NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Moody's: "Aa1"
S&P: "AAA"
(See "MISCELLANEOUS – Ratings" herein.)

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

$156,115,000
FREMONT UNION HIGH SCHOOL DISTRICT
(County of Santa Clara, State of California)
2015 GENERAL OBLIGATION REFUNDING BONDS

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

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

The Fremont Union High School District 2015 General Obligation Refunding Bonds (the "Bonds") are issued by the Fremont Union High School District (the "District"), located in the County of Santa Clara (the "County"), (i) to refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds (the "2005 Bonds"), to refund a portion of the District's outstanding General Obligation Bonds, Election of 2008, Series 2008 (the "2008 Bonds"), and to refund a portion of the District's General Obligation Bonds (Election of 2008), Series 2011B Capital Appreciation Bonds (the "2011B Bonds" and, together with the 2005 Bonds and the 2008 Bonds, the "Prior Bonds"), and (ii) to pay costs of issuance of the Bonds. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein.

Principal of the Bonds is payable on August 1 of each year shown on the Maturity Schedule on the inside cover. Interest on the Bonds is payable on August 1, 2015, and thereafter on each February 1 and August 1 to maturity. Payments of principal of and interest on the Bonds will be made by the Paying Agent, initially U.S. Bank National Association, to The Depository Trust Company, New York, New York ("DTC"), for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – Payment of Principal and Interest" herein.

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

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

See Inside Cover for
Maturity Schedule

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to approval of their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, and for the Underwriters by Nixon Peabody LLP, as Underwriters' Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York, on or about June 4, 2015.

Morgan Stanley **George K. Baum & Company**

Official Statement dated May 14, 2015.

$156,115,000
FREMONT UNION HIGH SCHOOL DISTRICT
(County of Santa Clara, State of California)
2015 GENERAL OBLIGATION REFUNDING BONDS

MATURITY SCHEDULE

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP† No. (357172)
2015	$ 1,490,000	4.000%	0.200%	WN1
2016	8,010,000	2.000	0.390	WP6
2017	8,595,000	4.000	0.710	WQ4
2018	9,375,000	5.000	1.040	WR2
2019	10,300,000	5.000	1.270	WS0
2020	11,285,000	5.000	1.480	WT8
2021	15,160,000	5.000	1.720	WU5
2022	17,000,000	5.000	1.930	WV3
2023	3,000,000	4.000	2.110	WW1
2023	3,685,000	5.000	2.110	XJ9
2025	1,095,000	5.000	2.400‡	WX9
2026	1,140,000	5.000	2.550‡	WY7
2027	1,200,000	5.000	2.680‡	WZ4
2028	1,255,000	5.000	2.790‡	XA8
2029	1,650,000	3.125	3.330	XB6
2030	1,665,000	5.000	2.970‡	XC4
2032	340,000	3.500	3.680	XH3
2033	940,000	3.625	3.730	XD2
2034	5,745,000	4.000	3.690‡	XE0
2035	6,530,000	4.000	3.730‡	XF7

$31,500,000 4.000% Term Bond due August 1, 2040; Yield* 3.880%‡; CUSIP† 357172 XG5

$15,155,000 5.000% Term Bond due August 1, 2040; Yield* 3.410%‡; CUSIP† 357172 XK6

* Yields certified by the Underwriters. The District takes no responsibility therefor.

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‡ Yield to call at par on August 1, 2024.

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

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

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

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

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

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

FREMONT UNION HIGH SCHOOL DISTRICT
(County of Santa Clara, State of California)

ADMINISTRATION

Polly M. Bove, *Superintendent*
Kate Jamentz, *Academic Deputy Superintendent*
Christine Mallery, *Chief Business Officer, Associate Superintendent*
Graham Clark, *Associate Superintendent of Administrative Services*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Financial Advisor
Public Financial Management, Inc.
San Francisco, California

Paying Agent and Escrow Bank
U.S. Bank National Association
San Francisco, California

Verification Agent
Causey Demgen & Moore P.C.
Denver, California

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$156,115,000
FREMONT UNION HIGH SCHOOL DISTRICT
(County of Santa Clara, State of California)
2015 GENERAL OBLIGATION REFUNDING BONDS

INTRODUCTION

General

This Official Statement, which includes the front and inside cover pages and appendices hereto (this "Official Statement"), is provided to furnish information in connection with the Fremont Union High School District 2015 General Obligation Refunding Bonds (the "Bonds"), as described more fully herein.

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

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the resolution of the Board of Trustees of the District with respect to the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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

Copies of documents referred to herein and information concerning the Bonds are available from the District by contacting: Fremont Union High School District, 589 W. Fremont Avenue, Sunnyvale, California 94087, Attention: Chief Business Officer, Associate Superintendent. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The Fremont Union High School District (the "District") provides educational services to the residents of the cities of Sunnyvale and Cupertino and parts of the cities of San Jose, Los Altos, Saratoga, and Santa Clara. The District operates five high schools, one community day school, one adult school, and various educational options programs. The District's current enrollment for fiscal year 2014-15 is approximately 10,742 students, and the District's projected fiscal year 2014-15 general fund expenditures are approximately $121.8 million. Taxable property in the District has a fiscal year 2014-15 total assessed value of approximately $54.7 billion. For fiscal year 2014-15, the District projects to employ 560.0 full-time equivalent ("FTE") certificated (teaching staff) employees, 260.9 FTE classified employees, and 72.9 management and supervisory personnel.

The District operates under the jurisdiction of the Santa Clara County Superintendent of Schools. The District is governed by a Board of Trustees (the "Board of Trustees") consisting of five elected members and one nonvoting student member. The elected members are elected to four-year terms in staggered years. The District's day-to-day operations are managed by a board-appointed Superintendent. Polly M. Bove has served as Superintendent since 2006.

For additional information about the District, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and "APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

THE BONDS

Authority for Issuance

The Bonds are being issued by the District pursuant to the Constitution and laws of the State, including Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Government Code"), applicable provisions of the California Education Code (the "Education Code") and other applicable provisions of law. The Bonds are authorized by a resolution (the "Resolution") adopted by the Board of Trustees on March 3, 2015, and are being issued pursuant to a Paying Agent Agreement, dated as of June 1, 2015 (the "Paying Agent Agreement"), by and between the District and U.S. Bank National Association, as paying agent (the "Paying Agent"). The Government Code permits the issuance of bonds payable from *ad valorem* property taxes without a vote of the electors solely to refund other outstanding general obligation bonds which were originally approved by such a vote, provided that the total debt service to maturity on the refunding bonds not exceed the total debt service to maturity on the bonds being refunded.

Purpose of Issue

Proceeds of the Bonds will be applied to (i) refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds (the "2005 Bonds"), originally issued in the aggregate principal amount of $143,400,000, a portion of the District's outstanding General Obligation Bonds, Election of 2008, Series 2008 (the "2008 Bonds"), originally issued in the aggregate principal amount of $80,000,000, a portion of the District's General Obligation Bonds (Election of 2008), Series 2011B Capital Appreciation Bonds, originally issued in the initial principal amount of $16,090,108.30 (the "2011B Bonds" and, together with the 2005 Bonds and the 2008 Bonds, the "Prior Bonds") and (ii) to pay costs of issuance of the Bonds. See "PLAN OF REFUNDING" herein.

Form and Registration of the Bonds

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

Payment of Principal and Interest

The Bonds will be dated the date of their delivery, and bear interest at the rates set forth on the inside cover page hereof, payable on February 1 and August 1 of each year, commencing on August 1, 2015 (each, an "Interest Payment Date"), until payment of the principal amount thereof, computed using a year of 360 days, consisting of twelve 30 day months. Bonds authenticated and registered on any date prior to the close of business on July 15, 2015 will bear interest from the date of their delivery. Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

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

Principal will be payable on August 1 of each year, commencing on August 1, 2015*, upon surrender of Bonds at such office of the Paying Agent as the Paying Agent shall designate. The interest, principal and premiums, if any, on the Bonds will be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the District (the "Interest and Sinking Fund") within the County treasury, consisting of *ad valorem* property taxes collected and held by the Director of Finance of the County (the "Director of Finance"), together with any accrued interest received upon issuance of the Bonds.

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

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2024, are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on or after August 1, 2025, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date, on or after August 1, 2024, at a redemption price equal to the principal amount of the Bonds called for redemption, without premium, together with interest accrued thereon to the date of redemption.

Mandatory Sinking Fund Redemption. The $31,500,000 Term Bond maturing on August 1, 2040, and bearing interest at a rate of 4.000%, is also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount To be Redeemed
2036	$4,880,000
2037	5,530,000
2038	6,265,000
2039	7,005,000
2040†	7,820,000

† Maturity

The $15,155,000 Term Bond maturing on August 1, 2040, and bearing interest at a rate of 5.000%, is also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount To be Redeemed
2036	$2,475,000
2037	2,740,000
2038	3,020,000
2039	3,310,000
2040†	3,610,000

† Maturity

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

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

Notice of Redemption. Notice of redemption of the Bonds will be given by the Paying Agent. Notice of redemption of the Bonds will be mailed postage prepaid, not less than 20 nor more than 60 days prior to the redemption date (i) by first-class mail to the respective Owners thereof at the addresses appearing on the bond registration books of the Paying Agent, (ii) by secured mail to all organizations registered with the Securities and Exchange Commission as securities depositories, and (iii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

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

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

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

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

Defeasance of Bonds

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

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

Unclaimed Moneys

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

PLAN OF REFUNDING

A portion of the proceeds from the sale of the Bonds will be deposited in an escrow fund (the "Escrow Fund") to be created and maintained by U.S. Bank National Association, acting as escrow agent (the "Escrow Agent") under that certain Escrow Agreement, dated as of June 1, 2015 (the "Escrow Agreement"), by and between the District and the Escrow Agent. Moneys in the Escrow Fund will be invested in cash or non-callable direct obligations of the United States Treasury or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, and applied to pay all principal of, redemption premium and interest on the Prior Bonds on and prior to the date designated for their redemption as set forth below. Causey Demgen & Moore P.C., a Certified Public Accountant licensed to practice in the State, acting as escrow verification agent (the "Escrow Verification Agent") with respect to the Escrow Fund, will verify the mathematical accuracy of the computations relating to the sufficiency of the moneys proposed to be deposited and invested in the Escrow Fund, together with earnings thereon, for the payment of interest on the Prior Bonds to the redemption date and the payment and redemption on that date of all said Prior Bonds.

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

The Prior Bonds expected to be refunded are as follows:

FREMONT UNION HIGH SCHOOL DISTRICT
PRIOR BONDS

2005 General Obligation Refunding Bonds
Redemption Date: September 1, 2015
Redemption Price: 100%

Maturity (September 1)	Principal Amount	Interest Rate	CUSIP* (357172)
2016	$ 8,785,000	5.00%	SF3
2017	9,650,000	5.00	SG1
2018	10,570,000	5.00	SH9
2019	11,555,000	5.00	SJ5
2020	12,600,000	5.00	SK2
2021	13,710,000	5.00	SL0
2022	14,895,000	5.00	SM8
2023	3,970,000	5.00	SN6

General Obligation Bonds, Election of 2008, Series 2008
Redemption Date: August 1, 2018
Redemption Price: 100%

Maturity (August 1)	Original Principal Amount	Refunded Principal Amount	Interest Rate	CUSIP* (357172)
2016†	$ 1,500,000	$ 1,110,000	5.000%	TK1
2017†	2,200,000	1,165,000	4.000	TL9
2018†	2,900,000	1,210,000	4.000	TM7
2019	3,700,000	1,495,000	4.000	TN5
2020	4,500,000	1,555,000	4.000	TP0
2021	5,200,000	5,200,000	4.125	TQ8
2022	6,000,000	6,000,000	5.000	TR6
2023	6,800,000	6,800,000	5.000	TS4
2025	3,800,000	3,800,000	4.250	TT2
2026	3,950,000	3,950,000	5.000	TU9
2027	4,150,000	4,150,000	5.000	TV7
2028	4,350,000	4,350,000	5.000	TW5
2030‡	10,000,000	10,000,000	4.750	TX3

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† Escrowed to Maturity.
‡ Term Bond.

FREMONT UNION HIGH SCHOOL DISTRICT
PRIOR BONDS (CONTINUED)

General Obligation Bonds (Election of 2008), Series 2011B Capital Appreciation Bonds
Redemption Date: August 1, 2021
Redemption Price: 100%

Maturity (August 1)	Initial Principal Amount	Accretion Rate	CUSIP* (357172)
2031	$ 868,539.75	6.870%	UX1
2032	909,795.00	6.970	UY9
2033	960,364.40	7.050	UP8
2034	1,804,675.40	7.140	UQ6
2035	1,753,886.75	7.210	UR4
2036	1,706,719.50	7.260	US2
2037	1,663,075.60	7.300	UT0
2038	1,619,335.30	7.350	UU7
2039	1,565,623.10	7.400	UV5
2040	1,518,004.80	7.440	UW3

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DEBT SERVICE SCHEDULES

Semi-Annual Debt Service of the Bonds

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

Period Ending	Principal	Interest	Semi-Annual Debt Service
08/01/15	$ 1,490,000.00	$ 1,100,082.18	$ 2,590,082.18
02/01/16	-	3,444,143.75	3,444,143.75
08/01/16	8,010,000.00	3,444,143.75	11,454,143.75
02/01/17	-	3,364,043.75	3,364,043.75
08/01/17	8,595,000.00	3,364,043.75	11,959,043.75
02/01/18	-	3,192,143.75	3,192,143.75
08/01/18	9,375,000.00	3,192,143.75	12,567,143.75
02/01/19	-	2,957,768.75	2,957,768.75
08/01/19	10,300,000.00	2,957,768.75	13,257,768.75
02/01/20	-	2,700,268.75	2,700,268.75
08/01/20	11,285,000.00	2,700,268.75	13,985,268.75
02/01/21	-	2,418,143.75	2,418,143.75
08/01/21	15,160,000.00	2,418,143.75	17,578,143.75
02/01/22	-	2,039,143.75	2,039,143.75
08/01/22	17,000,000.00	2,039,143.75	19,039,143.75
02/01/23	-	1,614,143.75	1,614,143.75
08/01/23	6,685,000.00	1,614,143.75	8,299,143.75
02/01/24	-	1,462,018.75	1,462,018.75
08/01/24	-	1,462,018.75	1,462,018.75
02/01/25	-	1,462,018.75	1,462,018.75
08/01/25	1,095,000.00	1,462,018.75	2,557,018.75
02/01/26	-	1,434,643.75	1,434,643.75
08/01/26	1,140,000.00	1,434,643.75	2,574,643.75
02/01/27	-	1,406,143.75	1,406,143.75
08/01/27	1,200,000.00	1,406,143.75	2,606,143.75
02/01/28	-	1,376,143.75	1,376,143.75
08/01/28	1,255,000.00	1,376,143.75	2,631,143.75
02/01/29	-	1,344,768.75	1,344,768.75
08/01/29	1,650,000.00	1,344,768.75	2,994,768.75
02/01/30	-	1,318,987.50	1,318,987.50
08/01/30	1,665,000.00	1,318,987.50	2,983,987.50
02/01/31	-	1,277,362.50	1,277,362.50
08/01/31	-	1,277,362.50	1,277,362.50
02/01/32	-	1,277,362.50	1,277,362.50
08/01/32	340,000.00	1,277,362.50	1,617,362.50
02/01/33	-	1,271,412.50	1,271,412.50
08/01/33	940,000.00	1,271,412.50	2,211,412.50
02/01/34	-	1,254,375.00	1,254,375.00
08/01/34	5,745,000.00	1,254,375.00	6,999,375.00
02/01/35	-	1,139,475.00	1,139,475.00
08/01/35	6,530,000.00	1,139,475.00	7,669,475.00
02/01/36	-	1,008,875.00	1,008,875.00
08/01/36	7,355,000.00	1,008,875.00	8,363,875.00
02/01/37	-	849,400.00	849,400.00
08/01/37	8,270,000.00	849,400.00	9,119,400.00
02/01/38	-	670,300.00	670,300.00
08/01/38	9,285,000.00	670,300.00	9,955,300.00
02/01/39	-	469,500.00	469,500.00
08/01/39	10,315,000.00	469,500.00	10,784,500.00
02/01/40	-	246,650.00	246,650.00
08/01/40	11,430,000.00	246,650.00	11,676,650.00
Total	$156,115,000.00	$83,098,557.18	$239,213,557.18

Combined Annual Debt Service

The District has previously issued and currently has outstanding its 2005 General Obligation Refunding Bonds, its General Obligation Bonds, Election of 2008, Series 2008, its General Obligation Bonds (Election of 2008), Series 2011A, 2011B and 2011D, its General Obligation Bonds (Election of 2008), Series 2013, and its General Obligation Bonds (Election of 2014), Series 2015. See "APPENDIX A – INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Debt Structure" herein. The following table shows the annual debt service of all outstanding general obligation bonds of the District, including the Bonds.

