760	2.814	1,805	04/09/2024
3133EFMD6	10811	Federal Farm Credit Bank		10/29/2015	9,000,000.00	8,976,690.00	9,000,000.00	1.340	1.340	89	07/29/2019
3133EFD20	10918	Federal Farm Credit Bank		02/23/2016	10,000,000.00	9,992,600.00	10,000,000.00	1.250	1.250	22	05/23/2019
3133EFZ26	10954	Federal Farm Credit Bank		04/07/2016	15,000,000.00	14,866,200.00	15,000,000.00	1.400	1.400	342	04/07/2020
3133EF2L0	10956	Federal Farm Credit Bank		04/13/2016	10,000,000.00	9,896,200.00	10,000,000.00	1.400	1.400	348	04/13/2020
3133EF2L0	10957	Federal Farm Credit Bank		04/15/2016	15,000,000.00	14,844,300.00	15,000,000.00	1.400	1.400	348	04/13/2020
3133EF2L0	10961	Federal Farm Credit Bank		04/19/2016	15,000,000.00	14,844,300.00	15,000,000.00	1.400	1.400	348	04/13/2020
3133EF5Y9	10977	Federal Farm Credit Bank		05/04/2016	9,700,000.00	9,613,961.00	9,700,000.00	1.470	1.470	369	05/04/2020
3133EGDW2	11008	Federal Farm Credit Bank		06/08/2016	10,000,000.00	9,909,500.00	10,000,000.00	1.520	1.520	404	06/08/2020
3133EGDW2	11009	Federal Farm Credit Bank		06/08/2016	10,000,000.00	9,909,500.00	10,000,000.00	1.520	1.520	404	06/08/2020
3133EGFY6	11014	Federal Farm Credit Bank		06/16/2016	15,000,000.00	14,874,600.00	15,000,000.00	1.400	1.400	320	03/16/2020
3133EGGS8	11017	Federal Farm Credit Bank		06/27/2016	15,000,000.00	14,971,200.00	15,000,000.00	1.200	1.200	57	06/27/2019
3133EGHP3	11022	Federal Farm Credit Bank		06/29/2016	10,000,000.00	9,893,500.00	10,000,000.00	1.420	1.420	425	06/29/2020
3133EGHQ1	11027	Federal Farm Credit Bank		06/29/2016	20,000,000.00	19,798,400.00	20,000,000.00	1.470	1.470	425	06/29/2020
3133EGQR9	11067	Federal Farm Credit Bank		08/18/2016	12,000,000.00	11,897,640.00	12,000,000.00	1.250	1.250	285	02/10/2020
3133EGVJ1	11085	Federal Farm Credit Bank		09/26/2016	10,000,000.00	9,950,600.00	10,000,000.00	1.160	1.160	148	09/26/2019
3133EGXK6	11098	Federal Farm Credit Bank		10/11/2016	10,000,000.00	9,943,800.00	10,000,000.00	1.120	1.120	163	10/11/2019
3133EGZE8	11108	Federal Farm Credit Bank		10/24/2016	15,000,000.00	14,916,600.00	15,000,000.00	1.210	1.210	176	10/24/2019
3133EGZE8	11109	Federal Farm Credit Bank		10/24/2016	10,000,000.00	9,944,400.00	10,000,000.00	1.210	1.210	176	10/24/2019
3133EGD77	11124	Federal Farm Credit Bank		11/03/2016	10,000,000.00	9,999,300.00	10,000,000.00	1.120	1.120	2	05/03/2019
3133EGD77	11125	Federal Farm Credit Bank		11/03/2016	10,000,000.00	9,999,300.00	10,000,000.00	1.120	1.120	2	05/03/2019
3133EGU52	11160	Federal Farm Credit Bank		12/13/2016	15,000,000.00	14,950,500.00	15,000,000.00	1.490	1.490	135	09/13/2019
3133EGU52	11161	Federal Farm Credit Bank		12/13/2016	7,000,000.00	6,976,900.00	7,000,000.00	1.490	1.490	135	09/13/2019
3133EGU60	11164	Federal Farm Credit Bank		12/14/2016	5,000,000.00	4,964,650.00	4,996,250.00	1.820	1.841	502	09/14/2020
3133EGU60	11165	Federal Farm Credit Bank		12/14/2016	15,000,000.00	14,893,950.00	15,000,000.00	1.820	1.820	502	09/14/2020
3133EGG66	11169	Federal Farm Credit Bank		12/15/2016	9,000,000.00	8,941,140.00	8,905,500.00	1.130	1.499	198	11/15/2019
3133EGW92	11171	Federal Farm Credit Bank		12/19/2016	20,000,000.00	19,892,000.00	20,000,000.00	1.500	1.500	232	12/19/2019

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Agency Callables (Aaa/AA+)											
3133EG3J2	11186	Federal Farm Credit Bank		01/10/2017	10,000,000.00	9,944,400.00	10,000,000.00	1.550	1.550	254	01/10/2020
3133EG7D1	11209	Federal Farm Credit Bank		02/15/2017	10,000,000.00	9,956,900.00	10,000,000.00	1.550	1.550	198	11/15/2019
3133EGXK6	11211	Federal Farm Credit Bank		02/15/2017	5,000,000.00	4,971,900.00	4,959,500.00	1.120	1.432	163	10/11/2019
3133EHCA9	11231	Federal Farm Credit Bank		03/31/2017	5,000,000.00	4,973,950.00	5,000,000.00	1.760	1.760	317	03/13/2020
3133EHZF3	11323	Federal Farm Credit Bank		09/19/2017	10,000,000.00	9,985,800.00	10,000,000.00	1.375	1.375	49	06/19/2019
3133EHW58	11374	Federal Farm Credit Bank		11/27/2017	10,000,000.00	9,932,400.00	9,997,100.00	1.900	1.936	576	11/27/2020
3133EGHD0	11375	Federal Farm Credit Bank		11/27/2017	13,000,000.00	12,974,000.00	12,865,937.50	1.120	1.783	57	06/27/2019
3133EFKY2	11385	Federal Farm Credit Bank		12/01/2017	17,000,000.00	16,917,550.00	16,843,260.00	1.360	1.854	180	10/28/2019
3133EH2C6	11394	Federal Farm Credit Bank		12/08/2017	15,000,000.00	14,937,150.00	15,000,000.00	1.970	1.970	404	06/08/2020
3133EGQQ1	11407	Federal Farm Credit Bank		12/22/2017	10,000,000.00	9,891,300.00	9,825,370.00	1.300	2.050	380	05/15/2020
3133EJKY4	11475	Federal Farm Credit Bank		04/13/2018	10,000,000.00	9,996,600.00	9,995,500.00	2.375	2.398	348	04/13/2020
3133EJKY4	11476	Federal Farm Credit Bank		04/13/2018	10,000,000.00	9,996,600.00	9,994,180.00	2.375	2.405	348	04/13/2020
3133EJLZ0	11493	Federal Farm Credit Bank		04/23/2018	10,000,000.00	10,057,300.00	9,985,900.00	2.625	2.674	723	04/23/2021
3133EJLA5	11508	Federal Farm Credit Bank		05/11/2018	10,000,000.00	10,000,500.00	9,965,000.00	2.830	2.924	1,083	04/18/2022
3133EJGJ2	11521	Federal Farm Credit Bank		06/12/2018	10,000,000.00	10,000,000.00	9,965,000.00	2.470	2.630	503	09/15/2020
3133EJZ28	11614	Federal Farm Credit Bank		12/05/2018	10,000,000.00	10,006,000.00	10,000,000.00	3.370	3.370	1,314	12/05/2022
3133EJ7H6	11660	Federal Farm Credit Bank		02/13/2019	10,000,000.00	10,000,400.00	10,000,000.00	2.800	2.801	1,108	05/13/2022
3133EKAY2	11662	Federal Farm Credit Bank		02/22/2019	10,000,000.00	10,001,200.00	10,000,000.00	2.720	2.720	1,028	02/22/2022
3133EKBD7	11663	Federal Farm Credit Bank		02/22/2019	10,000,000.00	10,000,900.00	10,000,000.00	2.970	2.972	1,573	08/21/2023
3133EHXZ1	11665	Federal Farm Credit Bank		02/26/2019	10,000,000.00	9,844,300.00	9,803,000.00	2.000	2.585	1,230	09/12/2022
3133EKGV2	11717	Federal Farm Credit Bank		04/12/2019	15,000,000.00	14,995,050.00	14,990,250.00	2.510	2.549	622	01/12/2021
3130A6MH7	10805	Federal Home Loan Bank		10/28/2015	5,000,000.00	4,950,700.00	5,000,000.00	1.720	1.720	546	10/28/2020
3130A8DB6	11006	Federal Home Loan Bank		06/03/2016	10,000,000.00	9,981,000.00	9,995,800.00	1.125	1.139	51	06/21/2019
3130A8DB6	11007	Federal Home Loan Bank		06/03/2016	10,000,000.00	9,981,000.00	9,995,800.00	1.125	1.139	51	06/21/2019
3130A8ZA4	11068	Federal Home Loan Bank		08/22/2016	22,200,000.00	21,933,600.00	22,200,000.00	1.230	1.230	387	05/22/2020
3130A9PB1	11111	Federal Home Loan Bank		10/25/2016	10,000,000.00	9,940,400.00	9,999,000.00	1.200	1.203	177	10/25/2019
3130A9NJ6	11117	Federal Home Loan Bank		10/31/2016	10,000,000.00	9,945,200.00	9,988,500.00	1.200	1.240	163	10/11/2019
3130AA3R7	11141	Federal Home Loan Bank		11/17/2016	10,000,000.00	9,945,400.00	9,997,700.00	1.375	1.383	198	11/15/2019
3130AABG2	11148	Federal Home Loan Bank		11/30/2016	5,000,000.00	4,945,900.00	4,980,100.00	1.875	1.959	943	11/29/2021
3130AABG2	11149	Federal Home Loan Bank		11/30/2016	5,000,000.00	4,945,900.00	4,980,100.00	1.875	1.959	943	11/29/2021
3130AABG2	11150	Federal Home Loan Bank		11/30/2016	5,000,000.00	4,945,900.00	4,980,100.00	1.875	1.959	943	11/29/2021
3130A8RQ8	11181	Federal Home Loan Bank		01/05/2017	10,000,000.00	9,970,200.00	9,950,000.00	1.200	1.400	86	07/26/2019
3130AAMN5	11206	Federal Home Loan Bank		02/08/2017	6,000,000.00	5,915,640.00	5,997,000.00	2.000	2.011	909	10/26/2021
3130A8DB6	11215	Federal Home Loan Bank		02/27/2017	15,000,000.00	14,971,500.00	14,934,750.00	1.125	1.316	51	06/21/2019
3130AB3Q7	11239	Federal Home Loan Bank		04/06/2017	10,000,000.00	9,979,900.00	9,995,800.00	1.400	1.419	75	07/15/2019
3130AB3F1	11246	Federal Home Loan Bank		04/13/2017	15,000,000.00	14,889,900.00	15,000,000.00	1.600	1.600	348	04/13/2020

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Agency Callables (Aaa/AA+)											
3130A8MM2	11297	Federal Home Loan Bank		06/28/2017	9,000,000.00	8,977,410.00	8,950,500.00	1.125	1.400	71	07/11/2019
3130ABB21	11298	Federal Home Loan Bank		06/29/2017	10,000,000.00	9,975,400.00	9,984,000.00	1.375	1.454	86	07/26/2019
3130ACE26	11312	Federal Home Loan Bank		09/08/2017	10,000,000.00	9,865,600.00	9,967,900.00	1.375	1.483	516	09/28/2020
3130ACE26	11313	Federal Home Loan Bank		09/08/2017	10,000,000.00	9,865,600.00	9,967,900.00	1.375	1.483	516	09/28/2020
3130ACE26	11314	Federal Home Loan Bank		09/08/2017	10,000,000.00	9,865,600.00	9,967,900.00	1.375	1.483	516	09/28/2020
3130ACF33	11316	Federal Home Loan Bank		09/13/2017	10,000,000.00	9,854,300.00	10,000,000.00	1.875	1.875	866	09/13/2021
3130A6JG3	11325	Federal Home Loan Bank		09/21/2017	10,000,000.00	9,930,900.00	9,997,500.00	1.700	1.710	349	04/14/2020
3130ACKG8	11349	Federal Home Loan Bank		10/24/2017	15,000,000.00	14,901,450.00	15,000,000.00	2.200	2.200	1,272	10/24/2022
3130ACLQ5	11357	Federal Home Loan Bank		10/30/2017	10,000,000.00	9,911,000.00	10,000,000.00	2.000	2.000	730	04/30/2021
3130ACN83	11358	Federal Home Loan Bank		10/30/2017	15,000,000.00	14,889,000.00	15,000,000.00	1.700	1.700	380	05/15/2020
3130A8HX4	11370	Federal Home Loan Bank		11/16/2017	5,000,000.00	4,986,450.00	4,972,500.00	1.625	2.211	791	06/30/2021
3130ACN83	11396	Federal Home Loan Bank		12/13/2017	10,000,000.00	9,926,000.00	9,952,000.00	1.700	1.903	380	05/15/2020
3130ACN83	11406	Federal Home Loan Bank		12/21/2017	15,000,000.00	14,889,000.00	14,896,500.00	1.700	1.995	380	05/15/2020
3130ACN83	11408	Federal Home Loan Bank		12/26/2017	20,000,000.00	19,852,000.00	19,875,000.00	1.700	1.969	380	05/15/2020
3130AD4J8	11410	Federal Home Loan Bank		12/27/2017	10,000,000.00	9,966,000.00	10,000,000.00	2.000	2.001	331	03/27/2020
3130ADC26	11433	Federal Home Loan Bank		01/29/2018	10,000,000.00	9,959,100.00	10,000,000.00	2.200	2.200	639	01/29/2021
3130ADN32	11437	Federal Home Loan Bank		02/09/2018	10,000,000.00	9,975,100.00	9,981,700.00	2.125	2.219	286	02/11/2020
3130ADN32	11438	Federal Home Loan Bank		02/09/2018	10,000,000.00	9,975,100.00	9,981,700.00	2.125	2.219	286	02/11/2020
3130ADN32	11439	Federal Home Loan Bank		02/09/2018	10,000,000.00	9,975,100.00	9,981,700.00	2.125	2.219	286	02/11/2020
3130ADN32	11440	Federal Home Loan Bank		02/09/2018	8,000,000.00	7,980,080.00	7,985,360.00	2.125	2.219	286	02/11/2020
3130ADG30	11441	Federal Home Loan Bank		02/14/2018	10,000,000.00	9,960,900.00	9,979,000.00	2.300	2.374	636	01/26/2021
3130ADG30	11453	Federal Home Loan Bank		03/12/2018	10,000,000.00	9,960,900.00	9,940,000.00	2.300	2.517	636	01/26/2021
3130ADU34	11462	Federal Home Loan Bank		03/27/2018	10,000,000.00	10,000,000.00	10,000,000.00	2.420	2.420	331	03/27/2020
3130AE7C8	11505	Federal Home Loan Bank		05/03/2018	10,000,000.00	10,000,100.00	10,000,000.00	3.000	3.000	1,098	05/03/2022
3130AECJ7	11512	Federal Home Loan Bank		05/21/2018	15,000,000.00	15,040,200.00	14,994,600.00	2.625	2.643	393	05/28/2020
3130ADFV9	11524	Federal Home Loan Bank		06/19/2018	10,000,000.00	9,980,000.00	9,900,000.00	2.250	2.648	639	01/29/2021
3130ADG22	11549	Federal Home Loan Bank		08/23/2018	10,000,000.00	9,972,400.00	9,928,800.00	2.090	2.605	267	01/23/2020
3130AEWA4	11564	Federal Home Loan Bank		09/07/2018	15,000,000.00	15,058,350.00	14,967,750.00	2.625	2.733	519	10/01/2020
3130AEWA4	11565	Federal Home Loan Bank		09/07/2018	15,000,000.00	15,058,350.00	14,967,750.00	2.625	2.733	519	10/01/2020
3130AF5B9	11576	Federal Home Loan Bank		10/12/2018	10,000,000.00	10,167,500.00	9,993,500.00	3.000	3.023	895	10/12/2021
3130AF5B9	11577	Federal Home Loan Bank		10/12/2018	10,000,000.00	10,167,500.00	9,993,500.00	3.000	3.023	895	10/12/2021
3130AFC54	11583	Federal Home Loan Bank		10/30/2018	10,000,000.00	10,001,500.00	10,000,000.00	3.250	3.250	922	11/08/2021