FREMONT UNION HIGH SCHOOL DISTRICT
Outstanding General Obligation Bonds
Annual Debt Service

Period Ending (August 1)	Outstanding Bonds*	The Bonds	Aggregate Debt Service
2015	$ 21,494,531.26	$ 2,590,082.18	$ 24,084,613.44
2016	20,673,100.80	14,898,287.50	35,571,388.30
2017	29,700,537.52	15,323,087.50	45,023,625.02
2018	11,400,195.02	15,759,287.50	27,159,482.52
2019	11,534,825.02	16,215,537.50	27,750,362.52
2020	11,932,752.52	16,685,537.50	28,618,290.02
2021	8,757,525.02	19,996,287.50	28,753,812.52
2022	8,554,457.52	21,078,287.50	29,632,745.02
2023	8,503,785.52	9,913,287.50	18,417,073.02
2024	15,414,937.52	2,924,037.50	18,338,975.02
2025	11,994,745.52	4,019,037.50	16,013,783.02
2026	12,714,337.52	4,009,287.50	16,723,625.02
2027	11,244,437.52	4,012,287.50	15,256,725.02
2028	11,714,187.52	4,007,287.50	15,721,475.02
2029	11,905,437.52	4,339,537.50	16,244,975.02
2030	12,440,187.52	4,302,975.00	16,743,162.52
2031	14,847,437.52	2,554,725.00	17,402,162.52
2032	14,867,187.52	2,894,725.00	17,761,912.52
2033	14,811,687.52	3,482,825.00	18,294,512.52
2034	10,324,793.76	8,253,750.00	18,578,543.76
2035	10,258,393.76	8,808,950.00	19,067,343.76
2036	10,480,543.76	9,372,750.00	19,853,293.76
2037	10,644,693.76	9,968,800.00	20,613,493.76
2038	10,746,281.26	10,625,600.00	21,371,881.26
2039	10,863,456.26	11,254,000.00	22,117,456.26
2040	11,465,206.26	11,923,300.00	23,388,506.26
2041	25,246,381.26	-	25,246,381.26
2042	26,417,456.26	-	26,417,456.26
2043	24,685,256.26	-	24,685,256.26
2044	28,332,712.50	-	28,332,712.50
Total	$443,971,468.50	$239,213,557.18	$683,185,025.68

* Does not include debt service on the Prior Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Principal Amount of Bonds	$156,115,000.00
Net Original Issue Premium	16,571,639.85
Total Sources:	$172,686,639.85
Uses of Funds:	
Deposit to Escrow Fund	$172,002,217.77
Underwriters' Discount	390,287.50
Costs of Issuance[1]	294,134.58
Total Uses:	$172,686,639.85

[1] Includes financial advisor fees, bond counsel fees, disclosure counsel fees, rating agency fees, escrow agent fees, paying agent fees, printing fees and other miscellaneous expenses.

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SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

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

The Bonds are payable from the *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Bonds.

Property Taxation System

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

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer/tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the county treasurer/tax collector, as ex officio treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due.

Assessed Valuation of Property Within the District

Taxable property located in the District has a 2014-15 assessed value of approximately $54.7 billion. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

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

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

Classification of Locally Taxed Property. Locally taxed property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

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

FREMONT UNION HIGH SCHOOL DISTRICT
Assessed Valuation of Secured and Unsecured Property

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2005-06	$30,575,856,089	$2,083,337	$2,997,703,263	$33,575,642,689	-
2006-07	33,900,396,481	1,874,379	2,422,354,509	36,324,625,369	8.2%
2007-08	36,870,171,291	908,226	2,489,113,597	39,360,193,114	8.4
2008-09	40,265,920,165	1,390,000	2,795,916,975	43,063,227,140	9.4
2009-10	41,538,125,528	1,390,000	3,143,752,066	44,683,267,594	3.8
2010-11	41,525,948,647	1,390,000	2,882,607,434	44,409,946,081	(0.6)
2011-12	41,998,367,080	1,390,000	3,069,742,727	45,069,499,807	1.5
2012-13	43,746,675,427	1,390,000	3,348,353,896	47,096,419,323	4.5
2013-14	47,848,000,368	1,390,000	3,473,099,914	51,322,490,282	9.0
2014-15	50,702,475,370	0	3,963,322,022	54,665,797,392	6.5

Source: California Municipal Statistics, Inc.

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

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

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

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

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

FREMONT UNION HIGH SCHOOL DISTRICT
2014-15 Assessed Valuation and Parcels by Land Use

Non-Residential:	2014-15 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total
Agricultural/Quarry	$ 255,695,333	0.50%	121	0.21%
Commercial/Office Building	6,261,230,691	12.35	1,429	2.46
Industrial	7,109,256,707	14.02	683	1.18
Recreational	50,734,212	0.10	26	0.04
Government/Social/Institutional	151,844,801	0.30	201	0.35
Miscellaneous	4,055,667	0.01	30	0.05
Subtotal Non-Residential	$13,832,817,411	27.28%	2,490	4.29%
Residential:				
Single Family Residence	$26,535,811,408	52.34%	40,594	69.99%
Condominium/Townhouse	5,490,817,517	10.83	10,945	18.87
Mobile Home	53,174,827	0.10	667	1.15
2-4 Residential Units	1,360,601,414	2.68	2,251	3.88
5+ Residential Units/Apartments	3,210,629,961	6.33	660	1.14
Subtotal Residential	$36,651,035,127	72.29%	55,117	95.03%
Vacant Parcels	$ 218,622,832	0.43%	394	0.68%
Total	$50,702,475,370	100.00%	58,001	100.00%

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

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Assessed Valuation of Single-Family Homes. The following table focuses on single-family residential properties only, the value of which comprised approximately 52.3% of the assessed value of taxable property in the District in fiscal year 2014-15. The average assessed value was $653,688, and the median assessed value was $568,892.

FREMONT UNION HIGH SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2014-15

Single-Family Residential	No. of Parcels	2014-15 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
	40,594	$26,535,811,408	$653,688	$568,892

2014-15 Assessed Valuation	No. of Parcels [(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	5,143	12.669%	12.669%	$381,415,932	1.437%	1.437%
$100,000 - $199,999	4,127	10.167	22.836	578,728,779	2.181	3.618
$200,000 - $299,999	2,841	6.999	29.834	719,835,775	2.713	6.331
$300,000 - $399,999	2,778	6.843	36.678	973,165,628	3.667	9.998
$400,000 - $499,999	3,135	7.723	44.401	1,412,686,011	5.324	15.322
$500,000 - $599,999	3,263	8.038	52.439	1,792,747,629	6.756	22.078
$600,000 - $699,999	2,662	6.558	58.996	1,724,056,029	6.497	28.575
$700,000 - $799,999	2,598	6.400	65.396	1,949,841,675	7.348	35.923
$800,000 - $899,999	2,630	6.479	71.875	2,236,902,451	8.430	44.353
$900,000 - $999,999	2,448	6.030	77.906	2,323,589,792	8.756	53.109
$1,000,000 - $1,099,999	1,945	4.791	82.697	2,037,749,946	7.679	60.788
$1,100,000 - $1,199,999	1,616	3.981	86.678	1,852,088,055	6.980	67.768
$1,200,000 - $1,299,999	1,212	2.986	89.663	1,511,733,739	5.697	73.465
$1,300,000 - $1,399,999	1,009	2.486	92.149	1,358,876,935	5.121	78.586
$1,400,000 - $1,499,999	736	1.813	93.962	1,063,815,136	4.009	82.595
$1,500,000 - $1,599,999	654	1.611	95.573	1,011,325,830	3.811	86.406
$1,600,000 - $1,699,999	420	1.035	96.608	691,512,580	2.606	89.012
$1,700,000 - $1,799,999	350	0.862	97.470	611,230,309	2.303	91.315
$1,800,000 - $1,899,999	236	0.581	98.051	436,415,590	1.645	92.960
$1,900,000 - $1,999,999	169	0.416	98.468	329,599,108	1.242	94.202
$2,000,000 and greater	622	1.532	100.000	1,538,494,479	5.798	100.000
Total	40,594	100.000%		$26,535,811,408	100.000%	

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

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Largest Taxpayers in District. The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the 2014-15 tax roll, and the assessed valuations thereof, are shown below.

FREMONT UNION HIGH SCHOOL DISTRICT
Largest 2014-15 Local Secured Taxpayers

	Property Owner	Primary Land Use	2014-15 Assessed Valuation	% of Total (1)
1.	Apple Computer Inc.	Office Building	$881,136,831	1.74%
2.	Network Appliance Inc.	Industrial	636,255,744	1.25
3.	Lockheed Missiles and Space Co. Inc.	Manufacturing	549,988,005	1.08
4.	Yahoo Inc.	Office Building	384,728,781	0.76
5.	Intuitive Surgical Inc.	Office Building	352,794,364	0.70
6.	Menlo & Juniper Networks LLC	Manufacturing	341,130,138	0.67
7.	Applied Materials Inc.	Manufacturing	306,710,478	0.60
8.	SPF Mathilda LLC	Office Building	291,450,039	0.57
9.	Park Kiely REIT Inc.	Apartments	285,107,538	0.56
10.	Redus SVTC LLC	Office Building	247,332,048	0.49
11.	Agilent Technologies Inc.	Manufacturing	244,670,536	0.48
12.	Campus Holdings Inc.	Office Building	244,621,763	0.48
13.	Silicon Valley Financing LLC	Apartments	178,254,736	0.35
14.	Heidelberg Cement Inc.	Industrial	161,606,231	0.32
15.	MPDB1-4 LLC	Industrial	147,013,787	0.29
16.	Irvine Company	Industrial	146,570,677	0.29
17.	FSP-Sunnyvale Office Park LLC	Office Building	140,291,193	0.28
18.	WM Mission Pointe LLC	Apartments	138,121,402	0.27
19.	Central Research Park LLC	Industrial	135,251,256	0.27
20.	KR 555 Mathilda LLC	Office Building	133,704,273	0.26
			$5,946,739,820	11.73%

(1) 2014-15 Local Secured Assessed Valuation: $50,702,475,370
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more exposure of tax collections to weakness in that taxpayer's financial situation and ability or willingness to pay property taxes. No single taxpayer owns more than 1.74% of the total taxable property in the District in fiscal year 2014-15. 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.

Tax Rate

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

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following tables show *ad valorem* property tax rates for the last five years in a typical Tax Rate Area of the District (TRA 9-002). This Tax Rate Area comprises approximately 30.42% of the total fiscal year 2014-15 assessed value of the District.

FREMONT UNION HIGH SCHOOL DISTRICT
Typical Total Tax Rates By Assessed Value
(TRA 9-002)

	2010-11	2011-12	2012-13	2013-14	2014-15
County	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
County Retirement Levy	0.0388	0.0388	0.0388	0.0388	0.0388
County Hospital Bonds	0.0095	0.0047	0.0051	0.0035	0.0091
Sunnyvale School District Bond	0.0390	0.0398	0.0369	0.0364	0.0492
Foothill – De Anza Community College Bond	0.0326	0.0297	0.0287	0.0290	0.0276
Fremont Union High School District Bond	0.0365	0.0415	0.0390	0.0405	0.0396
El Camino Hospital District	0.0129	0.0129	0.0129	0.0129	0.0129
Total All Property	1.1693%	1.1674%	1.1614%	1.1611%	1.1772%
Santa Clara Valley Water District State Water Project	0.0070%	0.0063%	0.0069%	0.0070%	0.0065%
Santa Clara Valley Water District Zone W-1 Bond	0.0002	0.0001	-	-	-
Total Land and Improvement	0.0072%	0.0064%	0.0069%	0.0070%	0.0065%

Source: California Municipal Statistics, Inc.

Tax Charges and Delinquencies

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

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

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

The following table shows real property tax charges and corresponding delinquencies with respect to property located in the District for the last ten fiscal years.

FREMONT UNION HIGH SCHOOL DISTRICT
Secured Tax Charges and Delinquencies

Fiscal Year	Secured Tax Charge (1)	Amount Delinquent June 30 (3)	% Delinquent June 30 (3)
2004-05	$6,786,399.99	$54,389.91	0.80%
2005-06	7,899,300.06	59,659.89	0.76
2006-07	8,099,900.06	61,721.65	0.76
2007-08	8,810,912.02	98,736.56	1.12
2008-09	13,492,921.28	168,452.47	1.25
2009-10	12,531,788.07	138,302.12	1.10
2010-11	14,830,941.71	135,378.88	0.91
2011-12	17,100,467.92	107,436.98	0.63
2012-13(2)	-	-	0.73
2013-14	19,378,425.18	166,194.09	0.86

(1) Amounts represent taxes collected by the County within the District's boundaries for bond debt service only.
(2) Secured Tax Charge and Amount Delinquent not available for fiscal year 2012-13.
(3) Pursuant to the Teeter Plan (see below), delinquencies do not reduce amounts available to the District for payment of debt service.
Source: California Municipal Statistics, Inc.

Teeter Plan. 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 Section 4701 and following of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the County, including the District, receives the full amount of uncollected taxes credited to its fund (including delinquent taxes, if any), in the same manner as if the full amount due from taxpayers had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The County applies the Teeter Plan to taxes levied for repayment of school district bonds.

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

Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective February 26, 2015, for debt issued as of March 1, 2015. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

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FREMONT UNION HIGH SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt

2014-15 Assessed Valuation: $54,665,797,392

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 3/1/15
Santa Clara County	15.308%	$122,338,474
Foothill-De Anza Community College District	45.234	283,965,160
Fremont Union High School District	**100.**	**281,085,108** (1)
Cupertino Union School District	100.	249,418,462
Sunnyvale School District	100.	162,610,219
City of Palo Alto	0.025	17,949
City of San Jose	3.808	15,298,069
City of Saratoga	16.160	1,706,496
El Camino Hospital District	38.730	53,581,019
Saratoga Fire Protection District	2.953	103,908
Santa Clara Valley Water District Benefit Assessment District	15.308	16,332,105
City of Sunnyvale Community Facilities District No. 1	100.	16,570,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,203,026,969
OVERLAPPING GENERAL FUND DEBT:		
Santa Clara County General Fund Obligations	15.308%	$112,942,242
Santa Clara County Pension Obligation Bonds	15.308	56,860,594
Santa Clara County Board of Education Certificates of Participation	15.309	1,489,468
Foothill-De Anza Community College District Certificates of Participation	45.234	5,255,116
City of Cupertino General Fund Obligations	95.999	38,380,400
City of San Jose General Fund Obligations	3.808	26,395,533
City of Santa Clara General Fund Obligations	5.313	1,257,587
City of Sunnyvale General Fund Obligations	83.982	17,984,745
Other City General Fund Obligations	Various	338,878
Midpeninsula Regional Park District General Fund Obligations	22.660	28,797,880
Santa Clara County Vector Control District Certificates of Participation	15.308	501,337
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$290,203,780
Less: Santa Clara County supported obligations		79,217,818
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$210,985,962
OVERLAPPING TAX INCREMENT DEBT:		
Sunnyvale Redevelopment Agency	100.000%	$4,060,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		$4,060,000
GROSS COMBINED TOTAL DEBT		$1,497,290,749 (2)
NET COMBINED TOTAL DEBT		$1,418,072,931
Ratios to 2014-15 Assessed Valuation:		
Direct Debt ($281,085,108)	**0.51%**	
Total Direct and Overlapping Tax and Assessment Debt	2.20%	
Gross Combined Total Debt	2.74%	
Net Combined Total Debt	2.59%	
Ratios to Redevelopment Incremental Valuation ($1,224,997,120):		
Overlapping Tax Increment Debt	0.33%	

(1) Excludes the Bonds and the General Obligation Bonds (Election of 2014), Series 2015 issued on April 22, 2015.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

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

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

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

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

OTHER LEGAL MATTERS

Legal Opinion

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

Legality for Investment in California

Under the provisions of the California Financial Code, the Bonds are a legal investment 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 securities for deposit of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2014-15 fiscal year (which is due no later than April 1, 2016) and notice of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

During the past five years, the District filed interim budget reports instead of adopted budget reports for fiscal years 2009-10, 2010-11, 2011-12 and 2012-13. The District also filed notices of insurer downgrades more than 10 business days after the occurrence thereof. Identification of the foregoing instances of potential non-compliance is not intended and should not be construed as a representation that such instances are material. The District has implemented procedures to assist with future compliance. The District has retained Public Financial Management to serve as dissemination agent with respect to the Bonds.