3130AFB71	11590	Federal Home Loan Bank		11/14/2018	20,000,000.00	20,022,722.22	20,022,722.22	3.050	3.052	551	11/02/2020
3130AFFA0	11603	Federal Home Loan Bank		11/29/2018	15,000,000.00	15,008,250.00	15,000,000.00	3.200	3.200	943	11/29/2021
3130AFB71	11604	Federal Home Loan Bank		11/29/2018	10,000,000.00	10,024,569.44	10,024,569.44	3.050	3.049	551	11/02/2020
3130ACF66	11643	Federal Home Loan Bank		01/09/2019	10,000,000.00	9,896,900.00	9,792,000.00	2.150	2.742	1,244	09/26/2022

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Agency Callables (Aaa/AA+)											
3130AFRA7	11647	Federal Home Loan Bank		01/29/2019	10,000,000.00	10,018,400.00	10,000,000.00	2.650	2.650	639	01/29/2021
3130AFTE7	11651	Federal Home Loan Bank		01/30/2019	15,000,000.00	15,029,250.00	15,000,000.00	2.770	2.770	1,185	07/29/2022
3130AG4E2	11672	Federal Home Loan Bank		03/19/2019	20,000,000.00	20,008,000.00	20,000,000.00	2.550	2.553	232	12/19/2019
3130AG3Z6	11676	Federal Home Loan Bank		03/20/2019	20,000,000.00	20,004,800.00	20,000,000.00	2.580	2.580	324	03/20/2020
3130AG2Z7	11677	Federal Home Loan Bank		03/25/2019	12,000,000.00	12,017,280.00	12,000,000.00	2.650	2.650	1,059	03/25/2022
3130AG5Z4	11720	Federal Home Loan Bank		04/15/2019	10,000,000.00	9,933,200.00	10,000,000.00	2.625	2.625	1,811	04/15/2024
3130AGBF1	11721	Federal Home Loan Bank		04/16/2019	25,000,000.00	25,015,500.00	25,000,000.00	2.600	2.601	807	07/16/2021
3130AG6T7	11725	Federal Home Loan Bank		04/17/2019	8,000,000.00	7,977,280.00	8,000,000.00	2.740	2.740	1,813	04/17/2024
3130ACH72	11746	Federal Home Loan Bank		04/29/2019	25,000,000.00	24,899,986.11	24,896,736.11	2.260	2.434	1,252	10/04/2022
3130AGCH6	11748	Federal Home Loan Bank		04/30/2019	10,000,000.00	10,000,200.00	10,000,000.00	2.540	2.541	639	01/29/2021
3134G9DF1	10975	Federal Home Loan Mtg Corp		05/04/2016	15,000,000.00	14,886,000.00	15,000,000.00	1.410	1.410	279	02/04/2020
3134G9F93	11029	Federal Home Loan Mtg Corp		06/30/2016	10,000,000.00	9,976,900.00	10,000,000.00	1.000	1.000	58	06/28/2019
3134G9F85	11030	Federal Home Loan Mtg Corp		06/30/2016	25,000,000.00	24,626,500.00	25,000,000.00	1.320	1.320	518	09/30/2020
3137EAEB1	11051	Federal Home Loan Mtg Corp		07/20/2016	10,000,000.00	9,965,500.00	9,975,800.00	0.875	0.957	79	07/19/2019
3134G9Q75	11052	Federal Home Loan Mtg Corp		07/26/2016	18,000,000.00	17,943,840.00	18,000,000.00	1.250	1.250	86	07/26/2019
3134G9Q75	11053	Federal Home Loan Mtg Corp		07/26/2016	10,000,000.00	9,968,800.00	9,997,500.00	1.250	1.259	86	07/26/2019
3137EAEC9	11066	Federal Home Loan Mtg Corp		08/12/2016	10,000,000.00	9,743,300.00	9,949,200.00	1.125	1.230	834	08/12/2021
3134GAUL6	11106	Federal Home Loan Mtg Corp		10/25/2016	15,000,000.00	14,908,350.00	15,000,000.00	1.200	1.200	177	10/25/2019
3134G9Q75	11136	Federal Home Loan Mtg Corp		11/16/2016	10,000,000.00	9,968,800.00	9,972,450.00	1.250	1.354	86	07/26/2019
3134G9Q75	11137	Federal Home Loan Mtg Corp		11/16/2016	10,000,000.00	9,968,800.00	9,972,500.00	1.250	1.354	86	07/26/2019
3134G9Q75	11173	Federal Home Loan Mtg Corp		12/21/2016	10,000,000.00	9,968,800.00	9,918,500.00	1.250	1.571	86	07/26/2019
3137EAEE5	11190	Federal Home Loan Mtg Corp		01/17/2017	10,000,000.00	9,936,900.00	9,989,200.00	1.500	1.537	261	01/17/2020
3137EAEE5	11191	Federal Home Loan Mtg Corp		01/17/2017	10,000,000.00	9,936,900.00	9,989,200.00	1.500	1.537	261	01/17/2020
3134GA7A6	11243	Federal Home Loan Mtg Corp		04/07/2017	15,000,000.00	14,946,000.00	14,995,500.00	1.500	1.513	131	09/09/2019
3137EAEF2	11252	Federal Home Loan Mtg Corp		04/20/2017	10,000,000.00	9,902,100.00	9,965,800.00	1.375	1.492	355	04/20/2020
3137EAEF2	11253	Federal Home Loan Mtg Corp		04/20/2017	10,000,000.00	9,902,100.00	9,965,800.00	1.375	1.492	355	04/20/2020
3137EAEF2	11254	Federal Home Loan Mtg Corp		04/20/2017	10,000,000.00	9,902,100.00	9,965,800.00	1.375	1.492	355	04/20/2020
3134GBHY1	11256	Federal Home Loan Mtg Corp		04/25/2017	15,000,000.00	14,929,800.00	15,000,000.00	1.500	1.500	177	10/25/2019
3134GBHQ8	11260	Federal Home Loan Mtg Corp		04/27/2017	20,000,000.00	19,828,200.00	20,000,000.00	1.700	1.700	453	07/27/2020
3134GBEE8	11261	Federal Home Loan Mtg Corp		04/27/2017	15,000,000.00	14,882,100.00	15,000,000.00	1.750	1.750	453	07/27/2020
3134GBHC9	11268	Federal Home Loan Mtg Corp		04/28/2017	5,000,000.00	4,959,800.00	5,000,000.00	1.850	1.850	545	10/27/2020
3134GBLC4	11282	Federal Home Loan Mtg Corp		05/18/2017	5,000,000.00	4,947,050.00	4,997,500.00	1.800	1.815	567	11/18/2020
3134GA7A6	11285	Federal Home Loan Mtg Corp		05/31/2017	10,000,000.00	9,964,000.00	10,000,000.00	1.500	1.500	131	09/09/2019
3134GBXG2	11299	Federal Home Loan Mtg Corp		06/30/2017	10,000,000.00	9,942,200.00	10,000,000.00	1.550	1.550	240	12/27/2019
3137EAEH8	11305	Federal Home Loan Mtg Corp		07/19/2017	10,000,000.00	9,968,600.00	9,985,300.00	1.375	1.447	106	08/15/2019
3137EAEH8	11306	Federal Home Loan Mtg Corp		07/19/2017	10,000,000.00	9,968,600.00	9,985,300.00	1.375	1.447	106	08/15/2019

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Agency Callables (Aaa/AA+)											
3134GBYF3	11308	Federal Home Loan Mtg Corp		07/27/2017	10,000,000.00	9,898,300.00	10,000,000.00	1.800	1.800	637	01/27/2021
3134GBH21	11327	Federal Home Loan Mtg Corp		09/29/2017	10,000,000.00	9,905,100.00	10,000,000.00	1.700	1.700	517	09/29/2020
3137EAEK1	11367	Federal Home Loan Mtg Corp		11/15/2017	10,000,000.00	9,934,000.00	9,990,400.00	1.875	1.908	566	11/17/2020
3137EAEK1	11368	Federal Home Loan Mtg Corp		11/15/2017	10,000,000.00	9,934,000.00	9,990,400.00	1.875	1.908	566	11/17/2020
3134GBTJ1	11369	Federal Home Loan Mtg Corp		11/16/2017	10,000,000.00	9,888,800.00	9,940,000.00	1.830	2.006	762	06/01/2021
3134G9HY6	11376	Federal Home Loan Mtg Corp		11/27/2017	14,000,000.00	13,996,080.00	13,886,250.00	1.200	1.770	8	05/09/2019