No Litigation

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

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

Escrow Verification

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

MISCELLANEOUS

Ratings

Moody's Investors Service and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, have assigned ratings of "Aa1" and "AAA," respectively, to the Bonds. Rating agencies generally base their ratings on their own investigations, studies and assumptions. The ratings reflect only the view of the rating agency furnishing the same, and any explanation of the significance of such rating should be obtained only from the rating agency providing the same. Such ratings are not a recommendation to buy, sell or hold the Bonds. There is no assurance that any rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. Neither the Underwriters nor the District has undertaken any responsibility after the offering of the Bonds to assure the maintenance of these ratings or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Payment of the fees and expenses of Public Financial Management, Inc., the District's financial advisor, is also contingent upon the sale and delivery of the Bonds.

Underwriting

The Bonds are being purchased for reoffering to the public by the Underwriters pursuant to the terms of a bond purchase contract executed on May 14, 2015, by and between the District and the Underwriters (the "Purchase Contract"). The Underwriters have agreed to purchase the Bonds at a price of $172,296,352.35 (which represents the aggregate principal amount of the Bonds, plus $16,571,639.85 of net original issue premium, and less an Underwriters' discount of $390,287.50). The Purchase Contract provides that the Underwriters will purchase all of the Bonds, subject to certain terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel.

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

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

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ADDITIONAL INFORMATION

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

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

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

FREMONT UNION HIGH SCHOOL DISTRICT

By: /s/ Polly M. Bove
Superintendent

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGETS

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGETS

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

THE DISTRICT

Introduction

The Fremont Union High School District (the "District") was organized in 1925 under the laws of the State of California (the "State"). The District is located in the County of Santa Clara (the "County") and consists of an area comprising approximately 42 square miles. The District provides educational services to grades nine through twelve ("9-12") to the residents of the cities of Sunnyvale and Cupertino and parts of the cities of San Jose, Los Altos, Saratoga, and Santa Clara.

The District operates five high schools, one community day school, one adult school, and various educational options programs. The District's current enrollment for fiscal year 2014-15 is approximately 10,742 students, and the District's projected fiscal year 2014-15 general fund expenditures are approximately $121.8 million. Taxable property in the District has a fiscal year 2014-15 total assessed value of approximately $54.7 billion. For fiscal year 2014-15, the District projects to employ 560.0 full-time equivalent ("FTE") certificated (teaching staff) employees, 260.9 FTE classified employees, and 72.9 management and supervisory personnel.

The District operates under the jurisdiction of the Santa Clara County Superintendent of Schools. The District's day-to-day operations are managed by a board-appointed Superintendent of Schools.

Board of Trustees

The District is governed by a Board of Trustees (the "Board of Trustees") consisting of five elected members and one nonvoting student member. The elected members of the Board of Trustees are elected to four-year terms in staggered years. The following table summarizes the current elected members of the Board of Trustees, their office and the date their term expires:

Name	Office	Term Expires
Barbara Nunes	President	2018
Hung Wei	Vice President	2018
Jeff Moe	Clerk	2016
Nancy Newton	Member	2016
Bill Wilson	Member	2018

District Administration

Polly M. Bove, Superintendent. Polly M. Bove was appointed Superintendent in 2006. Superintendent Bove previously served as the District's Deputy Superintendent, Assistant Superintendent of Human Resources and Executive Director of Educational Services. She has approximately 40 years of experience in education and district administration. Superintendent Bove holds a master's degree in Mathematics from San Jose State University, a master's degree in Educational Administration from San Jose State University and a bachelor's degree in Mathematics and Rhetoric from the University of Illinois.

Kate Jamentz, Ed.D., Academic Deputy Superintendent. Kate Jamentz was appointed Academic Deputy Superintendent in 2006. She previously served as the District's Associate Superintendent for Teaching and Learning. Ms. Jamentz has approximately 40 years of experience as a teacher, administrator and consultant in curriculum and instruction and school leadership. She holds a master's degree in Educational Administration from the Harvard Graduate School of Education, a master's degree in Teaching and Learning from the Monterey Institute of International Studies and a bachelor's degree from the University of California, Santa Cruz.

Christine Mallery, Chief Business Officer, Associate Superintendent. Christine Mallery was appointed Chief Business Officer, Associate Superintendent in 2008. She previously served as the District's Director of Business and Property Services. Ms. Mallery has approximately 20 years of experience in finance and accounting. She holds a bachelor's degree in Economics from San Diego State University.

Graham Clark, Associate Superintendent of Administrative Services. Graham Clark was appointed Associate Superintendent of Administrative Services in 2012. He previously served as Principal, Assistant Principal and teacher at the District. Mr. Clark has approximately 17 years of experience in education and district administration. He holds an M.B.A. in Business Administration from Santa Clara University, a master's degree in Education Administration from San Jose State University and a bachelor's degree in Finance from Santa Clara University.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (see "– Allocation of State Funding to School Districts; Local Control funding Formula" herein) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution. In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District projects to receive approximately 7.4% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), budgeted at approximately $8.7 million in fiscal year 2014-15. As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

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

The State budget for fiscal year 2013-14 contained a new formula for funding the school finance system (the "Local Control Funding Formula" or "LCFF"). The LCFF replaced the revenue limit funding system and most categorical programs. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" herein for more information.

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

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

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

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

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

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

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

2014-15 State Budget. The Governor signed the fiscal year 2014-15 State budget (the "2014-15 State Budget") on June 20, 2014. The 2014-15 State Budget represents a multiyear plan that is balanced and that continues to focus on paying down budgetary debt from prior years, setting aside reserves and implementing a funding plan for the State Teachers' Retirement System ("CalSTRS"). The 2014-15 State Budget provides for $109.4 billion in revenues and transfers for fiscal year 2014-15 (which amount includes a \$3.9 billion prior year general fund balance from fiscal year 2013-14), \$108.0 billion in expenditures and a balance of \$450 million in the general fund traditional reserve and \$1.6 billion in a rainy day fund (the "Rainy Day Fund"). Revenues and expenditures for fiscal year 2013-14, as revised under the 2014-15 State Budget, were \$104.6 billion (which amount includes a \$2.4 billion prior year general fund balance from fiscal year 2012-13) and \$100.7 billion, respectively.

The 2014-15 State Budget projects that budgetary debt, which was approximately \$35 billion at the end of fiscal year 2010-11 and \$26 billion at the end of fiscal year 2013-14, will be eliminated by the end of fiscal year 2017-18. For fiscal year 2014-15, specifically, the 2014-15 State Budget dedicates to paying down more than \$10 billion of budgetary debt, including approximately \$5 billion to pay down the deferral of payments to schools.

As it relates to K-12 education, the 2014-15 State Budget provides total funding of \$76.6 billion (\$45.3 billion general fund and \$31.3 billion other funds). The 2014-15 State Budget provides Proposition 98 funding for all K-14 education of \$60.9 billion for fiscal year 2014-15. Such amount, when combined with an aggregate increase of \$4.4 billion from fiscal years 2012-13 and 2013-14 provided for in the 2014-15 State Budget, results in an increase of \$10 billion in funding for K-14 education. The 2014-15 State Budget notes that Proposition 98 funding for K-12 education has grown by more than \$12 billion from fiscal year 2011-12 to fiscal year 2014-15, representing an increase of more than \$1,900 per student.

Certain budget adjustments for K-12 programs include the following:

- *Local Control Funding Formula*. An increase of \$4.75 billion in Proposition 98 general funds to continue the State's transition to the Local Control Funding Formula. This formula commits most new funding to districts serving English language learners, students from low-income families, and youth in foster care. This increase will close the remaining funding implementation gap by more than 29%. Additionally, the 2014-15 State Budget addresses an administrative problem related to the collection of income eligibility forms that are used to determine student eligibility for free or reduced-price meals.

- *K-12 Deferrals*. The 2014-15 State Budget repays nearly \$4.7 billion in Proposition 98 general funds for K-12 expenses that had been deferred from one year to the next during the economic downturn, leaving an outstanding balance of less than \$900 million in K-12 deferrals. Further, the 2014-15 State Budget includes a trigger mechanism that will appropriate any additional funding resources attributable to the 2013-14 and 2014-15 fiscal years subsequent to the enactment of the 2014-15 State Budget for the purpose of retiring this remaining deferral balance.

- *Independent Study*. The 2014-15 State Budget streamlines the existing independent study program, reducing administrative burdens and freeing up time for teachers to spend on student instruction and support, while making it easier for schools to offer and expand instructional opportunities available to students through non-classroom based instruction.

- *K-12 Mandates*. An increase of \$400.5 million in one-time Proposition 98 general funds to reimburse K-12 local educational agencies for the costs of State-mandated programs. These funds will make a significant down payment on outstanding mandate debt, while providing school districts, county offices of education and charter schools with discretionary resources to support critical investments such as Common Core implementation.

- *K-12 High-Speed Internet Access*. An increase of \$26.7 million in one-time Proposition 98 general funds for the K-12 High Speed Network to provide technical assistance and grants to local educational agencies to address the technology requirements necessary for successful Common Core implementation. Based on an assessment by the K-12 High Speed Network, these funds will be targeted to those local educational agencies most in need of help with securing required internet connectivity and infrastructure to implement the new computer adaptive tests under Common Core.

• *Career Technical Education Pathways Program*. An increase of $250 million in one-time Proposition 98 general funds to support a second cohort of competitive grants for participating K-14 local educational agencies. Established in the State Budget Act for fiscal year 2012-13, the Career Pathways Trust Program provides grant awards to improve career technical programs and linkages between employers, schools, and community colleges.

Rainy Day Fund. The 2014-15 State Budget proposed certain constitutional amendments to the Rainy Day Fund on the November 2014 ballot, which proposition was approved by the voters. Such constitutional amendments (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues (and the 2014-15 State Budget notes that capital gains revenues are expected to account for approximately 9.8% of general fund revenues in fiscal year 2014-15); (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the Public School System Stabilization Account) to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858. As part of the 2014-15 State Budget, the Governor signed Senate Bill 858 ("SB 858") which includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Such provisions became effective upon the State voters approval of the constitutional amendments relating to the Rainy Day Fund described above. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an Average Daily Attendance ("A.D.A.") of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses. The District's second interim report for fiscal year 2014-15 projected total expenditures and other financing uses of approximately $122.7 million, 3% of which is approximately $3.7 million. The estimated maximum amount permitted under SB 858 if fiscal year 2014-15, if SB 858 were in effect for such fiscal year, would be approximately $7.4 million. The District's second interim report for fiscal year 2014-15 projected a combined assigned and unassigned ending fund balance of approximately $17.0 million, which is approximately $9.6 million more than the maximum what would be permitted under SB

858 if SB 858 were in effect. The District does not expect SB 858, if approved and operative, to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

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

The complete 2014-15 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

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

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

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

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

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

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

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

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

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

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

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

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

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

Proposed 2015-16 State Budget. The Governor released his proposed fiscal year 2015-16 State budget (the "2015-16 Proposed State Budget") on January 9, 2015. The 2015-16 Proposed State Budget proposes a multiyear plan that is balanced, while paying off budgetary debt from past years and setting aside reserves. The 2015-16 Proposed State Budget projects general fund revenues (after transfers to the Rainy Day Fund in the amount of $1.6 billion and $1.2 billion in fiscal year 2014-15 and 2015-16, respectively) in the amount of $108 billion in fiscal year 2014-15 and $113.4 billion in fiscal year 2015-16, which is an additional $2.5 billion and $1 billion in revenues in fiscal years 2014-15 and 2015-16, respectively, as compared to projections from the 2014-15 State Budget. According to the 2015-16 Proposed State Budget, the primary reason for such additional revenues is the higher forecast for the personal income tax and corporation tax, up almost $2.3 billion and $2 billion, respectively. Of the total State general fund revenues and transfers for fiscal year 2015-16, personal income taxes are expected to contribute $75.2 billion (66.3%), sales and use taxes are expected to contribute $25.2 billion (22.2%) and corporation taxes are expected to contribute $10.2 billion (9%). Under the 2015-16 Proposed State Budget, general fund expenditures for fiscal year 2015-16 are $113.3 billion (an increase of $1.5 billion from fiscal year 2014-15 general fund expenditures), of which $47.1 billion (41.6%) is allocated to K-12 education.

The 2015-16 Proposed State Budget proposes to reduce budgetary debt by repaying the remaining $1 billion in deferred payments to school districts and community college districts and making the final payments on the $15 billion in Economic Recovery Bonds borrowed to cover budget deficits since 2002 and the $533 million in mandate reimbursements owed to local governments. Additionally, the 2015-16 Proposed State Budget increases the State's Rainy Day Fund to a total balance of $2.8 billion by the end of fiscal year 2015-16. The 2015-16 Proposed State Budget notes that the passage of the Rainy Day Budget Stabilization Fund Act (Proposition 2), in November 2014 was a significant step toward a long-term balanced budget. For more information about the Rainy Day Fund, see "*– Rainy Day Fund*" above.

Despite the recent budgetary improvements as compared to recent years, the 2015-16 Proposed State Budget acknowledges that the additional tax revenues from capital gains are temporary in nature and that the additional revenues from Proposition 30 will expire in 2016 (with respect to the sales tax increase) and 2018 (with respect to the income tax increase). Further, the 2015-16 Proposed State Budget observes several risks that the State should plan for, including: the inevitable occurrence of another recession, ongoing fiscal challenges of the federal government, the budget's heavy dependency on the performance of the stock market in fiscal year 2015-16, the high levels of State debts and liabilities, including unfunded retirement liabilities, and deferred maintenance of the State's roads and other infrastructure.

As it relates to K-12 education, the 2015-16 Proposed State Budget provides Proposition 98 funding of $65.7 billion for fiscal year 2015-16, as well as an additional $2.3 billion and $400 million for fiscal years 2014-15 and 2013-14, respectively. This translates to K-12 Proposition 98 per-pupil expenditures of $9,361 in fiscal year 2014-15 and $9,667 in fiscal year 2015-16. Such amounts are significant increases when compared to recent years, such as the $7,008 provided in fiscal year 2011-12. Total per-pupil expenditures from all sources are projected to be $13,223 in fiscal year 2014-15 and $13,462 in fiscal year 2015-16, including funds provided for prior year "settle-up" obligations. The 2015-16 Proposed State Budget notes that attendance in public schools increased in fiscal years 2013-14 and 2014-15, however, it is projected to decline slightly during 2015-16. For fiscal year 2014-15, K-12 A.D.A. is estimated to be 6,000,733, an increase of 8,166 from fiscal year 2013-14. K-12 A.D.A. is estimated to drop by 585 in fiscal year 2015-16 to 6,000,148.

The 2015-16 Proposed State Budget provides a third-year investment of $4 billion in the Local Control Funding Formula, which is expected to eliminate more than 32% of the remaining funding gap between actual funding and the target level of funding. With respect to K-12 school facilities, the 2015-16 Proposed State Budget acknowledges the ongoing discussion of the State's role, if any, in future school facilities funding and notes several problems with the current program that should be addressed in any future plan. While such discussion is ongoing, the 2015-16 Proposed State Budget dedicates $273.4 million in one time Proposition 98 general fund resources to the Emergency Repair Program to fund all remaining Emergency Repair Program projects. The 2015-16 Proposed State Budget also includes reforms and investments relating to adult education, the implementation of Common Core standards, and energy efficiency ("Proposition 39").

Certain workload adjustments for K-12 programs included in the 2015-16 Proposed State Budget include the following:

- *K-12 Deferrals*. An increase of almost $900 million in one-time Proposition 98 general funds in fiscal year 2014-15 to eliminate all remaining outstanding deferral debt for K-12. Inter-year deferrals for K-12 had reached a high of $9.5 billion in fiscal year 2011-12.

- *Emergency Repair Program*. An increase of $273.4 million in one-time Proposition 98 general fund resources for the Emergency Repair Program. This funding will retire the State's facilities funding obligation under the terms of an existing lawsuit settlement agreement.

- *School District Local Control Funding Formula*. Additional growth of approximately $4 billion in Proposition 98 general funds for school districts and charter schools in 2015-16, an increase of 8.7% from fiscal year 2014-15.

- *County Offices of Education Local Control Funding Formula*. An increase of $109,000 Proposition 98 general funds to support a cost-of-living adjustment for those county offices of education at their target funding level under the Local Control Funding Formula.

- *Charter Schools*. An increase of $59.5 million Proposition 98 general funds to support projected charter school A.D.A. growth.

- *Special Education*. An increase of $15.3 million Proposition 98 general funds to reflect a projected increase in Special Education A.D.A.

- *Cost-of-Living Adjustment Increases*. An increase of $71.1 million to support a 1.58% cost-of-living adjustment for categorical programs that remain outside of the Local Control Funding Formula, including Special Education, Child Nutrition, Foster Youth, Preschool, American Indian Education Centers, and the American Indian Early Childhood Education Program. Cost-of-living adjustments for school districts and charters schools are provided within the increases for school district Local Control Funding Formula implementation noted above.

- *Local Property Tax Adjustments*. A decrease of $11.4 million Proposition 98 general funds for the school district and county office of education in 2014-15 as a result of higher offsetting property tax revenues. A decrease of $1.7 billion in Proposition 98 general funds for school districts and county offices of education in fiscal year 2015-16 as a result of increased offsetting local property tax revenues.

- *A.D.A.* An increase of $197.6 million in fiscal year 2014-15 for school districts and county offices of education as a result of an increase in projected A.D.A. from the 2014-15 State Budget, and a decrease of $6.9 million in fiscal year 2015-16 for school districts and county offices of education as a result of projected decline in A.D.A. for fiscal year 2015‑16.

- *Full-Day State Preschool Slots.* An increase of $14.8 million Proposition 98 general funds and $18.8 million non-Proposition 98 general funds to support 4,000 State Preschool slots with full-day wraparound care. These slots were established in the 2014-15 State Budget as of June 15, 2015 (for 15 days in fiscal year 2014-15) and these increases reflect the difference in full‑year cost for these slots in fiscal year 2015-16.

The complete 2015-16 Proposed State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2015-16 State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the 2015-16 Proposed State Budget entitled "The 2015-16 Budget: Overview of the Governor's Budget" on January 13, 2015 (the "2015-16 Proposed Budget Overview"), in which the LAO commends the State for preserving budgetary balance. The LAO notes that such balance has been facilitated by the stock market, increased revenues from personal and corporate income taxes, and the Governor's reluctance to propose significant new non-Proposition 98 spending commitments. Further, the LAO is generally supportive of the Governor's priorities and the 2015-16 Proposed State Budget's emphasis on debt repayment, which the LAO expects to place the State on even stronger fiscal footing. The LAO also notes that fiscal year 2014-15 revenues could be significantly higher than the projections in the 2015-16 Proposed State Budget. Nevertheless, what might happen to State revenues thereafter is uncertain and the LAO warns that budget vulnerability remains and that cautious budgetary decision making is necessary. For example, the LAO suggests that weak growth in an upcoming year could make it difficult to sustain the State's spending level, particularly, the higher level of school spending, and therefore, larger reserves would be desirable.

With respect to the Proposition 98 budget plan in the 2015-16 Proposed State Budget, the LAO states that the Proposition 98 budget plan provides a reasonable mix of programmatic funding increases and pay downs of outstanding obligations. The LAO commends the proposal to eliminate K-14 budgetary deferrals, and recognizes that the use of new funding for one-time purposes helps the State minimize any future disruption in school funding as a result of revenue volatility or an economic slowdown. The LAO, however, observes that the Proposition 98 minimum guarantee in fiscal years 2014-15 and 2015-16 will be highly sensitive to changes in general fund revenues and could experience large swings over the coming months. Thus, the LAO cautions against committing all available 2015-16 Proposition 98 funds to ongoing purposes, as a sustained economic slowdown could force the State to cut programs and potentially backpedal in its implementation of the Local Control Funding Formula.

The 2015-16 Budget Overview is available on the LAO website at www.lao.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

May Revision to Proposed 2015-16 State Budget. On May 14, 2015, the Governor released the "Governor's Budget May Revision 2015-16" (the "May Revise"), which outlines proposed revisions to the 2015-16 Proposed State Budget. The May Revise reflects a $6.7 billion increase in general fund revenues compared to the 2015-16 Proposed State Budget. The State Constitution directs the use of these revenues to increase Proposition 98 general fund spending by $5.5 billion for K-12 schools and community colleges, and under Proposition 2, that an additional $633 million be saved in the Rainy Day Fund and an additional $633 million be used to pay down debts and liabilities. The May Revise commits new spending in three additional areas: (i) creating a California Earned Income Tax Credit to assist the State's lowest-income workers; (ii) providing increased ongoing funding to California State University and temporary assistance to the University of California to pay down its unfunded pension liability; and (iii) providing health care and other safety net services to currently undocumented immigrants who gain "Permanent Residence Under Color of Law" status under the President's executive actions. The May Revise focuses on the key elements of the 2015-16 Proposed State Budget, including carrying out the LCFF, federal health care reform, public safety realignment, the Water Action Plan, and the Cap and Trade expenditure plan.

The May Revise assumes continued expansion of the economy but notes that economic expansions do not last. In the post-war period, the average expansion has been about five years, and the current expansion has already exceeded that average by one year. The May Revise notes that higher revenues from capital gains will both be saved and used to pay down debts. By the end of the year, the Rainy Day Fund will have a total balance of $3.5 billion. The May Revise also pays down an additional $633 million in debts and liabilities (for a total of $1.9 billion) from Proposition 2 funds. The State is steadily paying down budgetary debts accumulated over the past decade and a half. In the next three months alone, the State will repay the remaining $1 billion in deferrals to schools and community colleges and make the final payment on the $15 billion in Economic Recovery Bonds used to cover budget deficits dating back to 2002. The elimination of such budgetary debts and a healthier Rainy Day Fund balance will give the State fiscal capacity when the next recession begins.

After accounting for transfers such as to the Rainy Day Fund, general fund revenues under the May Revise forecast are higher than the 2015-16 Proposed State Budget by $700 million in fiscal year 2013-14, $3.3 billion in fiscal year 2014-15 and $1.7 billion in fiscal year 2015-16. Total May Revise revenue, including transfers, is projected to be $111.3 billion in fiscal year 2014-15 and $115 billion in fiscal year 2015-16. The May Revise provides that the economic forecast has improved since the 2015-16 Proposed State Budget. The improved economic forecast, along with strong cash trends through April, support the significant increase in revenues. On net, cash tax receipts are up about $3.2 billion over the forecast through the end of April. Cash data through April suggest that personal income tax receipts are up about $2.7 billion, corporation tax receipts are up almost $250 million, and sales and use tax (sales tax) receipts are up $230 million.

However, projected expenditures have also increased under the May Revise and offset the projected additional revenues. For example, total general fund expenditures are now projected to be $114.5 billion in fiscal year 2014-15 and $115.3 billion in fiscal year 2015-16 (as compared to $111.7 billion and $113 billion, respectively, in the 2015-16 Proposed State Budget).

For K-12 schools, funding levels will increase by more than $3,000 per student in fiscal year 2015-16 over fiscal year 2011-12 levels. Rising State revenues allow the State to implement the LCFF ahead of schedule. When the LCFF was adopted in fiscal year 2013-14, funding was expected to be $47 billion in fiscal year 2015-16. The May Revise provides $6.1 billion more – with the LCFF instead allocating $53.1 billion this coming year.

The May Revise includes total funding of $83 billion ($49.7 billion General Fund and $33.3 billion other funds) for all K-12 education programs. Proposition 98 funding obligations are projected to increase by a total of $6.1 billion over the three-year period of fiscal years 2013-14 through 2015-16 relative to the 2015-16 Proposed State Budget. Under the May Revise, Proposition 98 guarantee funding is projected to increase by $241 million in fiscal year 2013-14, $3.1 billion in fiscal year 2014-15 and $2.7 billion in fiscal year 2015-16. As a result of such changes, the revised Proposition 98 guarantee levels for fiscal years 2013-14, 2014-15 and 2015-16 are projected to be $58.9 billion, $66.3 billion and $68.4 million, respectively. The Proposition 98 maintenance factor—an indicator of the past reductions made to schools and community colleges—totaled nearly $11 billion as recently as 2011-12. Under the May Revise, this amount is reduced to $772 million.

Certain budget adjustments for K-12 programs under the May Revise include the following:

- *Career Technical Education*. The 2015-16 Proposed State Budget proposed $250 million in one-time Proposition 98 funding in each of the next three years to support a transitional Career Technical Education Incentive Grant Program. School districts, county offices of education, and charter schools receiving funding from the program would be required to provide a dollar for dollar match each year. The May Revise proposes an additional $150 million in fiscal year 2015-16 for the first year of this transition program, an additional $50 million in fiscal year 2016-17, and a reduction of $50 million in fiscal year 2017-18.

- *Quality Education Investment Act Transition Funding*. An increase of $4.6 million one-time Proposition 98 general fund monies to provide half of the final apportionment of Quality Education Investment Act ("QEIA") funding to selected school districts in 2015-16 that do not qualify for concentration grant funding under the Local Control Funding Formula. This funding will help ease the transition off QEIA funding for districts with isolated concentrations of English learners and students who qualify for free or reduced priced meals.

- *Simon Wiesenthal Center*. An increase of $2 million in Proposition 98 general fund monies for the Los Angeles County Office of Education to contract with the Simon Wiesenthal Center to support the Museum of Tolerance's "Tools for Tolerance" training programs. These funds allow the center to partner with schools throughout the State to advance anti-bias education, inclusion, and equity through professional development programs.

- *Average Daily Attendance*. An increase of $94.4 million in fiscal year 2014-15 and an increase of $173.5 million in fiscal year 2015-16 for school districts, charter schools, and county offices of education under the Local Control Funding Formula as a result of an increase in fiscal year 2013-14 A.D.A., which drives projections of A.D.A. in both fiscal year 2014-15 and fiscal year 2015-16.

- *Proposition 39*. A decrease in the amount of California Clean Energy Jobs Act (Proposition 39) energy efficiency funds available to K-12 schools in fiscal year 2015-16 by $6.7 million to $313.4 million to reflect reduced revenue estimates.

- *Local Property Tax Adjustments*. A decrease of $123.3 million in Proposition 98 general fund monies in fiscal year 2014-15 for school districts, special education local plan areas, and county offices of education as a result of higher offsetting property tax revenues. A decrease of $224 million in Proposition 98 general fund monies in fiscal year 2015-16 for school districts, special education local plan areas, and county offices of education as a result of higher offsetting property tax revenues.

- *Categorical Program Growth*. A decrease of $18.4 million in Proposition 98 general fund monies for selected categorical programs, based on updated estimates of projected A.D.A. growth.

- *Cost-of-Living Adjustments*. A decrease of $22.1 million in Proposition 98 general fund monies to selected categorical programs for fiscal year 2015-16 to reflect a change in the cost-of-living factor from 1.58% at the 2015-16 Proposed State Budget to 1.02% at the May Revise.

- *K-12 Mandated Programs Block Grant*. An increase of $1.2 million in Proposition 98 general fund monies to reflect greater school district participation in the mandates block grant. This additional funding is required to maintain statutory block grant funding rates assuming 100% program participation.

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

LAO Overview of the May Revise. The LAO released its report on the May Revise on May 18, 2015 (the "May Revise Overview"). The May Revise Overview provides that the continuing commitment to pay down debts and build a reserve under the May Revise is sound and a careful approach to State finances. The LAO projects $3.2 billion more in general fund revenues than the Governor across fiscal years 2013-14 through 2015-16. Specifically, when compared to the Governor's projections in the May Revise, the LAO projects slightly more general fund revenues in fiscal years 2013-14 and 2014-15 and $3 billion more general fund revenues in fiscal year 2015-16 (primarily as a result of differences in the projection of personal income tax realizations).

The May Revise Overview, as it relates to K-12 education, provides that the Proposition 98 spending package in the May Revise is sound and reasonable. The LAO, however, expresses some concern over new Proposition 98 spending proposals in the May Revise as it contains little cushion to insulate ongoing K-14 programs from volatile State revenues. Of the $68.4 billion in proposed Proposition 98 spending counting toward the 2015-16 guarantee, the Governor designates only $600 million for one-time purposes. The LAO recommends waiting later in the fiscal year for additional revenues to ultimately materialize and then providing additional Proposition 98 funding to one-time priorities.

The May Revise Overview provides other comments and recommendations with regards to specific policy proposals. For example, the LAO notes the Governor's proposed distribution of mandates backlog funding is inefficient. Approximately 91% of remaining claims are associated with high school and unified districts but only 79% of backlog funds under the Governor's plan would go to these entities. The LAO recommends, targeting K-12 payments more toward high schools and allocating $3.3 billion of $3.6 billion to unified and high school districts on the basis of A.D.A.

The May Revise Overview is available on the LAO website at www.lao.ca.gov. The District takes no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2015-16 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2015-16 State budget from the 2015-16 Proposed State Budget. Additionally, the District cannot predict the impact that the final fiscal year 2015-16 State Budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2015-16 State Budget may be affected by national and State economic conditions and other factors which the District cannot predict.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District.

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

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

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

A Base Grant for each local education agency, equivalent to $7,643 per unit of A.D.A. in fiscal year 2013-14. Such Base Grant per unit of A.D.A., adjusted by grade span variation and to be adjusted annually for cost-of-living, is as follows: $6,845 for grades K-3, $6,947 for grades 4-6, $7,154 for grades 7-8 and $8,289 for grades 9-12. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12.

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

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

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

Of the projected $25 billion in new funding to be invested through the LCFF over the next eight years, the vast majority of new funding will be provided for Base Grants. Specifically, of every dollar invested through the LCFF, 84 cents will go to Base Grants, 10 cents will go to supplemental grants and 6 cents will go to concentration grants.

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

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

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

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

Attendance and Base Revenue Limit. The following table sets forth the District's actual A.D.A., enrollment and base revenue limit per unit of A.D.A. for fiscal years 2010-11 through 2012-13 for grades 9-12. A.D.A. and enrollment numbers reflected in the following table include special education by exclude adult education.

FREMONT UNION HIGH SCHOOL DISTRICT
Average Daily Attendance, Enrollment and Base Revenue Limit
Fiscal Years 2010-11 through 2012-13

Fiscal Year	Average Daily Attendance[1]	Enrollment[2]	Base Revenue Limit Per Unit of Average Daily Attendance
2010-11	10,051	10,403	$7,322.68
2011-12	10,130	10,535	7,468.70
2012-13	10,284	10,664	7,711.70

[1] A.D.A. for the second period of attendance, typically in mid-April of each school year. Excludes adult A.D.A.
[2] Reflects enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") in each school year.
Source: Fremont Union High School District.