3134G9NB9	11400	Federal Home Loan Mtg Corp		12/19/2017	15,000,000.00	14,988,000.00	14,878,800.00	1.230	1.804	23	05/24/2019
3134G9NB9	11419	Federal Home Loan Mtg Corp		01/10/2018	10,000,000.00	9,992,000.00	9,903,600.00	1.230	1.945	23	05/24/2019
3134G95P8	11426	Federal Home Loan Mtg Corp		01/17/2018	10,000,000.00	9,949,300.00	9,905,000.00	2.000	2.380	847	08/25/2021
3137EAEL9	11446	Federal Home Loan Mtg Corp		02/16/2018	10,000,000.00	10,005,400.00	9,973,600.00	2.375	2.467	657	02/16/2021
3137EAEM7	11489	Federal Home Loan Mtg Corp		04/19/2018	15,000,000.00	15,014,100.00	14,996,700.00	2.500	2.511	358	04/23/2020
3137EAEM7	11490	Federal Home Loan Mtg Corp		04/19/2018	15,000,000.00	15,014,100.00	14,996,700.00	2.500	2.511	358	04/23/2020
3137EAEN5	11520	Federal Home Loan Mtg Corp		06/11/2018	15,000,000.00	15,252,600.00	14,918,400.00	2.750	2.867	1,510	06/19/2023
3134GSN68	11635	Federal Home Loan Mtg Corp		12/21/2018	25,000,000.00	25,011,750.00	25,000,000.00	3.030	3.031	874	09/21/2021
3134GSK79	11637	Federal Home Loan Mtg Corp		12/28/2018	5,000,000.00	5,002,900.00	5,000,000.00	3.030	3.030	789	06/28/2021
31422BCV0	11664	Federal Home Loan Mtg Corp		02/26/2019	10,000,000.00	10,014,600.00	10,000,000.00	2.480	2.480	660	02/19/2021
3134GS4S1	11666	Federal Home Loan Mtg Corp		02/28/2019	15,000,000.00	15,002,550.00	15,000,000.00	3.000	3.000	1,764	02/28/2024
3134GTAR4	11678	Federal Home Loan Mtg Corp		03/26/2019	15,000,000.00	14,965,062.50	15,001,062.50	2.550	2.550	1,059	03/25/2022
3134GTAS2	11679	Federal Home Loan Mtg Corp		03/26/2019	7,000,000.00	6,990,546.11	7,000,486.11	2.500	2.500	1,059	03/25/2022
3134GTAE3	11683	Federal Home Loan Mtg Corp		03/27/2019	20,000,000.00	20,003,600.00	20,000,000.00	2.700	2.700	880	09/27/2021
3134GTGA5	11698	Federal Home Loan Mtg Corp		04/08/2019	15,000,000.00	15,004,950.00	15,000,000.00	2.700	2.700	1,073	04/08/2022
3134GTBE2	11704	Federal Home Loan Mtg Corp		04/10/2019	10,000,000.00	9,994,500.00	10,000,000.00	2.600	2.601	985	01/10/2022
3134GTDV2	11705	Federal Home Loan Mtg Corp		04/10/2019	25,000,000.00	24,996,500.00	25,000,000.00	2.700	2.700	1,623	10/10/2023
3134GTDC4	11707	Federal Home Loan Mtg Corp		04/10/2019	25,000,000.00	24,994,750.00	25,000,000.00	2.670	2.670	1,626	10/13/2023
3134GTFS7	11708	Federal Home Loan Mtg Corp		04/11/2019	25,000,000.00	25,006,250.00	25,000,000.00	2.700	2.700	1,259	10/11/2022
3134GTDE0	11716	Federal Home Loan Mtg Corp		04/12/2019	25,000,000.00	25,004,000.00	25,000,000.00	2.570	2.570	1,255	10/07/2022
3134GTHU0	11732	Federal Home Loan Mtg Corp		04/23/2019	25,000,000.00	24,840,750.00	25,000,000.00	2.811	2.811	1,636	10/23/2023
3134GTHU0	11733	Federal Home Loan Mtg Corp		04/23/2019	25,000,000.00	24,840,750.00	25,000,000.00	2.811	2.811	1,636	10/23/2023
3134GTGY3	11735	Federal Home Loan Mtg Corp		04/24/2019	15,000,000.00	14,972,700.00	14,992,500.00	2.750	2.761	1,820	04/24/2024
3134GTHL0	11741	Federal Home Loan Mtg Corp		04/29/2019	20,000,000.00	20,004,000.00	20,000,000.00	2.700	2.700	912	10/29/2021
3134GTKY8	11742	Federal Home Loan Mtg Corp		04/29/2019	50,000,000.00	50,007,500.00	50,000,000.00	2.670	2.671	1,276	10/28/2022
3134GTKX0	11747	Federal Home Loan Mtg Corp		04/30/2019	50,000,000.00	49,963,500.00	50,000,000.00	2.780	2.780	1,643	10/30/2023
3136G2R74	10822	Federal National Mtg Assn		11/05/2015	15,000,000.00	14,921,250.00	15,000,000.00	1.400	1.400	188	11/05/2019
3135G0N33	11056	Federal National Mtg Assn		08/02/2016	15,000,000.00	14,938,500.00	14,974,800.00	0.875	0.932	93	08/02/2019
3135G0N33	11057	Federal National Mtg Assn		08/02/2016	10,000,000.00	9,959,000.00	9,983,200.00	0.875	0.932	93	08/02/2019
3135G0M91	11075	Federal National Mtg Assn		08/31/2016	10,000,000.00	9,967,700.00	10,000,000.00	1.125	1.125	86	07/26/2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Agency Callables (Aaa/AA+)											
3136G34J1	11076	Federal National Mtg Assn		09/01/2016	5,000,000.00	4,955,100.00	4,983,750.00	1.000	1.100	237	12/24/2019
3135G0P49	11078	Federal National Mtg Assn		09/02/2016	10,000,000.00	9,951,300.00	9,984,400.00	1.000	1.053	119	08/28/2019
3135G0P49	11079	Federal National Mtg Assn		09/02/2016	10,000,000.00	9,951,300.00	9,984,400.00	1.000	1.053	119	08/28/2019
3136G34K8	11087	Federal National Mtg Assn		09/28/2016	10,000,000.00	9,952,600.00	10,000,000.00	1.125	1.125	131	09/09/2019
3136G3W76	11101	Federal National Mtg Assn		10/18/2016	13,000,000.00	12,946,440.00	12,992,850.00	1.150	1.170	114	08/23/2019
3136G4DA8	11102	Federal National Mtg Assn		10/19/2016	15,000,000.00	14,886,750.00	15,000,000.00	1.200	1.200	243	12/30/2019
3136G4BQ5	11104	Federal National Mtg Assn		10/19/2016	10,000,000.00	9,922,700.00	9,997,500.00	1.250	1.258	251	01/07/2020
3135G0Q30	11110	Federal National Mtg Assn		10/24/2016	10,000,000.00	9,948,500.00	10,000,000.00	1.180	1.180	149	09/27/2019
3136G4DR1	11114	Federal National Mtg Assn		10/26/2016	10,000,000.00	9,937,800.00	9,987,500.00	1.100	1.143	169	10/17/2019
3135G0Q71	11116	Federal National Mtg Assn		10/28/2016	10,000,000.00	9,942,000.00	10,000,000.00	1.250	1.250	180	10/28/2019
3135G0P72	11129	Federal National Mtg Assn		11/10/2016	10,000,000.00	9,909,400.00	10,000,000.00	1.375	1.375	334	03/30/2020
3136G3D51	11133	Federal National Mtg Assn		11/15/2016	15,000,000.00	14,955,750.00	14,992,500.00	1.250	1.269	86	07/26/2019
3136G4GU1	11146	Federal National Mtg Assn		11/29/2016	10,000,000.00	9,939,100.00	9,985,000.00	1.400	1.451	208	11/25/2019
3136G4HH9	11151	Federal National Mtg Assn		11/30/2016	10,000,000.00	9,930,700.00	10,000,000.00	1.500	1.500	301	02/26/2020
3136G3K38	11166	Federal National Mtg Assn		12/14/2016	15,000,000.00	14,953,200.00	14,940,000.00	1.260	1.415	93	08/02/2019
3136G4GU1	11172	Federal National Mtg Assn		12/19/2016	15,000,000.00	14,908,650.00	14,888,700.00	1.400	1.660	208	11/25/2019
3135G0S38	11184	Federal National Mtg Assn		01/09/2017	15,000,000.00	14,892,150.00	14,973,150.00	2.000	2.038	980	01/05/2022
3136G4GU1	11242	Federal National Mtg Assn		04/07/2017	9,000,000.00	8,945,190.00	8,968,500.00	1.400	1.536	208	11/25/2019
3136G3K46	11255	Federal National Mtg Assn		04/21/2017	15,000,000.00	14,953,200.00	14,970,000.00	1.260	1.349	93	08/02/2019
3135G0P23	11263	Federal National Mtg Assn		04/27/2017	15,000,000.00	14,941,800.00	14,943,000.00	1.250	1.417	114	08/23/2019
3135G0T60	11309	Federal National Mtg Assn		08/01/2017	10,000,000.00	9,894,200.00	9,969,700.00	1.500	1.604	456	07/30/2020
3135G0T60	11310	Federal National Mtg Assn		08/01/2017	10,000,000.00	9,894,200.00	9,969,700.00	1.500	1.604	456	07/30/2020
3135G0T78	11331	Federal National Mtg Assn		10/06/2017	15,000,000.00	14,857,650.00	14,990,100.00	2.000	2.014	1,253	10/05/2022
3135G0T78	11332	Federal National Mtg Assn		10/06/2017	10,000,000.00	9,905,100.00	9,993,400.00	2.000	2.014	1,253	10/05/2022
3136G3UN3	11338	Federal National Mtg Assn		10/18/2017	5,000,000.00	4,989,700.00	4,965,000.00	1.200	1.620	58	06/28/2019
3136G4PK3	11398	Federal National Mtg Assn		12/14/2017	15,000,000.00	14,873,550.00	14,898,600.00	1.750	2.000	516	09/28/2020
3136G4QB2	11422	Federal National Mtg Assn		01/16/2018	15,000,000.00	14,885,700.00	14,884,500.00	1.850	2.140	531	10/13/2020
3136G4RB1	11463	Federal National Mtg Assn		03/27/2018	8,000,000.00	7,975,440.00	7,912,800.00	2.150	2.551	636	01/26/2021
3135G0U27	11479	Federal National Mtg Assn		04/13/2018	10,000,000.00	10,034,100.00	9,985,100.00	2.500	2.552	713	04/13/2021
3136G4SD6	11502	Federal National Mtg Assn		04/26/2018	15,000,000.00	15,014,100.00	15,000,000.00	2.750	2.751	1,001	01/26/2022
3135G0U43	11568	Federal National Mtg Assn		09/14/2018	20,000,000.00	20,455,800.00	19,918,000.00	2.875	2.964	1,595	09/12/2023
3135G0U84	11588	Federal National Mtg Assn		11/01/2018	10,000,000.00	10,079,700.00	9,994,200.00	2.875	2.905	548	10/30/2020
3135G0U92	11644	Federal National Mtg Assn		01/11/2019	10,000,000.00	10,080,300.00	9,992,800.00	2.625	2.650	986	01/11/2022
3135G0U92	11645	Federal National Mtg Assn		01/11/2019	10,000,000.00	10,080,300.00	9,992,800.00	2.625	2.650	986	01/11/2022
3135G0V59	11718	Federal National Mtg Assn		04/12/2019	15,000,000.00	14,973,150.00	14,950,800.00	2.250	2.364	1,077	04/12/2022
3135G0V59	11719	Federal National Mtg Assn		04/12/2019	30,000,000.00	29,946,300.00	29,870,400.00	2.250	2.400	1,077	04/12/2022

Alameda County Investment Pool
Portfolio Management
Portfolio Details - Investments
April 30, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Agency Callables (Aaa/AA+)											
3136G05D9	11745	Federal National Mtg Assn		04/29/2019	25,000,000.00	24,921,541.67	24,917,541.67	1.660	2.358	569	11/20/2020
		Subtotal and Average	**2,400,867,244.62**		**2,643,900,000.00**	**2,634,631,889.05**	**2,639,376,425.55**		**2.020**	**613**	
Asset Backed Securities											
36257FAD2	11726	GM Financial		04/17/2019	4,000,000.00	4,005,160.00	3,999,674.40	2.650	2.668	1,752	02/16/2024
36257FAB6	11727	GM Financial		04/17/2019	5,000,000.00	5,001,650.00	4,999,550.00	2.660	2.681	1,142	06/16/2022
44932NAB6	11703	Hyundai Auto Rec Trust		04/10/2019	2,000,000.00	2,001,320.00	1,999,997.00	2.670	2.685	959	12/15/2021
44932NAD2	11706	Hyundai Auto Rec Trust		04/10/2019	3,000,000.00	3,005,220.00	2,999,605.20	2.660	2.630	1,506	06/15/2023
		Subtotal and Average	**7,699,359.59**		**14,000,000.00**	**14,013,350.00**	**13,998,826.60**		**2.667**	**1,368**	
Municipal Bonds											
798189PB6	11516	SAN JOSE EVERGREEN		06/05/2018	5,000,000.00	4,998,550.00	5,000,000.00	2.657	2.659	123	09/01/2019
91412GS71	11281	UNIVHGR		05/18/2017	2,500,000.00	2,499,250.00	2,500,000.00	1.610	1.610	14	05/15/2019
		Subtotal and Average	**7,500,000.00**		**7,500,000.00**	**7,497,800.00**	**7,500,000.00**		**2.309**	**87**	
		Total and Average	**6,625,659,814.34**		**6,705,570,000.00**	**6,687,739,337.54**	**6,684,548,617.33**		**2.306**	**399**	

Alameda County Investment Pool
Transaction Activity Report
April 1, 2019 - April 30, 2019
Sorted by Fund - Transaction Date
All Funds

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
11690	100	SYS11690	BRIDGE 2.39% MAT	Purchase	04/02/2019	Bridge Bank	40,000,000.00			**-40,000,000.00**
11274	100	0258M0EK1	AMEX 1.875% MAT	Redemption	04/02/2019	American Express		1,999,180.00		**1,999,180.00**
11274	100	0258M0EK1	AMEX 1.875% MAT	Cap G/L	04/02/2019	American Express		820.00		**820.00**
11483	100	3133EJLT4	FEDERAL FARM CR	Redemption	04/02/2019	Federal Farm Credit		10,000,000.00		**10,000,000.00**
11586	100	3133EJPE3	FEDERAL FARM CR	Redemption	04/02/2019	Federal Farm Credit		9,954,000.00		**9,954,000.00**
11586	100	3133EJPE3	FEDERAL FARM CR	Cap G/L	04/02/2019	Federal Farm Credit		46,000.00		**46,000.00**
11274	100	0258M0EK1	AMEX 1.875% MAT	Interest	04/02/2019	American Express			15,520.83	**15,520.83**
11483	100	3133EJLT4	FEDERAL FARM CR	Interest	04/02/2019	Federal Farm Credit			136,666.67	**136,666.67**
11586	100	3133EJPE3	FEDERAL FARM CR	Interest	04/02/2019	Federal Farm Credit			38,513.89	**38,513.89**
11600	100	SYS11600	CBC 2.5% MAT	Interest	04/02/2019	California Bank of C			21,615.25	**21,615.25**
11601	100	SYS11601	EWEST 2.8% MAT	Interest	04/02/2019	East West Bank			60,277.80	**60,277.80**
10472	100	SYS10472	CTRSTF 0.1%	Interest	04/02/2019	CalTrust - Short Ter			81,006.85	**81,006.85**
11691	100	SYS11691	BSB 2.5% MAT	Purchase	04/03/2019	Beneficial State Ban	10,000,000.00			**-10,000,000.00**
11579	100	55379WQJ8	MUFG 2.67% MAT	Redemption	04/03/2019	MUFG UNION BANK		50,000,000.00		**50,000,000.00**
11579	100	55379WQJ8	MUFG 2.67% MAT	Interest	04/03/2019	MUFG UNION BANK			593,333.35	**593,333.35**