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Attendance and LCFF. The following table sets forth the District's actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "EL/LI Students"), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 and 2014-15, respectively. The A.D.A. and enrollment numbers reflected in the following table include special education but exclude adult education.

FREMONT UNION HIGH SCHOOL DISTRICT
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013-14 and 2014-15

Fiscal Year		A.D.A.	Total Enrollment[2]	Unduplicated % of EL/LI Students
2013-14	A.D.A.	10,321[1]	10,710	19.38%
	Targeted Base Grant[4]:	$89,497,886	-	-
2014-15[3]	A.D.A.	10,430	10,742	18.83%
	Targeted Base Grant[4]:	$91,733,962	-	-

(1) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(2) Reflects enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") for fiscal year 2013-14.
(3) Projected year total from the Fremont Union High School District's Second Interim Report 2014-15, adopted March 3, 2015.
(4) Such amounts represent the targeted amount of Base Grant per unit of A.D.A. and do not include supplemental and concentration grants under the LCFF. Such amounts were not fully funded in fiscal year 2013-14 and are not expected to be fully funded in fiscal year 2014-15.
Source: Fremont Union High School District.

The District received approximately $93.4 million in aggregate revenues allocated under the LCFF in fiscal year 2013-14, and has budgeted to receive approximately $99.5 million in aggregate revenues under the LCFF in fiscal year 2014-15 (or approximately 84.7% of its general fund revenues in fiscal year 2014-15). Such amount includes an estimated $3.4 million in supplemental grants in fiscal year 2014-15 and no money in concentration grants in fiscal year 2014-15.

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently.

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

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

Local Sources of Education Funding

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

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

Local property tax revenues account for approximately 98.5% of the District's aggregate revenues allocated under the LCFF, and are budgeted to be approximately $98.1 million, or 83.5% of total general fund revenues in fiscal year 2014-15.

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

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 2.3% (or approximately $2.65 million) of the District's general fund projected revenues for fiscal year 2014-15.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 4.0% (or approximately $4.6 million) of the District's general fund budgeted revenues for fiscal year 2014-15. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is projected at approximately $1.75 million for fiscal year 2014-15.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from items such as interest earnings and other local sources. Other local revenues comprise approximately 9.1% (or approximately $10.7 million) of the District's general fund budgeted revenues for fiscal year 2014-15.

Parcel Tax. On November 2, 2004, more than two-thirds of the voters of the District approved a qualified special tax (the "2004 Parcel Tax") at $98 per parcel for six years, which commenced on July 1, 2005. On May 6, 2010, more than two-thirds of the voters of the District approved the renewal of the 2004 Parcel Tax (the "2010 Parcel Tax") with the same annual tax rate of $98 per parcel for six years, which commenced on July 1, 2010. The District continues to rely on the $5.2 received annually from the 2010 Parcel Tax. Proceeds from the 2010 Parcel Tax are authorized to be used to preserve core academic classes and retain experienced teachers. On November 4, 2014, more than two-thirds of the voters of the District approved the renewal of the 2010 Parcel Tax (the "2014 Parcel Tax") with the same annual tax rate of $98 per parcel for six years, commencing July 1, 2016. An exemption is provided to parcels owned and occupied by taxpayers aged 65 and older, upon proper application. Proceeds from the 2014 Parcel Tax are authorized to be used to protect math, science, English, foreign language, music and art classes, maintain class sizes and retain high quality teachers and staff.

Significant Accounting Policies and Audited Financial Reports

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2014, which are included as Appendix B.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The following table shows the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2009-10 through 2013-14 abstracted from financial statements prepared by the District's independent auditor, Vavrinek, Trine, Day & Co. LLP, Certified Public Accountants & Consultants, Palo Alto, California.

Vavrinek, Trine, Day & Co. LLP has not been not been requested to consent to the use or to the inclusion of its respective reports in this Official Statement, and they have neither audited nor reviewed this Official Statement. The District is required by law to adopt its audited financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

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FREMONT UNION HIGH SCHOOL DISTRICT
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2009-10 through 2013-14

	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
Revenues					
Revenue Limit Sources / Local Control Funding Formula[1]	$79,296,411	$78,170,433	$80,120,433	$87,458,892	$93,441,458
Federal Revenues	5,122,357	2,506,249	5,018,133	2,670,841	3,082,086
Other State Revenues	8,282,529	6,423,769	1,535,697	1,805,137	6,195,187
Other Local Revenues	11,605,809	12,113,238	11,308,954	10,687,667	10,080,348
Total Revenues[2]	$104,307,106	$99,213,689	$97,983,217	$102,622,537	$112,799,079
Expenditures					
Certificated Salaries	$44,890,983	$45,963,555	$46,430,103	$49,046,975	$51,242,030
Classified Salaries	15,390,198	15,862,586	15,754,335	16,499,609	17,575,087
Employee Benefits	19,724,093	20,754,016	19,864,404	21,226,064	22,049,594
Books And Supplies	3,249,355	3,787,041	3,690,468	3,995,672	4,501,494
Services And Other Operating	11,351,804	10,688,620	11,160,773	11,807,447	11,727,560
Other Outgo	(186,703)	(95,759)	(160,862)	(159,665)	(184,431)
Capital Outlay	60,803	22,995	263,783	378,520	69,187
Total Expenditures	$94,480,533	$96,983,054	$97,003,004	$102,794,652	$106,980,521[2]
Excess (Deficiency) Of Revenues Over Expenditures	$9,826,573	$2,230,635	$980,213	$(172,115)	$5,818,558
Other Financing Sources (Uses)					
Transfers In	$101,062	$72,000	$705,224	$867,643	$422,323
Transfers Out	(1,416,683)	(907,829)	(4,609,476)	(2,807,855)	(1,151,389)
Net Financing Sources (Uses)	$(1,315,621)	$(835,829)	$(3,904,252)	$(1,940,212)	$(729,066)
Net Change In Fund Balance	$8,510,952	$1,394,806	$(2,924,039)	$(2,112,327)	$5,089,492
Fund Balance – Beginning	$11,454,548	$19,965,501	$24,473,787[4]	$21,549,748	$19,437,421
Fund Balance – Ending	$19,965,500[3]	$21,360,307	$21,549,748[5]	$19,437,421[5]	$24,526,913[6]

(1) Revenue limit sources for fiscal years 2009-10 through 2012-13; local control funding formula for fiscal year 2013-14.
(2) Includes on behalf payments of $1,874,068 for fiscal year 2009-10 and $1,983,782 for fiscal year 2010-11; excludes on behalf payments of $2,138,907 for fiscal year 2011-12, $2,276,942 for fiscal year 2012-13, and $2,574,934 for fiscal year 2013-14.
(3) The increase in the District's General Fund balance was primarily due to increasing one-time American Recovery and Reinvestment Act of 2009 funds.
(4) The $3,113,480 difference between the fiscal year 2010-11 ending fund balance and the fiscal year 2011-12 beginning fund balance was due to an audit adjustment.
(5) The decreases in the District's General Fund balance in fiscal year 2011-12 and fiscal year 2012-13 were primarily due to the exclusion of the Adult Education and Deferred Maintenance Funds in the General Fund.
(6) The increase in the District's General Fund balance for fiscal year 2013-14 was primarily due to one-time Common Core funding and an increase in property tax.

Source: Fremont Union High School District Annual Financial Reports for fiscal years ended June 30, 2010, 2011, 2012, 2013 and 2014.

District Budget Process and County Review

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

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

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

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

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

The District has not received a qualified or negative certification in the last five years.

The following table summarizes the District's original adopted general fund budget, the first interim report for fiscal year 2014-15, adopted December 9, 2014, and the second interim report for fiscal year 2014-15, adopted March 3, 2015.

FREMONT UNION HIGH SCHOOL DISTRICT
General Fund Budget for Fiscal Year 2014-15

	2014-15 Original Adopted Budget	2014-15 First Interim Report	2014-15 Second Interim Report
REVENUES			
LCFF Sources	$96,177,334.00	$98,733,111.00	$99,493,401.00
Federal Revenues	2,663,160.00	2,656,597.00	2,649,399.00
Other State Revenues	3,723,337.00	4,244,189.00	4,647,400.00
Other Local Revenues	10,694,392.83	10,984,880.35	10,697,172.10
TOTAL REVENUES	$113,258,223.83	$116,618,777.35	$117,487,372.10
EXPENDITURES			
Certificated Salaries	$52,551,104.00	$53,264,448.85	$55,392,085.46
Classified Salaries	18,077,167.52	18,570,978.77	18,937,212.73
Employee Benefits	23,011,858.00	23,703,175.02	24,124,877.02
Books and Supplies	7,627,133.36	11,296,607.85	10,625,659.31
Services and Other Operating Expenditures	12,676,879.00	12,168,188.69	12,727,347.69
Capital Outlay	117,281.87	125,231.00	205,231.00
Other Outgo (Excluding Transfers of Indirect Costs)	38,894.00	38,894.00	38,894.001
Other Outgo – Transfers of Indirect Costs	(282,911.00)	(251,878.00)	(251,109.00)
TOTAL EXPENDITURES	$113,817,406.75	$118,915,646.18	$121,800,198.21
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$(559,182.92)	$(2,296,868.83)	$(4,312,826.11)
OTHER FINANCING SOURCES (USES)			
Transfers In	$350,000.00	$350,000.00	$1,946,513.00
Transfers Out	870,235.00	943,661.00	1,025,941.00
TOTAL OTHER FINANCING SOURCES (USES)	$(520,235.00)	$(593,661.00)	$920,572.00
NET INCREASE (DECREASE) IN FUND BALANCE	$(1,079,417.92)	$(2,890,529.83)	$(3,392,254.11)
FUND BALANCE - BEGINNING	$24,526,912.10	$24,526,912.10	$24,526,912.10
FUND BALANCE - ENDING	$23,447,494.18	$21,636,382.27	$21,134,657.99

Source: Fremont Union High School District First Interim Report and Second Interim Report for fiscal year 2014-15.

District Debt Structure

Long-Term Obligations. The following table summarizes the District's long-term obligations for the year ended June 30, 2014:

Long-Term Debt	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due in One Year
General Obligation Bonds(1)	$301,781,118	$2,188,837	$8,980,000	$294,989,955	$9,485,000
Bond Premium(1)	9,954,477	-	762,473	9,192,004	762,473
Compensated Absences(2)	845,355	-	31,998	813,357	-
OPEB Obligation(2)	7,201,863	2,752,418	879,342	9,074,939	2,553,518
Total	$319,782,813	$4,941,255	$10,653,813	$314,070,255	$12,800,991

(1) Payments on general obligation bonds are made by the interest and sinking fund with local revenues.
(2) Compensated absences and the OPEB obligation will be paid by the fund for which the employee worked.
Source: Fremont Union High School District Annual Financial Report June 30, 2014.

General Obligation Bonds. In addition to the Bonds, the District has outstanding seven additional series of general obligation bonds, each of which is secured by *ad valorem* taxes upon all property subject to taxation by the District on a parity with the Bonds.

On February 3, 2005, the Fremont Union High School District, 2005 General Obligation Refunding Bonds (the "Series 2005 Refunding Bonds"), in an aggregate principal amount of $143,300,000, were issued by the District to advance refund a portion of the Fremont Union High School District, General Obligation Bonds, Election of 1998, Series A, Series B, and Series C bonds.

The District received authorization at an election held on June 3, 2008, to issue general obligation bonds of the District in an aggregate principal amount not to exceed $198,000,000 to finance specific construction and modernization projects (the "2008 District Bond Authorization"). On August 28, 2008, the Fremont Union High School District, General Obligation Bonds, Election of 2008, Series 2008 (the "Series 2008 Bonds"), in an aggregate principal amount of $80,000,000 were issued as the first series of bonds to be issued under the 2008 District Bond Authorization. On March 23, 2011, the Fremont Union High School District General Obligation Bonds, Election of 2008, Series 2011A Current Interest Bonds (the "Series 2011A Bonds"), in an aggregate principal amount of $28,905,000, the Fremont Union High School District General Obligation Bonds, Election of 2008, Series 2011B Capital Appreciation Bonds (the "Series 2011B Bonds"), in an initial principal amount of $16,090,108.30, and the Fremont Union High School District General Obligation Bonds, Election of 2008, Series 2011D Qualified School Construction Bonds (the "Series 2011D Bonds"), in an aggregate principal amount of $25,000,000, were issued as the second, third and fourth series of bonds to be issued under the 2008 District Bond Authorization. On February 12, 2013, the Fremont Union High School District, General Obligation Bonds, Election of 2008, Series 2013 (the "Series 2013 Bonds"), in an aggregate principal amount of $48,000,000 were issued as the fifth and last series of bonds to be issued under the 2008 District Bond Authorization.

The District received authorization at an election held on November 4, 2014, to issue general obligation bonds of the District in an aggregate principal amount not to exceed $295,000,000 to finance specific construction and modernization projects (the "2014 District Bond Authorization"). On April 22, 2015, the Fremont Union High School District, General Obligation Bonds (Election of 2014), Series 2015 (the "Series 2015 Bonds"), in an aggregate principal amount of $100,000,000 were issued as the first series of bonds under the 2014 District Bond Authorization.

The following table summarizes the District's outstanding general obligation bonded debt as of April 30, 2015, not including the Bonds:

Dated Date	Series	Final Maturity	Amount of Original Issue	Outstanding (April 30, 2015)
02/03/2005	Series 2005 Refunding Bonds	2023	$143,300,000	$ 93,735,000
08/28/2008	Series 2008 Bonds	2032	80,000,000	75,900,000
03/23/2011	Series 2011A Bonds (CIBs)	2044	28,905,000	24,295,000
03/23/2011	Series 2011B Bonds (CABs)	2040	16,090,108	16,090,108
03/23/2011	Series 2011D Bonds (QSCBs)	2026	25,000,000	23,065,000
02/12/2013	Series 2013 Bonds	2043	48,000,000	48,000,000
04/22/2015	Series 2015 Bonds	2044	100,000,000	100,000,000
Total:			$441,295,108	$381,085,108

Source: Public Financial Management, Inc.

See "DEBT SERVICE SCHEDULE – Combined Annual Debt Service" in the front portion of this Official Statement for the annual debt service requirements for the District's outstanding bonds.

Accumulated Unpaid Employee Vacation. The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2014, amounted to $813,357.

Lease Revenues. The District has leased properties built in the 1950s where the total construction costs have been fully depreciated for a number of years. Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease revenues expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2015	$3,789,724
2016	3,903,416
2017	1,771,096
2018	1,824,229
2019	1,878,956
2020-24	10,274,902
2025-29	11,911,427
2030-34	13,808,609
Total	$49,162,359

Source: Fremont Union High School District Annual Financial Report June 30, 2014.

Other Postemployment Benefit (OPEB) Obligation. The District's annual required contribution for the year ended June 30, 2014, was $2,553,518, and contributions made by the District during the year were $879,342. Interest on the net OPEB obligation to the annual required contribution was $198,900, which resulted in an increase to the net OPEB obligation of $1,873,076. As of June 30, 2014, the net OPEB obligation was $9,074,939. See APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014," Note 15 for additional information regarding the OPEB obligation and the postemployment benefits plan.

Postemployment Health Care Plan and OPEB Obligation. In addition to the retirement plan benefits with CalSTRS and the State Public Employees' Retirement System ("CalPERS") (see "– Retirement Benefits" below), the District provides certain post-retirement healthcare benefits, in accordance with District employment contracts. The Retiree Health and Welfare Benefit (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 consists of 119 retirees and beneficiaries currently receiving benefits and 948 active plan members.