11694	100	62478TZ69	MUFG 2.59% MAT	Purchase	04/05/2019	MUFG UNION BANK	50,000,000.00			**-50,000,000.00**
11695	100	63873NR52	NATXNY 2.6% MAT	Purchase	04/05/2019	NATXNY	50,000,000.00			**-50,000,000.00**
11692	100	912796RT8	UNITED STATES	Purchase	04/05/2019	Treasury Bill	49,119,777.78			**-49,119,777.78**
11693	100	912796RT8	UNITED STATES	Purchase	04/05/2019	Treasury Bill	49,121,666.67			**-49,121,666.67**
11697	100	89114MA80	TD 2.58% MAT	Purchase	04/05/2019	Toronto Dominion	50,000,000.00			**-50,000,000.00**
11696	100	89233HZC1	TOYOTA ZERO CPN	Purchase	04/05/2019	TOYOTA MOTOR	49,118,013.89			**-49,118,013.89**
10470	100	SYS10470	CAMP 0.24%	Purchase	04/05/2019	California Asset Mgm	30,000,000.00			**-30,000,000.00**
11037	100	3133EGJW6	FEDERAL FARM CR	Redemption	04/05/2019	Federal Farm Credit		15,000,000.00		**15,000,000.00**
11037	100	3133EGJW6	FEDERAL FARM CR	Interest	04/05/2019	Federal Farm Credit			77,250.00	**77,250.00**
11601	100	SYS11601	EWEST 2.8% MAT	Interest	04/05/2019	East West Bank			214,431.46	**214,431.46**
11331	100	3135G0T78	FNMA 2.% MAT	Interest	04/06/2019	Federal National Mtg			150,000.00	**150,000.00**
11332	100	3135G0T78	FNMA 2.% MAT	Interest	04/06/2019	Federal National Mtg			100,000.00	**100,000.00**
10954	100	3133EFZ26	FEDERAL FARM CR	Interest	04/07/2019	Federal Farm Credit			105,000.00	**105,000.00**
11655	100	SYS11655	BANKSF 2.5% MAT	Interest	04/07/2019	Bank of San Francisc			10,763.89	**10,763.89**
11667	100	SYS11667	CBB 2.5% MAT	Interest	04/07/2019	Community Bank of th			11,111.11	**11,111.11**
11698	100	3134GTGA5	FEDERAL HOME LN	Purchase	04/08/2019	Federal Home Loan	15,000,000.00			**-15,000,000.00**
11699	100	31422BEK2	FAMCA 2.76% MAT	Purchase	04/09/2019	FARMER MAC	11,988,000.00			**-11,988,000.00**
11700	100	31422BEK2	FAMCA 2.76% MAT	Purchase	04/09/2019	FARMER MAC	5,985,000.00			**-5,985,000.00**
11701	100	459516GW4	IFCDN DISC NOTE	Purchase	04/09/2019	IFC Discount Notes	29,867,175.00			**-29,867,175.00**

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Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
11702	100	912828VV9	UNITED STATES	Purchase	04/09/2019	U.S. Treasury	49,933,848.51			**-49,933,848.51**
11343	100	931142DY6	WMT 1.75% MAT	Interest	04/09/2019	Walmart			35,000.00	**35,000.00**
11704	100	3134GTBE2	FEDERAL HOME LN	Purchase	04/10/2019	Federal Home Loan	10,000,000.00			**-10,000,000.00**
11705	100	3134GTDV2	FEDERAL HOME LN	Purchase	04/10/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11707	100	3134GTDC4	FEDERAL HOME LN	Purchase	04/10/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11703	100	44932NAB6	HART 2.67% MAT	Purchase	04/10/2019	Hyundai Auto Rec Tru	1,999,997.00			**-1,999,997.00**
11706	100	44932NAD2	HART 2.66% MAT	Purchase	04/10/2019	Hyundai Auto Rec Tru	2,999,605.20			**-2,999,605.20**
11589	100	SYS11589	5STAR 2.51% MAT	Interest	04/10/2019	Five Star Bank			21,342.47	**21,342.47**
11710	100	17275RAX0	CISCO SYS INC, SR	Purchase	04/11/2019	CISCO SYSTEMS	10,066,044.44			**-10,066,044.44**
11711	100	SYS11711	EWEST 2.8% MAT	Purchase	04/11/2019	East West Bank	10,000,000.00			**-10,000,000.00**
11708	100	3134GTFS7	FEDERAL HOME LN	Purchase	04/11/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11714	100	62478TZ85	MUFG 2.57% MAT	Purchase	04/11/2019	MUFG UNION BANK	50,000,000.00			**-50,000,000.00**
11712	100	912828F21	UNITED STATES	Purchase	04/11/2019	U.S. Treasury	49,803,417.44			**-49,803,417.44**
11713	100	912828H52	UNITED STATES	Purchase	04/11/2019	U.S. Treasury	49,652,106.35			**-49,652,106.35**
11715	100	912828H52	UNITED STATES	Purchase	04/11/2019	U.S. Treasury	49,652,106.35			**-49,652,106.35**
11709	100	92826CAB8	VISA 2.2% MAT	Purchase	04/11/2019	VISA Inc.	10,020,000.00			**-10,020,000.00**
11652	100	912796RG6	UNITED STATES	Redemption	04/11/2019	Treasury Bill		50,000,000.00		**50,000,000.00**
11680	100	912796RG6	UNITED STATES	Redemption	04/11/2019	Treasury Bill		50,000,000.00		**50,000,000.00**
11098	100	3133EGXK6	FEDERAL FARM CR	Interest	04/11/2019	Federal Farm Credit			84,000.00	**84,000.00**
11117	100	3130A9NJ6	FEDERAL HOME	Interest	04/11/2019	Federal Home Loan			60,000.00	**60,000.00**
11211	100	3133EGXK6	FEDERAL FARM CR	Interest	04/11/2019	Federal Farm Credit			28,000.00	**28,000.00**
11717	100	3133EKGV2	FEDERAL FARM CR	Purchase	04/12/2019	Federal Farm Credit	14,990,250.00			**-14,990,250.00**
11716	100	3134GTDE0	FEDERAL HOME LN	Purchase	04/12/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11718	100	3135G0V59	FNMA 2.25% MAT	Purchase	04/12/2019	Federal National Mtg	14,950,800.00			**-14,950,800.00**
11719	100	3135G0V59	FNMA 2.25% MAT	Purchase	04/12/2019	Federal National Mtg	29,870,400.00			**-29,870,400.00**
10470	100	SYS10470	CAMP 0.24%	Purchase	04/12/2019	California Asset Mgm	200,000,000.00			**-200,000,000.00**
11616	100	89233HRC0	TOYOTA DISC NOTE	Redemption	04/12/2019	TOYOTA MOTOR		50,000,000.00		**50,000,000.00**
11627	100	55379WUC8	MUFG 2.81% MAT	Redemption	04/12/2019	MUFG UNION BANK		50,000,000.00		**50,000,000.00**
11628	100	459516EF3	IFCDN DISC NOTE	Redemption	04/12/2019	IFC Discount Notes		50,000,000.00		**50,000,000.00**
11630	100	313384EF2	FHDN DISC NOTE	Redemption	04/12/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
11632	100	459516EF3	IFCDN DISC NOTE	Redemption	04/12/2019	IFC Discount Notes		50,000,000.00		**50,000,000.00**
11640	100	313384EF2	FHDN DISC NOTE	Redemption	04/12/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
11649	100	89233HRC0	TOYOTA DISC NOTE	Redemption	04/12/2019	TOYOTA MOTOR		50,000,000.00		**50,000,000.00**
11653	100	62478YRC4	MUFG DISC NOTE	Redemption	04/12/2019	MUFG UNION BANK		50,000,000.00		**50,000,000.00**
11573	100	SYS11573	BRIDGE 2.% MAT	Interest	04/12/2019	Bridge Bank			81,534.21	**81,534.21**