The contribution requirements of plan members and the District are established and may be amended by the District and the Fremont Educators Association ("FEA"), the local California Service Employees Association ("CSEA"), and unrepresented groups. The required contribution is based on a closed 30 year amortization period and the level dollar method for the implementation year, and an open 30 year amortization period and level percentage of payroll method for subsequent years. For fiscal year 2013-2014, the District contributed $879,342 to the plan, of which $690,293 was used for current premiums. Plan members receiving benefits contributed approximately 21% of the total premiums. The District contributes $873, $724 and $2,715 monthly for FEA, CSEA and FMA, respectively. Any premiums over the District's contribution are paid by plan members.

For additional information about the District's Plan, as well as information regarding the actuarial study of retiree health liabilities as of March 1, 2014, prepared by Total Compensation Systems, Inc., see Note 15 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

Tax and Revenue Anticipation Notes. Because District revenues from local property taxes and State apportionments are received at irregular intervals throughout the year, while expenditures tend to be incurred on a regular monthly basis, the District has usually found it necessary to borrow for short-term cash needs by issuance of tax and revenue anticipation notes each year. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys, but for which the District has no taxing authority. The following table summarizes the District's tax and revenue anticipation notes in the last five years:

Issue Date	Principal Amount	Interest Rate	Yield	Due Date
07/14/2010	$11,000,000	1.50%	0.55%	06/30/2011
07/01/2011	$15,000,000	3.00	0.23	06/29/2012
07/03/2012	$10,500,000	1.50	0.24	06/28/2013
07/01/2013	$7,000,000	1.00	0.18	06/30/2014
07/01/2014	$5,000,000	1.00	0.12	06/30/2015

Source: Fremont Union High School District.

The District currently expects to issue tax and revenue anticipation notes in fiscal year 2015-16. The District may issuance tax and revenue anticipation notes in future fiscal years to supplement cash flow as necessary.

Employment

For fiscal year 2014-15, the District projects to employ 560.0 full-time equivalent ("FTE") certificated (teaching staff) employees, 260.9 FTE classified employees, and 72.9 management and supervisory personnel. For fiscal year 2014-15, the total certificated and classified payrolls are projected to be approximately $55.4 million and $18.9 million, respectively.

District employees are represented by employee bargaining units as follows:

Name of Bargaining Unit	Number of Employees Represented	Current Contract Expiration Date
Fremont Education Association (Certified)	559	06/30/2017
California School Employees Association (Classified)	330	06/30/2017
AFT – Adult and Community Education Employees	55	06/30/2015[1]

(1) The District is currently negotiating the next collective bargaining agreement with AFT.
Source: Fremont Union High School District.

Retirement Benefits

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, teachers contributed 8% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

As of June 30, 2013, an actuarial valuation (the "2013 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $74.4 billion, an increase of $3.4 billion from the June 30, 2012 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2013, June 30, 2012 and June 30, 2011, based on the actuarial assumptions, were approximately 67%, 67% and 69%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions. The following are certain of the actuarial assumptions set forth in the 2013 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," 7.50% investment rate of return, 4.50% interest on member accounts, 3.75% projected wage growth, and 3.00% projected inflation. The 2013 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "– *Governor's Pension Reform*" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

As indicated above, there was no required contribution from teachers, schools districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The 2013 CalSTRS Actuarial Valuation noted that, as of June 30, 2013, the contribution rate, inclusive of contributions from the teachers, the school districts and the State, was equivalent to 19.497% over the next 30 years. The 2013 CalSTRS Actuarial Valuation provides that the contribution rate would need to have been raised by 13.382% to a total of 32.879% to amortize the unfunded liability over a 30-year period as of June 30, 2013.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implements a new funding strategy for CalSTRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate would increase by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. Teacher contributions will also increase from 8.00% to a total of 10.25% of pay, phased in over the next three years. The State's total contribution will also increase from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

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

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	18.13
2020	19.10

Source: Assembly Bill 1469.

The District's total employer contributions to CalSTRS for fiscal years 2010-11, 2011-12, 2012-13 and 2013-14 were $3,835,533, $3,914,775, $4,048,611 and $4,297,489, respectively, and were equal to 100% of the required contributions for each year. The District projects employer contributions to CalSTRS of approximately $4.71 million for fiscal year 2014-15. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

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

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

According to the CalPERS State and Schools Actuarial Valuation as of June 30, 2012, the CalPERS Schools plan had a funded ratio of 75.5% on a market value of assets basis. The funded ratio as of June 30, 2011, June 30, 2010, June 30, 2009 and June 30, 2008 was 78.7%, 69.5%, 65.0% and 93.8%, respectively. According to the actuarial valuation as of June 30, 2012, the latest decline in the funded ratio was because the investment return experienced by CalPERS in fiscal year 2011-12 was less than the assumed 7.5%. In June 2009, the CalPERS Board of Administration adopted a new employer rate smoothing methodology for local governments and school employer rates. It was designed to ease the impact of the investment losses which were then expected in fiscal year 2008-09 on affiliated public employers while strengthening the long-term financial health of the pension fund. Under such methodology, certain investment losses are amortized and paid off over a fixed and declining 30-year period instead of a rolling 30-year amortization period.

In March of 2012, the CalPERS Board of Administration adopted new economic actuarial assumptions to be used with the June 30, 2011 actuarial valuation; in particular, lowering the price inflation assumption from 3.00% to 2.75%. Lowering the price inflation assumption resulted in a reduced discount rate, which is the fund's assumed rate of return calculated based on expected price inflation and the expected real rate of return, from 7.75% to 7.5%. According to CalPERS, this reduction in the discount rate is anticipated to increase State and school district employer contributions for each fiscal year beginning in fiscal year 2012-13 by 1.2% to 1.6% for miscellaneous plans (which includes general office and others) and by 2.2% to 2.4% for safety plans beginning in fiscal year 2012-13. In April of 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS will employ a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which are delayed until fiscal year 2015-16 for the State, schools and all public agencies, are expected to increase contribution rates in the near term but lower contribution rates in the long term.

In February of 2014, the CalPERS Board of Administration adopted new actuarial demographic assumptions that take into account public employees living longer. Such assumptions are expected to increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. CalPERS estimates that the new demographic assumptions could cost public agency employers up to 9% of payroll for safety employees and up to 5% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that future experiences differ from CalPERS' current assumptions, the required employer contributions may vary.

The District's total employer contributions to CalPERS for fiscal years 2010-11, 2011-12, 2012-13 and 2013-14 were $2,003,367, $1,988,303, $2,222,313 and $2,481,727, respectively, and were equal to 100% of the required contributions for each year. The District projects employer contributions to CalPERS of approximately $3.28 million for fiscal year 2014-15. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "–Governor's Pension Reform" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

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

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB

340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Note 7 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

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

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District is a member of the Silicon Valley Joint Powers Transportation Agency (the "SVJPA"), the Santa Clara County Schools Insurance Group (the "SCCSIG"), and the Northern California Regional Liability Excess Fund (the "North CalReLiEF"). The relationship between the District, the pools and the joint powers authorities are such that they are not component units of the District for financial reporting purposes.

The District has appointed one board member to the Governing Board of SVJPA, SCCSIG, and North CalReLiEF. During the year ended June 30, 2014, the District made payments as follows:

Related Entities	Service Payments	Service Provided
SVJPA	$1,982,357	Transportation for special education students
SCCSIG	949,968	Excess workers' compensation insurance
North CalReLiEF	489,892	Property and liability insurance

Source: The District's Annual Financial Report for the fiscal year ended June 30, 2014.

For fiscal year 2014-15, the District has budgeted to make service payments of $1,957,654 to SVJPA, $1,048,368 to SCCSIG and $589,848 to North CalReLiEF.

See Note 17 to the District's financial statements attached here to as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

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) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

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

Article XIIIB of the California Constitution

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

The District's budgeted appropriations from "proceeds of taxes" (sometimes referred to as the "Gann limit") for the 2013-14 fiscal year are equal to the allowable limit of $96,166,168, and estimates an appropriations limit for the 2014-15 fiscal year of $96,635,819. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Article XIIIC and Article XIIID of the 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 ("Article XIIIC" and "Article XIIID," respectively), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the 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. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

Statutory Limitations

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

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

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "K-14 districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

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

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

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

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

Proposition 30

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "–Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the Education Protection Account), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 tax increases are temporary and expire at the end of the 2016 and 2019 tax years. The District cannot predict the effect the loss of the revenues generated from such temporary tax increases will have on total State revenues and the effect on the Proposition 98 formula for funding schools.

Applications of Constitutional and Statutory Provisions

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

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 62, 98, 111 and 218, were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

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APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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FREMONT UNION
HIGH SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2014

FREMONT UNION HIGH SCHOOL DISTRICT

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FREMONT UNION HIGH SCHOOL DISTRICT

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FINANCIAL SECTION

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Governing Board
Fremont Union High School District
Sunnyvale, 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 Fremont Union High School District (the District) as of and for the year ended June 30, 2014, 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 *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014*, 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 District'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 District'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 Fremont Union High School District, as of June 30, 2014, 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 to the financial statements, the District has adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which has resulted in a restatement of beginning net position in the government-wide financial statement. The impact of the restatement is a reduction in beginning net position of $2,521,734. 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 other post employment benefits schedule of funding progress, management's discussion and analysis and budgetary comparison information 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 Fremont Union High School District's basic financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 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 1, 2014, on our consideration of the Fremont Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont Union High School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Palo Alto, California
December 1, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

This section of Fremont Union High School District's (FUHSD) annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section. Comparative analyses are presented in the tables that follow:

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Fremont Union High School District (the District) using the integrated approach 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 and include the governmental activities. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). 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 three categories of activities: governmental, proprietary, and fiduciary.

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

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

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

The financial statements also include notes that explain some of the information in the statements and provide detailed data. The statements are followed by a section of required supplementary budget information that further explains and supports the financial statements.

The Primary unit of the government is the Fremont Union High School District.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

The 2013-14 State Budget is balanced and has the first real reserve in years. After considerable negotiations between the Legislature and the Governor, state policy makers enacted the Local Control Funding Formula (LCFF) to replace revenue limits, commencing in 2013-14. This is the most sweeping reform of the state's school finance system since the enactment of Senate Bill 90 in the early 1970's. In addition, the State Budget establishes a comprehensive local accountability system, which will require local educational agencies (LEAs), to adopt a local control and accountability plan (LCAP). The LCAP must include local goals that reflect priorities of the state, student achievement measures, parent engagement strategies, and a report on school climate.

The District continues to rely upon the $5.2 million received annually from the parcel tax that was originally approved by the voters in November 2004. On May 4, 2010, District voters renewed the parcel tax for a period of six years. In accordance with the ballot language, the funds are used to preserve core academic classes and retain experienced teachers. The District has been careful to track the particular programs funded through parcel tax revenues.

The District received its second general obligation bond authorization of $198 million in November 2008. At the time of the election, the District indicated to voters that the maximum tax rate in connection with the authorization would be $18 per $100,000 in assessed value. The Series 2008 bonds were issued entirely as current interest bonds, but by 2011, it became clear that the District would need to issue some capital appreciation bonds, or CABs to stay within the tax rate target. The need for CABs was driven by two factors – less than projected tax base growth (due to the housing crisis) and the desire to use the full amount of the qualified school construction bond, or QSCB, allocation. The QSCB program allowed the District to issue bonds at federally subsidized rates, but under certain conditions – one of which included a requirement that the bonds needed to be repaid within 15 years. The QSCB program was originally expected to attract over $14.6 million in federal subsidies (before factoring in any effect of sequestration), but constrained the program in the earlier years. In order to lower the number of CABs issued under the program, the District downsized the Series 2011 bonds by $5 to $10 million.

California school district bond programs have recently garnered increased attention from a number of sources (including State and County Treasurers, local/national media, and taxpayer groups). Capital appreciation bonds, or CABs, and the associated deferral of debt service payments have come under the largest scrutiny. The District had issued $16.09 million as CABs as part of the Series 2011 issuance and would have needed to issue more CABs as part of the Series 2013 to stay within the $18 tax rate target using conservative tax base growth assumptions. In response to the current political circumstances, the District provided a number of options to the Board. The Board selected to issue the remaining 2008 authorization entirely as current interest bonds even with the possibility that the tax rates would drift above the $18 tax rate target. It was estimated that the impact of the additional interest costs in earlier years from issuing current interest bonds would be approximately 50 cents above the tax rate target. The District may still stay within the tax rate targets if it experiences better than projected tax base growth.

As required by the Education Code of the State and the 2008 bond authorization, the District has established a Citizens Oversight Committee to review the District's expenditure of bond proceeds and its progress in completing the projects specified in the measure, and to make periodic reports to the public in order to ensure that bond funds are spent only for authorized purposes.

The District's residency verification program continued in 2013-14 as the District remains committed to this effort. The program now contains a full time investigator and two part time investigators along with a manager and clerical support positions. Enrollment continues to escalate, topping 10 thousand this year, making the residency efforts even more important. Though all of our schools have seen increased enrollment in the last 5 years, the greatest impact has been at Cupertino, Homestead and Fremont High Schools. Each of these schools are projected to have enrollment of over 2,700 in the next ten years.

The relationship between all of our bargaining groups continues to be collaborative and positive. This includes our Classified Union – CSEA, our Certificated Union – FEA, and our newest bargaining group AFT which represents our Adult and Community Education employees.

2013-14 marked the second consecutive year that each bargaining group participating in the Revenue Sharing Process saw positive returns.

The District had meetings with both Moody's Investor Services and Standard & Poor's in connection with the issuance of the Series 2013 bonds. The District received an upgrade from Standard & Poor's to "AAA" from "AA+". The District now has the highest rating given out by Standard & Poor's (and is incidentally rated higher than the nation)! Standard & Poor's cited the District's entrenchment in basic aid status, strong operations, and maintenance of very strong reserves as the basis for the District's upgrade. Moody's affirmed their "Aa1" rating, which is already the highest rating that Moody's gives out to California school districts.

In order to provide facilities, programs, and staffing needed for a first class education for our students, on July 8, 2014, the Board of Trustees voted to place measures J and K on the November 4, 2014 ballot.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

These two statements report the District's net position and changes in it. Net position is the difference between assets and liabilities, and is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health 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 shown in the District's operating results. Since the Board's responsibility is to provide services to 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 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 - All of the District's services are reported in this category. This includes the education of kindergarten through twelfth grade 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, user fees, interest income, Federal, state, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Fund Net Position.* We use internal service funds (a type of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

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 the funds for associated student body activities. The District's fiduciary activities are reported in the *Statements of Fiduciary Net Position.*

These activities are excluded 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 $134.48 million for the fiscal year ended June 30, 2014. Of this amount, $46.38 million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use the net position for day-to-day operations. The analysis below focuses on net position (Table 1) and the change in net position (Table 2) of the District's governmental activities.

TABLE 1

(Amounts in millions)	2013	2014	CHANGE
Current and other assets	$ 150.30	$ 121.24	$ (29.06)
Capital assets	319.67	347.92	28.25
Total Assets	469.97	469.16	(0.81)
Current liabilities	18.96	20.60	1.64
Long-term liabilities	319.78	314.07	(5.71)
Total Liabilities	338.74	334.67	(4.07)
Net Position			
Net investment in capital assets	65.13	62.34	(2.79)
Restricted	24.02	25.76	1.74
Unrestricted	42.08	46.38	4.30
Total Net Position	$ 131.23	$ 134.48	$ 3.25

The $46.38 million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. It means that if the District had to pay off all of its bills today including all of its non-capital liabilities (compensated absences as an example), there would be $46.38 million remaining. Though listed as unrestricted for purposes of this report, the $35.73 million of the $46.38 net position is committed or assigned to various programs of the district.

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 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see the total revenues for the year.

TABLE 2

(Amounts in millions)

REVENUES	**2013**	**2014**	**CHANGE**
Program revenues:			
Charges for services	$ 0.51	$ 0.49	$ (0.02)
Operating grants and contributions	8.72	9.41	0.69
General revenues:			
Federal and state sources	4.30	6.04	1.74
Property taxes	109.99	119.86	9.87
Other general revenue	24.74	15.84	(8.90)
Total Revenues	148.26	151.64	3.38
EXPENSES			
Instruction	69.60	73.42	3.82
Instruction-related services	19.83	20.14	0.31
Pupil services	13.99	15.17	1.18
General administration	6.20	7.04	0.84
Plant services	10.68	11.74	1.06
Ancillary services	0.10	0.16	0.06
Interest on long-term debt	12.00	15.43	3.43
Other outgo	0.03	0.04	0.01
Total Expenditures	132.43	143.14	10.71
NET CHANGE IN POSITION	$ 15.83	$ 8.50	$ (7.33)

Governmental Activities

As reported in the Statement of Activities on page 16 the cost of all governmental activities this year was $143.14 million. However, the amount that the taxpayers ultimately financed for these activities through local taxes was $119.86 million because the cost was paid by those who benefited from the programs or by other governments and organizations who subsidized certain programs with grants and contributions ($9.41 million). The District paid for the remaining "public benefit" portion of our governmental activities with $22.37 million in state revenue limit sources, State funds and with other revenues, like interest and general entitlements.

Table 3 below presents the net cost of each of the District's largest functions. 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 citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

TABLE 3

(Amounts in millions)	2013	2014	CHANGE
Instruction	$ 64.58	$ 67.75	$ 3.17
Instruction-related services:			
Supervision of instruction	3.47	4.03	0.56
Instructional library, media and technology	1.98	2.04	0.06
School administration	13.71	13.53	(0.18)
Pupil services:			
Home-to-school transportation	2.43	2.60	0.17
Food services	2.23	2.49	0.26
All other pupil services	7.26	8.07	0.81
General administration:			
Data processing	0.23	0.21	(0.02)
All other general administration	5.71	6.25	0.54
Plant services	10.68	11.74	1.06
Ancillary services	0.10	0.16	0.06
Community services	0.01	0.01	0.00
Interest on long-term debt	12.00	15.43	3.43
Other outgo	(1.19)	(1.07)	0.12
TOTAL NET COST	$ 123.20	$ 133.24	$ 10.04

Other General Administration activities include fiscal services, personnel services, and central support services. This category includes attendance recording and reporting activities performed at the District level. This category also includes all other costs of property or general liability insurance not charged to a specific function. In addition, the costs of assistant superintendents for instruction or equivalent positions having first-line responsibility for instructional administration and for participation in district/county policy may be charged as follows:

- 50 percent to Instructional Supervision and Administration (Function 2100)
- 50 percent to Other General Administration (Function 7200)

THE DISTRICT'S FUNDS

As the District completed this year, governmental funds had a reported combined fund balance of $105.33 million, which is a decrease of $27.75 million from last year.

The primary reasons for these changes are:

a) The General Fund is the principal operating fund. The fund balance in the General Fund increased from $19.44 million to $24.53 million. This increase was primarily due to one-time Common Core funding and an increase in property tax.
b) The Building fund showed a decrease from $86.50 million to $51.68 million. This was primarily due to a combination of spending down the bond proceeds for modernization projects, and the final series of the bonds were issued in January 29, 2013.
c) The Bond Interest and Redemption fund increased from $17.51 million to $18.58 million. This was primarily due to an increase in funds set aside for future debt redemption associated with the new bond sale.

General Fund Budgetary Highlights

The Education Code requires that all school districts adopt a budget by July 1, and then twice a year submit to their County Offices of Education interim financial reports. These first and second interim reports reflect the status of district finances as of October 31 and January 31. Year-end actuals are submitted by September 15.

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 10, 2014. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the annual report on page 57.

Significant revenue and expenditure revisions to the 2014-15 budgets were made. This is primarily due to salary increases and school site carryover from 2013-14 at the time of budget adoption.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had $347.91 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, depreciation and disposal) of $30.97 million from last year.

TABLE 4

	Governmental Activities		
(Amounts in millions)	**2013**	**2014**	**CHANGE**
Land	$ 1.96	$ 1.96	$ -
Construction in progress	40.69	19.17	(21.52)
Buildings and improvements	314.38	373.81	59.43
Furniture and equipment	3.70	5.11	1.41
Total Assets	360.73	400.05	39.32
Less Accumulated Depreciation	(43.79)	(52.14)	(8.35)
Totals	$ 316.94	$ 347.91	$ 30.97

This year's additions included school modernization of $37.91 million, and equipment of $1.41 million. Several capital projects are planned for completion in the 2014-2015 year. More information about our capital assets is presented in Note 4 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $314.07 million in long-term debt outstanding versus $319.78 million last year, a decrease of 1.79 percent.

TABLE 5

	Government Activities		
(Amounts in millions)	**2013**	**2014**	**CHANGE**
General obligation bonds and premiums	$ 311.73	$ 304.19	$ (7.54)
Compensated absences	0.85	0.81	(0.04)
Other postemployment benefits obligations	7.20	9.07	1.87
Totals	$ 319.78	$ 314.07	$ (5.71)

The District's general obligation bond rating is Aa1 (based on Moody's Investor Services) and AAA (based on Standard & Poor's). The State limits the amount of general obligation debt that the District can issue. The District's outstanding general obligation bond debt of $304.19 million is below this limit.

Other obligations include compensated absences payable. More detailed information regarding our long-term liabilities is presented in Note 9 of the financial statements.

The District has an estimated liability of $9.07 million for OPEB (other post-employment benefits). During fiscal year 2006-2007 the District established an irrevocable trust with American United Life that is administered by MidAmerica to fund this liability. The trust had a restricted fund balance of $6.59 million at June 30, 2014. The formation of this irrevocable trust protects the funds set aside for retiree benefits and was an important element to the District being an early adopter of GASB 45, implementing the requirements three years ahead of schedule.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's 2014-2015 Budget

District Administration is projecting that its financial position will improve for the 2014-15 Budget. The State enacted the Local Control Funding Formula (LCFF) to replace revenue limits and most categorical programs, commencing in 2014-15. This is the most sweeping reform of the state's school finance system since the enactment of Senate Bill 90 in the early 1970's, the Legislature's response to the landmark Serrano court decision.

Enrollment is projected to increase by approximately 81 students, but we are uncertain about the economy's impact on long term projections. Current projections show a 10 year period of increasing enrollment. In the area of employee compensation, there is no salary increase budgeted for 2014-15.

The Homestead and Fremont High School Cafeteria/Kitchen/Classroom projects are under construction and should be completed by summer of 2015. The Homestead Boiler/Infrastructure project is slated to be completed by the end of 2015.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, 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, then contact the office of Christine Mallery, Chief Business Officer/Associate Superintendent, at the Fremont Union High School District, 589 W. Fremont Avenue, Sunnyvale, California, (408) 522-2245.

FREMONT UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Deposits and investments	$ 115,627,073
Receivables	5,232,125
Prepaid expenses	340,737
Stores inventories	42,868
Capital assets not depreciated	21,126,110
Capital assets, net of accumulated depreciation	326,783,137
Total Assets	469,152,050
LIABILITIES	
Accounts payable	8,135,395
Interest payable	5,054,194
Unearned revenue	193,593
Current loans	7,000,000
Claims liability	213,365
Current portion of long-term obligations	12,800,991
Noncurrent portion of long-term obligations	301,269,264
Total Liabilities	334,666,802
NET POSITION	
Net investment in capital assets	62,335,384
Restricted for:	
Debt service	13,521,476
Capital projects	4,903,224
Self insurance	370,301
Educational programs	6,973,944
Unrestricted	46,380,919
Total Net Position	$ 134,485,248

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental Activities:					
Instruction	$ 73,416,889	$ 37,003	$ 5,631,696	$ 1,396	$ (67,746,794)
Instruction-related activities:					
Supervision of instruction	4,440,681	9,918	401,672	-	(4,029,091)
Instructional library, media, and technology	2,047,300	1,460	2,814	-	(2,043,026)
School site administration	13,656,223	3	128,529	-	(13,527,691)
Pupil services:					
Home-to-school transportation	2,606,482	-	-	-	(2,606,482)
Food services	3,065,624	-	579,475	-	(2,486,149)
All other pupil services	9,495,218	490	1,429,389	-	(8,065,339)
Administration:					
Data processing	212,238	-	-	-	(212,238)
All other administration	6,827,770	1,546	574,999	-	(6,251,225)
Plant services	11,740,108	366	558	-	(11,739,184)
Ancillary services	156,285	6	9	-	(156,270)
Community services	12,761	-	-	-	(12,761)
Interest on long-term obligations	15,430,473	-	-	-	(15,430,473)
Other outgo	34,535	437,179	666,786	-	1,069,430
Total Governmental Activities	$ 143,142,587	$ 487,971	$ 9,415,927	$ 1,396	(133,237,293)

General revenues and subventions:	
Property taxes, levied for general purposes	92,658,626
Property taxes, levied for debt service	22,056,447
Taxes levied for other specific purposes	5,141,511
Federal and State aid not restricted to specific purposes	6,036,901
Interest and investment earnings	299,066
Miscellaneous	15,541,389
Subtotal, General Revenues	141,733,940
Change in Net Position	8,496,647
Net Position - Beginning, as restated	125,988,601
Net Position - Ending	$ 134,485,248

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

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FREMONT UNION HIGH SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 30,981,942	$ 55,221,174	$ 18,565,764
Receivables	4,491,092	338,142	9,906
Due from other funds	338,197	-	-
Prepaid expenditures	34,423	-	-
Stores inventories	-	-	-
Total Assets	$ 35,845,654	$ 55,559,316	$ 18,575,670
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 4,182,357	$ 3,627,606	$ -
Due to other funds	97,703	149,840	-
Unearned revenue	38,681	106,480	-
Other current liabilities	7,000,000	-	-
Total Liabilities	11,318,741	3,883,926	-
Fund Balances:			
Nonspendable	49,423	-	-
Restricted	6,899,860	18,608,096	18,575,670
Committed	-	-	-
Assigned	6,919,099	33,067,294	-
Unassigned	10,658,531	-	-
Total Fund Balances	24,526,913	51,675,390	18,575,670
Total Liabilities and Fund Balances	$ 35,845,654	$ 55,559,316	$ 18,575,670

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

Non Major Governmental Funds	Total Governmental Funds
$ 10,687,419	$ 115,456,299
382,541	5,221,681
-	338,197
-	34,423
42,868	42,868
$ 11,112,828	$ 121,093,468
$ 324,222	$ 8,134,185
188,357	435,900
48,073	193,234
-	7,000,000
560,652	15,763,319
43,993	93,416
4,942,926	49,026,552
5,574,118	5,574,118
-	39,986,393
(8,861)	10,649,670
10,552,176	105,330,149
$ 11,112,828	$ 121,093,468

FREMONT UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2014

Total Fund Balance - Governmental Funds		**$ 105,330,149**
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:	$ 400,044,531	
Accumulated depreciation is:	(52,135,284)	
Net Capital Assets		347,909,247
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(5,054,194)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		370,301
Long-term obligations at year-end consist of:		
Bonds payable	304,181,959	
Compensated absences (vacations)	813,357	
Other post-employment benefits	9,074,939	
Total Long-Term Obligations		(314,070,255)
Total Net Position - Governmental Activities		**$ 134,485,248**

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

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FREMONT UNION HIGH SCHOOL DISTRICT

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

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local control funding formula	$ 93,441,458	$ -	$ -
Federal sources	3,082,086	-	1,230,334
Other State sources	8,770,121	-	106,293
Other local sources	10,080,348	5,558,989	21,984,385
Total Revenues	115,374,013	5,558,989	23,321,012
EXPENDITURES			
Current			
Instruction	66,204,102	-	-
Instruction-related activities:			
Supervision of instruction	4,042,850	-	-
Instructional library, media and technology	1,762,616	-	-
School site administration	10,525,711	-	-
Pupil services:			
Home-to-school transportation	2,430,305	-	-
Food services	353	-	-
All other pupil services	8,853,417	-	-
Administration:			
Data processing	197,892	-	-
All other administration	6,047,837	-	-
Plant services	9,114,551	1,186,273	-
Facility acquisition and construction	80,518	38,771,767	-
Ancillary services	145,721	-	-
Community services	11,898	-	-
Other outgo	34,535	-	-
Debt service			
Principal	-	-	8,980,000
Interest and other	103,149	-	13,277,433
Total Expenditures	109,555,455	39,958,040	22,257,433
Excess (Deficiency) of Revenues Over Expenditures	5,818,558	(34,399,051)	1,063,579
Other Financing Sources (Uses)			
Transfers in	422,323	-	-
Transfers out	(1,151,389)	(422,323)	-
Net Financing Sources (Uses)	(729,066)	(422,323)	-
NET CHANGE IN FUND BALANCES	5,089,492	(34,821,374)	1,063,579
Fund Balance - Beginning	19,437,421	86,496,764	17,512,091
Fund Balance - Ending	$ 24,526,913	$ 51,675,390	$ 18,575,670

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 2,746,260	$ 96,187,718
946,317	5,258,737
98,147	8,974,561
3,594,404	41,218,126
7,385,128	151,639,142
1,327,660	67,531,762
97,677	4,140,527
146,303	1,908,919
1,770,843	12,296,554
-	2,430,305
2,858,059	2,858,412
-	8,853,417
-	197,892
218,965	6,266,802
934,978	11,235,802
234,192	39,086,477
-	145,721
-	11,898
-	34,535
-	8,980,000
-	13,380,582
7,588,677	179,359,605
(203,549)	(27,720,463)
1,126,416	1,548,739
-	(1,573,712)
1,126,416	(24,973)
922,867	(27,745,436)
9,629,309	133,075,585
$ 10,552,176	$ 105,330,149

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

Total Net Change in Fund Balances - Governmental Funds	**$ (27,745,436)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Capital outlay 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 expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.	
Capital outlays	39,396,675
Depreciation expense	(8,354,783)
Net Expense Adjustment	31,041,892
Loss on disposal of capital assets is reported as an expense in the statement of activities, but is not recorded on the governmental funds.	(78,197)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation earned was less than the amounts used.	31,998
The underfunded portion of the Annual Required Contribution (ARC) of the other postemployment benefits is not recorded in the governmental funds. In the statement of activities, the underfunded portion of the ARC is recognized as expenses.	(1,873,076)
Amortization of bond premiums reduce long-term obligations in the statement of net position and is recorded in the statement of activities as revenue, but does not affect the governmental funds.	762,473
Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the statement of net position and does not affect the statement of activities.	8,980,000

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

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

Accreted interest is not an expenditure in the governmental funds, but it increases the long-term liabilities in the statement of net position and is reflected as additional interest expense in the statement of activities.	(2,188,837)
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.	(623,527)
An internal service fund is used by the District's management to charge the costs of the self-insurance program to the individual funds. The net loss of the Internal Service fund is reported with governmental activities.	189,357
Change in Net Position of Governmental Activities	**$ 8,496,647**

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

FREMONT UNION HIGH SCHOOL DISTRICT

PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2014

		Governmental Activities - Internal Service Fund
ASSETS		
Current Assets		
Deposits and investments	$	170,774
Receivables		10,444
Due from other funds		97,703
Prepaid expenses		306,314
Total Current Assets		585,235
LIABILITIES		
Current Liabilities		
Accounts payable		1,210
Unearned revenue		359
Total Current Liabilities		1,569
Noncurrent Liabilities		
Claims liability		213,365
Total Liabilities		214,934
NET POSITION		
Restricted for insurance programs	$	370,301

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

FREMONT UNION HIGH SCHOOL DISTRICT

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
In-District premium	$ 2,138,669
OPERATING EXPENSES	
Payroll costs	249
Professional and contract services	1,969,878
Facility rental	4,250
Total Operating Expenses	1,974,377
Operating Income	164,292
NONOPERATING REVENUES	
Interest income	92
Transfers in	24,973
Total Nonoperating Revenues	25,065
Change in Net Position	189,357
Total Net Position - Beginning	180,944
Total Net Position - Ending	$ 370,301

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

FREMONT UNION HIGH SCHOOL DISTRICT

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	$ 2,548,016
Cash payments for insurance expenses	(2,042,212)
Cash payments to employees for services	(249)
Net Cash Provided By Operating Activities	505,555
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	297
Cash receipts for interfund services	24,973
Net Cash Provided by Investing Activities	25,270
Net Increase in Cash and Cash Equivalents	530,825
Cash and Cash Equivalents - Beginning	(360,051)
Cash and Cash Equivalents - Ending	$ 170,774
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 164,292
Changes in assets and liabilities:	
Receivables	(10,282)
Due from other fund	419,629
Inventories	(101,930)
Accrued liabilities	33,631
Unearned revenue	215
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 505,555

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

FREMONT UNION HIGH SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2014

	Retiree Benefits Trust	Agency Funds
ASSETS		
Deposits and investments	$ 6,425,274	$ 2,532,677
Receivables	3,431	-
Prepaid expenses	157,056	-
Total Assets	6,585,761	$ 2,532,677
LIABILITIES		
Accounts payable	26	$ -
Due to student groups	-	2,532,677
Total Liabilities	26	$ 2,532,677
NET POSITION		
Restricted	$ 6,585,735	

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

FREMONT UNION HIGH SCHOOL DISTRICT

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

	Retiree Benefits Trust
ADDITIONS	
District contributions	$ 879,342
Interest	170,196
Total Additions	1,049,538
DEDUCTIONS	
Benefit expenses	690,293
Change in Net Position	359,245
Net Position - Beginning	6,226,490
Net Position - Ending	$ 6,585,735

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Fremont Union High School District was organized in 1925 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 9-12 as mandated by the State and Federal agencies. The District operates five high schools, one alternative high school, one adult, and one independent study 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 Fremont Union High School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and 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 and report all financial resources not accounted for reported in another fund.