11576	100	3130AF5B9	FEDERAL HOME	Interest	04/12/2019	Federal Home Loan			150,000.00	**150,000.00**
11577	100	3130AF5B9	FEDERAL HOME	Interest	04/12/2019	Federal Home Loan			150,000.00	**150,000.00**
11627	100	55379WUC8	MUFG 2.81% MAT	Interest	04/12/2019	MUFG UNION BANK			452,722.20	**452,722.20**
10957	100	3133EF2L0	FEDERAL FARM CR	Interest	04/13/2019	Federal Farm Credit			105,000.00	**105,000.00**
10961	100	3133EF2L0	FEDERAL FARM CR	Interest	04/13/2019	Federal Farm Credit			105,000.00	**105,000.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
11334	100	3130ACM92	FHLB 1.58922% MAT	Interest	04/13/2019	Federal Home Loan			75,000.00	**75,000.00**
11335	100	3130ACM92	FHLB 1.58922% MAT	Interest	04/13/2019	Federal Home Loan			75,000.00	**75,000.00**
11336	100	3130ACM92	FHLB 1.58922% MAT	Interest	04/13/2019	Federal Home Loan			75,000.00	**75,000.00**
11669	100	SYS11669	SELFHP 2.1% MAT	Interest	04/13/2019	Self-Help Federal Cr			317.33	**317.33**
11720	100	3130AG5Z4	FEDERAL HOME	Purchase	04/15/2019	Federal Home Loan	10,000,000.00			**-10,000,000.00**
10470	100	SYS10470	CAMP 0.24%	Redemption	04/15/2019	California Asset Mgm		200,000,000.00		**200,000,000.00**
10956	100	3133EF2L0	FEDERAL FARM CR	Interest	04/15/2019	Federal Farm Credit			70,000.00	**70,000.00**
11246	100	3130AB3F1	FEDERAL HOME	Interest	04/15/2019	Federal Home Loan			120,000.00	**120,000.00**
11325	100	3130A6JG3	FEDERAL HOME	Interest	04/15/2019	Federal Home Loan			85,000.00	**85,000.00**
11333	100	713448DX3	PEPSICO INC, SR	Interest	04/15/2019	Pepsi Inc.			90,000.00	**90,000.00**
11422	100	3136G4QB2	FEDERAL NATL MTG	Interest	04/15/2019	Federal National Mtg			138,750.00	**138,750.00**
11475	100	3133EJKY4	FEDERAL FARM CR	Interest	04/15/2019	Federal Farm Credit			118,750.00	**118,750.00**
11476	100	3133EJKY4	FEDERAL FARM CR	Interest	04/15/2019	Federal Farm Credit			118,750.00	**118,750.00**
11479	100	3135G0U27	FNMA 2.5% MAT	Interest	04/15/2019	Federal National Mtg			125,000.00	**125,000.00**
11721	100	3130AGBF1	FEDERAL HOME	Purchase	04/16/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11722	100	89233HUX0	TOYOTA DISC NOTE	Purchase	04/16/2019	TOYOTA MOTOR	49,633,416.67			**-49,633,416.67**
11723	100	912828TH3	UNITED STATES	Purchase	04/16/2019	U.S. Treasury	49,871,892.27			**-49,871,892.27**
11724	100	912828TH3	UNITED STATES	Purchase	04/16/2019	U.S. Treasury	49,875,798.52			**-49,875,798.52**
11730	100	SYS11730	CALBT 2.38% MAT	Purchase	04/17/2019	California Bank & Tr	30,000,000.00			**-30,000,000.00**
11725	100	3130AG6T7	FEDERAL HOME	Purchase	04/17/2019	Federal Home Loan	8,000,000.00			**-8,000,000.00**
11726	100	36257FAD2	GM 2.65% MAT	Purchase	04/17/2019	GM Financial	3,999,674.40			**-3,999,674.40**
11727	100	36257FAB6	GM 2.66% MAT	Purchase	04/17/2019	GM Financial	4,999,550.00			**-4,999,550.00**
11729	100	SYS11729	UB-LOC 2.% MAT	Purchase	04/17/2019	Union Bank - LOC	5,000,000.00			**-5,000,000.00**
11247	100	3133EHFP3	FEDERAL FARM CR	Redemption	04/17/2019	Federal Farm Credit		10,000,000.00		**10,000,000.00**
11248	100	3133EHFK4	FEDERAL FARM CR	Redemption	04/17/2019	Federal Farm Credit		15,000,000.00		**15,000,000.00**
11249	100	3133EHFP3	FEDERAL FARM CR	Redemption	04/17/2019	Federal Farm Credit		15,000,000.00		**15,000,000.00**
11491	100	SYS11491	UB-LOC 0.2% MAT	Redemption	04/17/2019	Union Bank - LOC		5,000,000.00		**5,000,000.00**
11584	100	87019VTD9	SWEDBK 2.64% MAT	Redemption	04/17/2019	SWEDISH BANK NY		50,000,000.00		**50,000,000.00**
11688	100	313384EL9	FHLBDN DISC NOTE	Redemption	04/17/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
11114	100	3136G4DR1	FEDERAL NATL MTG	Interest	04/17/2019	Federal National Mtg			55,000.00	**55,000.00**
11247	100	3133EHFP3	FEDERAL FARM CR	Interest	04/17/2019	Federal Farm Credit			69,500.00	**69,500.00**
11248	100	3133EHFK4	FEDERAL FARM CR	Interest	04/17/2019	Federal Farm Credit			99,000.00	**99,000.00**
11249	100	3133EHFP3	FEDERAL FARM CR	Interest	04/17/2019	Federal Farm Credit			104,250.00	**104,250.00**
11491	100	SYS11491	UB-LOC 0.2% MAT	Interest	04/17/2019	Union Bank - LOC			24,444.44	**24,444.44**
11584	100	87019VTD9	SWEDBK 2.64% MAT	Interest	04/17/2019	SWEDISH BANK NY			619,666.65	**619,666.65**
11508	100	3133EJLA5	FEDERAL FARM CR	Interest	04/18/2019	Federal Farm Credit			141,500.00	**141,500.00**
11486	100	3132X0U25	FEDERAL AGRIC	Interest	04/19/2019	FARMER MAC			420,000.00	**420,000.00**
11487	100	3132X0U25	FEDERAL AGRIC	Interest	04/19/2019	FARMER MAC			560,000.00	**560,000.00**
11488	100	3132X0U25	FEDERAL AGRIC	Interest	04/19/2019	FARMER MAC			420,000.00	**420,000.00**
11252	100	3137EAEF2	FEDERAL HOME LN	Interest	04/20/2019	Federal Home Loan			68,750.00	**68,750.00**

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11253	100	3137EAEF2	FEDERAL HOME LN	Interest	04/20/2019	Federal Home Loan			68,750.00	**68,750.00**
11254	100	3137EAEF2	FEDERAL HOME LN	Interest	04/20/2019	Federal Home Loan			68,750.00	**68,750.00**
11731	100	31422BEV8	FAMCA 2.485% MAT	Purchase	04/22/2019	FARMER MAC	50,000,000.00			**-50,000,000.00**
11732	100	3134GTHU0	FEDERAL HOME LN	Purchase	04/23/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11733	100	3134GTHU0	FEDERAL HOME LN	Purchase	04/23/2019	Federal Home Loan	25,000,000.00			**-25,000,000.00**
11734	100	912828H52	UNITED STATES	Purchase	04/23/2019	U.S. Treasury	99,372,992.92			**-99,372,992.92**
11489	100	3137EAEM7	FEDERAL HOME LN	Interest	04/23/2019	Federal Home Loan			187,500.00	**187,500.00**
11490	100	3137EAEM7	FEDERAL HOME LN	Interest	04/23/2019	Federal Home Loan			187,500.00	**187,500.00**
11493	100	3133EJLZ0	FEDERAL FARM CR	Interest	04/23/2019	Federal Farm Credit			131,250.00	**131,250.00**
11736	100	31422BEX4	FAMCA 2.475% MAT	Purchase	04/24/2019	FARMER MAC	50,000,000.00			**-50,000,000.00**
11735	100	3134GTGY3	FEDERAL HOME LN	Purchase	04/24/2019	Federal Home Loan	14,992,500.00			**-14,992,500.00**
11108	100	3133EGZE8	FEDERAL FARM CR	Interest	04/24/2019	Federal Farm Credit			90,750.00	**90,750.00**
11109	100	3133EGZE8	FEDERAL FARM CR	Interest	04/24/2019	Federal Farm Credit			60,500.00	**60,500.00**
11349	100	3130ACKG8	FEDERAL HOME	Interest	04/24/2019	Federal Home Loan			165,000.00	**165,000.00**
11737	100	57636QAF1	MASTER 2.% MAT	Purchase	04/25/2019	Mastercard Inc.	9,942,055.56			**-9,942,055.56**
11500	100	3133EJMC0	FEDERAL FARM CR	Redemption	04/25/2019	Federal Farm Credit		19,972,200.00		**19,972,200.00**
11500	100	3133EJMC0	FEDERAL FARM CR	Cap G/L	04/25/2019	Federal Farm Credit		27,800.00		**27,800.00**
11106	100	3134GAUL6	FEDERAL HOME LN	Interest	04/25/2019	Federal Home Loan			90,000.00	**90,000.00**
11111	100	3130A9PB1	FEDERAL HOME	Interest	04/25/2019	Federal Home Loan			60,000.00	**60,000.00**
11135	100	45905UZJ6	IBRD 1.3% MAT	Interest	04/25/2019	International Bank R			65,000.00	**65,000.00**
11227	100	45905UZJ6	IBRD 1.3% MAT	Interest	04/25/2019	International Bank R			65,000.00	**65,000.00**
11256	100	3134GBHY1	FHLMC 1.5% MAT	Interest	04/25/2019	Federal Home Loan			112,500.00	**112,500.00**
11354	100	742718EZ8	PROCTER AND	Interest	04/25/2019	Proctor & Gamble			17,500.00	**17,500.00**
11500	100	3133EJMC0	FEDERAL FARM CR	Interest	04/25/2019	Federal Farm Credit			300,000.00	**300,000.00**
11738	100	313384EY1	BRV DISC NOTE	Purchase	04/26/2019	Federal Home Loan	49,990,208.33			**-49,990,208.33**
11739	100	313384EY1	BRV DISC NOTE	Purchase	04/26/2019	Federal Home Loan	49,990,208.33			**-49,990,208.33**
11740	100	313384EY1	BRV DISC NOTE	Purchase	04/26/2019	Federal Home Loan	49,990,208.33			**-49,990,208.33**
10968	100	3135G0K28	FEDERAL NATL MTG	Redemption	04/26/2019	Federal National Mtg		15,000,000.00		**15,000,000.00**
11548	100	3134GSSB2	FHLMC 2.85% MAT	Redemption	04/26/2019	Federal Home Loan		15,000,000.00		**15,000,000.00**
10968	100	3135G0K28	FEDERAL NATL MTG	Interest	04/26/2019	Federal National Mtg			93,750.00	**93,750.00**
11502	100	3136G4SD6	FEDERAL NATL MTG	Interest	04/26/2019	Federal National Mtg			206,250.00	**206,250.00**
11548	100	3134GSSB2	FHLMC 2.85% MAT	Interest	04/26/2019	Federal Home Loan			106,875.00	**106,875.00**
11268	100	3134GBHC9	FEDERAL HOME LN	Interest	04/27/2019	Federal Home Loan			46,250.00	**46,250.00**
11385	100	3133EFKY2	FEDERAL FARM CR	Interest	04/28/2019	Federal Farm Credit			115,600.00	**115,600.00**
11746	100	3130ACH72	FEDERAL HOME	Purchase	04/29/2019	Federal Home Loan	24,896,736.11			**-24,896,736.11**
11743	100	313384GT0	FHLBDN DISC NOTE	Purchase	04/29/2019	Federal Home Loan	49,856,666.67			**-49,856,666.67**
11741	100	3134GTHL0	FEDERAL HOME LN	Purchase	04/29/2019	Federal Home Loan	20,000,000.00			**-20,000,000.00**
11742	100	3134GTKY8	FEDERAL HOME LN	Purchase	04/29/2019	Federal Home Loan	50,000,000.00			**-50,000,000.00**
11745	100	3136G05D9	FEDERAL NATL MTG	Purchase	04/29/2019	Federal National Mtg	24,917,541.67			**-24,917,541.67**
11744	100	9128282D1	UNITED STATES	Purchase	04/29/2019	U.S. Treasury	48,205,842.39			**-48,205,842.39**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
11654	100	45905UZ56	IBRD 2.85% MAT	Redemption	04/29/2019	International Bank R		10,000,000.00		**10,000,000.00**
11738	100	313384EY1	BRV DISC NOTE	Redemption	04/29/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
11739	100	313384EY1	BRV DISC NOTE	Redemption	04/29/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
11740	100	313384EY1	BRV DISC NOTE	Redemption	04/29/2019	Federal Home Loan		50,000,000.00		**50,000,000.00**
10805	100	3130A6MH7	FEDERAL HOME	Interest	04/29/2019	Federal Home Loan			43,000.00	**43,000.00**
11116	100	3135G0Q71	FEDERAL NATL MTG	Interest	04/29/2019	Federal National Mtg			62,500.00	**62,500.00**
11260	100	3134GBHQ8	FHLMC 1.7% MAT	Interest	04/29/2019	Federal Home Loan			170,000.00	**170,000.00**
11265	100	3133EHHB2	FEDERAL FARM CR	Interest	04/29/2019	Federal Farm Credit			36,250.00	**36,250.00**
11654	100	45905UZ56	IBRD 2.85% MAT	Interest	04/29/2019	International Bank R			70,458.33	**70,458.33**
11654	100	45905UZ56	IBRD 2.85% MAT	Accr Int	04/29/2019	International Bank R		5,541.67	-5,541.67	**0.00**
11687	100	46625HNX4	JPM 2.55% MAT	Interest	04/29/2019	J.P. Morgan			318,750.00	**318,750.00**
11687	100	46625HNX4	JPM 2.55% MAT	Accr Int	04/29/2019	J.P. Morgan		265,625.00	-265,625.00	**0.00**
11748	100	3130AGCH6	FEDERAL HOME	Purchase	04/30/2019	Federal Home Loan	10,000,000.00			**-10,000,000.00**
11747	100	3134GTKX0	FEDERAL HOME LN	Purchase	04/30/2019	Federal Home Loan	50,000,000.00			**-50,000,000.00**
11749	100	SYS11749	FREMNT 2.41% MAT	Purchase	04/30/2019	Fremont Bank	35,000,000.00			**-35,000,000.00**
11556	100	3134GSSK2	FEDERAL HOME LN	Redemption	04/30/2019	Federal Home Loan		10,000,000.00		**10,000,000.00**
11357	100	3130ACLQ5	FEDERAL HOME	Interest	04/30/2019	Federal Home Loan			100,000.00	**100,000.00**
11556	100	3134GSSK2	FEDERAL HOME LN	Interest	04/30/2019	Federal Home Loan			71,875.00	**71,875.00**
11588	100	3135G0U84	FEDERAL NATL MTG	Interest	04/30/2019	Federal National Mtg			142,951.39	**142,951.39**
11601	100	SYS11601	EWEST 2.8% MAT	Interest	04/30/2019	East West Bank			58,333.35	**58,333.35**
11691	100	SYS11691	BSB 2.5% MAT	Interest	04/30/2019	Beneficial State Ban			18,977.78	**18,977.78**
10472	100	SYS10472	CTRSTF 0.1%	Interest	04/30/2019	CalTrust - Short Ter			97,072.94	**97,072.94**
11464	100	45905UQ80	IBRD 1.95% MAT	Interest	05/09/2019	International Bank R			97,500.00	**97,500.00**
		Totals for General Fund					**2,067,673,500.8**	**1,152,271,166.6**	**9,816,995.52**	**-905,585,338.61**
		Grand Total					**2,067,673,500.8**	**1,152,271,166.6**	**9,816,995.52**	**-905,585,338.61**