Building Fund The Building Fund exists primarily to account separately for proceeds from sale of bonds and acquisition of major governmental capital facilities and buildings.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, district bonds, interest, and related costs.

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 expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only, except, for State revenues which, as a result of Senate Bill 4 of the 2009-10 Third Extraordinary Session (SBX3 4), may be used for any educational purpose.

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).

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

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

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

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

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

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

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

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust funds include the Retiree Benefits 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 trust fund accounts for contribution and payments related to retiree benefit activities and 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 of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

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 government-wide statements.

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2014, 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 are determined by the program sponsor.

Prepaid Expenditures

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 in the benefiting period.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary funds when used.

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 $10,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds. Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and building improvement, 50 years; equipment, 5 to 15 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 within the governmental funds and governmental activities.

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

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

Debt Issuance Costs, Premiums and Discounts

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

In governmental fund financial statements, debt premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is recorded 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.

Fund Balances – Governmental Funds

As of June 30, 2014, 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 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 of regulations of other governments.

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

Assigned – amounts that do not meet the criteria to be classified as restricted or committed by that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purpose.

Unassigned – all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

In fiscal year 2013-2014, the governing board adopted a minimum fund balance policy for the General Fund in compliance with GASB 54 to establish fund balance policies 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 10 percent of General Fund expenditures and other financing uses. At June 30, 2014, $9,134,382 of the Fund balance for the General Fund was reported as amounts unassigned and held for economic uncertainties.

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.

Operating Revenues and Expenses

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

Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for 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 column of the statement of activities.

Estimates

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

Budgetary Data

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

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

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 Santa Clara bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

As the result of implementing GASB Statement No. 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013, by $2,521,734. The decrease results from no longer deferring and amortizing bond issuance costs.

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Governmental funds	$	115,456,299
Proprietary fund		170,774
Fiduciary funds		8,957,951
Total Deposits and Investments	$	124,585,024

Deposits and investments as of June 30, 2014, consist of the following:

Cash on hand and in banks	$	9,737,526
Investment		108,555,502
Investment in annuities		6,291,996
Total Deposits and Investments	$	124,585,024

Policies and Practices

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

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

General Authorizations

Limitations as they relate to interest rate 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The District's retiree benefit plan also has an annuity account with a third party for the reserve of the future retiree benefit payments.

The District monitors the interest rate risk inherent in its portfolio by measuring the average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Costs	Fair Value	Average Maturity in Days
County Pool	$ 108,555,502	$ 108,556,696	416
Annuities for Retiree Benefit Trust Fund	6,291,996	6,291,996	N/A
Total	$ 114,847,498	$ 114,848,692	

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 annuity with ING ReliaStar Group is a fixed investment product with ING that is principal protected and guarantees a 3 percent minimum rate of return. ReliaStar Life Insurance Company has a rating from Standard and Poor's of AA.

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 have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public 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, 2014, approximately $8,912,276 of the District's bank balances of 9,788,525 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2014, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total	Proprietary Funds	Fiduciary Funds
Federal Government							
Categorical aid	$ 1,284,743	$ -	$ -	$ 357,105	$ 1,641,848	$ -	$ -
State Government							
Apportionment	420,740	-	-	-	420,740	-	-
Categorical aid	737,572	-	-	9,049	746,621	-	-
Lottery	826,312	-	-	-	826,312	-	-
Local Government							
Interest	38,187	58,622	9,906	9,979	116,694	-	717
Other Local Sources	1,183,538	279,520	-	6,408	1,469,466	10,444	2,714
Total	$ 4,491,092	$ 338,142	$ 9,906	$ 382,541	$ 5,221,681	$ 10,444	$ 3,431

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2013	Additions	Deductions/ Adjustments	Balance June 30, 2014
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 1,958,025	$ -	$ -	$ 1,958,025
Construction in progress	40,691,313	37,905,929	59,429,157	19,168,085
Total Capital Assets Not Being Depreciated	42,649,338	37,905,929	59,429,157	21,126,110
Capital Assets Being Depreciated:				
Buildings and improvements	314,383,442	59,429,157	-	373,812,599
Furniture and equipment	3,699,323	1,490,746	84,247	5,105,822
Total Capital Assets Being Depreciated	318,082,765	60,919,903	84,247	378,918,421
Total Capital Assets	360,732,103	98,825,832	59,513,404	400,044,531
Less Accumulated Depreciation:				
Buildings and improvements	41,843,179	7,996,395	-	49,839,574
Furniture and equipment	1,943,372	358,388	6,050	2,295,710
Total Accumulated Depreciation	43,786,551	8,354,783	6,050	52,135,284
Governmental Activities Capital Assets, Net	$ 316,945,552	$ 90,471,049	$ 59,507,354	$ 347,909,247

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

Governmental Activities	
Instruction	$ 4,705,089
Supervision of instruction	300,154
Instructional library, media, and technology	138,381
School site administration	891,400
Home-to-school transportation	176,177
Food services	207,212
All other pupil services	641,801
Ancillary service	10,564
Community services	863
All other general administration	454,292
Data processing	14,346
Plant services	814,504
Total Depreciation Expenses Governmental Activities	$ 8,354,783

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivables and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payable balances at June 30, 2014, between major and non-major governmental funds, and the internal service fund are as follows:

	Due From		
Due To	General Fund	Internal Service Fund	Total
General Fund	$ -	$ 97,703	$ 97,703
Building fund	149,840	-	149,840
Non-Major Governmental funds	188,357	-	188,357
Total	$ 338,197	$ 97,703	$ 435,900

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

Operating Transfers

Interfund transfers for the year ended June 30, 2014, consisted of the following:

	Transfer In			
Transfer Out	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total
General fund	$ -	$ 1,126,416	$ 24,973	$ 1,151,389
Building fund	422,323	-	-	422,323
Total	$ 422,323	$ 1,126,416	$ 24,973	$ 1,573,712

The General fund transferred to the Cafeteria fund for support.	$ 1,047,475
The General fund transferred to the Self Insurance fund to support cash flow.	24,973
The General fund transferred to the Adult Education fund as required by LCFF to maintain Adult Education fund per previous year.	78,941
The Building fund transferred to the General fund to support local programs.	422,323
Total	$ 1,573,712

NOTE 6 - ACCOUNTS PAYABLE

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Proprietary Fund	Fiduciary Funds
Vendor payables	$ 1,096,394	$ 1,885,493	$ 142,977	$ 3,124,864	$ 1,210	$ 26
Salaries and benefits	3,085,963	1,742,113	181,245	5,009,321	-	-
Total	$ 4,182,357	$ 3,627,606	$ 324,222	$ 8,134,185	$ 1,210	$ 26

NOTE 7 - UNEARNED REVENUE

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Proprietary Funds
Other local	$ 38,681	$ 106,480	$ 48,073	$ 193,234	$ 359

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

At July 1, 2013, the District issued $7 million of Tax and Revenue Anticipation Notes bearing interest at one percent. The notes were issued to supplement cash flow. Interest and principal were due and payable on July 1, 2014. By June 30, 2014, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District has recorded the cash available to make the principal and interest payments as Cash with Fiscal Agent and with the corresponding liability as a current loan.

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes is as follows:

Issue Date	Rate	Maturity Date	Outstanding July 1, 2013	Additions	Payments	Outstanding June 30, 2014
7/1/2013	1.00%	6/30/2014	$ -	$ 7,000,000	$ -	$ 7,000,000

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due in One Year
General obligation bonds	$ 301,781,118	$ 2,188,837	$ 8,980,000	$ 294,989,955	$ 9,485,000
Bond premium	9,954,477	-	762,473	9,192,004	762,473
Compensated absences	845,355	-	31,998	813,357	-
OPEB obligation	7,201,863	2,752,418	879,342	9,074,939	2,553,518
	$ 319,782,813	$ 4,941,255	$ 10,653,813	$ 314,070,255	$ 12,800,991

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. The Compensated absences and the OPEB obligation will be 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, 2013	Issued/ Accretion	Redeemed	Bonds Outstanding June 30, 2014
1/20/05	9/1/23	3-5%	$ 143,400,000	$ 107,560,000	$ -	$ 6,565,000	$ 100,995,000
8/14/08	8/1/33	4-5%	80,000,000	76,700,000	-	200,000	76,500,000
3/10/11	8/1/44	2-12%	69,995,108	69,521,118	2,188,837	2,215,000	69,494,955
1/29/13	8/1/44	3-5%	48,000,000	48,000,000	-	-	48,000,000
				$ 301,781,118	$ 2,188,837	$ 8,980,000	$ 294,989,955

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

Fiscal Year		Principal	Interest to Maturity	Total
2015		$ 9,485,000	$ 12,903,813	$ 22,388,813
2016		10,580,000	12,426,552	23,006,552
2017		11,780,000	11,877,908	23,657,908
2018		13,115,000	11,260,323	24,375,323
2019		14,530,000	10,589,467	25,119,467
2020-2024		85,495,000	40,582,886	126,077,886
2025-2029		34,846,938	25,227,681	60,074,619
2030-2034		34,781,849	17,471,421	52,253,270
2035-2039		15,062,693	13,154,264	28,216,957
2040-2044		44,783,628	10,239,768	55,023,396
2045		16,110,000	432,958	16,542,958
Total		290,570,108	$ 166,167,041	$ 456,737,149
	Accreted interest	4,419,847		
		$ 294,989,955		

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2014, amounted to $813,357.

Other Postemployment Benefit (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2014, was $2,553,518, and contributions made by the District during the year were $879,342. Interest on the net OPEB obligation to the annual required contribution was $198,900, which resulted in an increase to the net OPEB obligation of $1,873,076. As of June 30, 2014, the net OPEB obligation was $9,074,939. See Note 15 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 10 - FUND BALANCES

Fund balances with reservations and designations are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 15,000	$ -	$ -	$ 1,125	$ 16,125
Stores inventories	-	-	-	42,868	42,868
Prepaid expenditures	34,423	-	-	-	34,423
Total Nonspendable	49,423	-	-	43,993	93,416
Restricted					
Educational programs	6,899,860	-	-	39,702	6,939,562
Capital projects	-	18,608,096	-	4,903,224	23,511,320
Debt services	-	-	18,575,670	-	18,575,670
Total Restricted	6,899,860	18,608,096	18,575,670	4,942,926	49,026,552
Committed					
Maintenance program	-	-	-	4,522,728	4,522,728
Adult education program	-	-	-	1,051,390	1,051,390
Total Committed	-	-	-	5,574,118	5,574,118
Assigned					
Site carryover	1,890,000	-	-	-	1,890,000
Program carryover	1,020,000	-	-	-	1,020,000
Education protection project	4,009,099	-	-	-	4,009,099
Capital projects	-	33,067,294	-	-	33,067,294
Total Assigned	6,919,099	33,067,294	-	-	39,986,393
Unassigned					
Reserve for economic uncertainties	9,134,382	-	-	-	9,134,382
Remaining unassigned	1,524,149	-	-	(8,861)	1,515,288
Total Unassigned	10,658,531	-	-	(8,861)	10,649,670
Total	$ 24,526,913	$ 51,675,390	$ 18,575,670	$ 10,552,176	$ 105,330,149

NOTE 11 - RESTATEMENT OF THE FINANCIAL STATEMENT

The restatement resulted from the overstatement of the depreciation expenses in the prior years. The amount adjusted amounted to $2,710,070 to reduce the accumulative depreciation and net investment in capital assets on the government-wide Statement.

NOTE 12 - LEASE REVENUES

The District has leased properties built in the 1950's where the total construction costs have been fully depreciated for a number of years. Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Payment
2015	$ 3,789,724
2016	3,903,416
2017	1,771,096
2018	1,824,229
2019	1,878,956
2020-2024	10,274,902
2025-2029	11,911,427
2030-2034	13,808,609
Total	$ 49,162,359

NOTE 13 - 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, 2014, the District participated in the Northern California Regional Liability Excess Fund (ReLiEF) for excess property and liability coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2014, the District participated in the Santa Clara County Schools Insurance Group for the workers' compensation coverage.

Claims Liabilities

The District records an estimated liability for Workers' Compensation claims filed prior to March 1, 1996. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and estimates for claims incurred, but not reported based on historical experience for some self insured programs, such as dental, vision and property and liability.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2012 to June 30, 2014:

	Workers' Compensation	Dental	Vision	Property and Liability	Total
Liability Balance, July 1, 2012	$ 63,000	$ 56,906	$ 6,242	$ 25,000	$ 151,148
Claims and changes in estimates	(29,413)	1,256,571	197,339	513,851	1,938,348
Claims payments	35,413	(1,239,760)	(194,833)	(513,824)	(1,913,004)
Liability Balance, June 30, 2013	69,000	73,717	8,748	25,027	176,492
Claims and changes in estimates	41,394	1,165,526	188,871	604,089	1,999,880
Claims payments	(21,395)	(1,174,165)	(188,331)	(579,116)	(1,963,007)
Liability Balance, June 30, 2014	$ 88,999	$ 65,078	$ 9,288	$ 50,000	$ 213,365
Assets available to pay claims at June 30, 2014	$ 54,095	$ 428,610	$ 50,961	$ 50,000	$ 583,666

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, at 100 Waterfront Place, West Sacramento, CA 95605.

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2014, 2013, and 2012, were $4,297,489, $4,048,611 and $3,914,775, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. Effective January 1, 2013, new employees are required to contribute 6.0 percent. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 11.442 percent, of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2014, 2013, and 2012, were $2,481,727, $2,222,313, and $1,988,303, respectively, and equal 100 percent of the required contributions for each year. The payments noted above include employee contribution amounts paid by the district on behalf of their employees.

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 the APPLE Retirement Program as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 1.3 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 $2,626,680, $2,324,834, and $2,183,004, for fiscal years ending June 30, 2014, 2013 and 2012 (5.541 percent of 13-14 annual payroll, 5.17 percent of 12-13 annual payroll and 4.267 percent of 11-12 annual payroll). 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 excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the General Fund Budgetary Comparison Schedule.

NOTE 15 - POSTEMPLOYMENT HEALTH CARE PLAN AND OPEB OBLIGATION

Plan Description

The Retiree Health and Welfare Benefit (the "Plan") is a single-employer defined benefit healthcare plan administered by the Fremont Union High School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the plan consists of 119 retirees and beneficiaries currently receiving benefits and 948 active plan members. The Plan is presented in these financial statements as the Retiree Benefits Trust Fund. Separate financial statements are not prepared for the Trust.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the Fremont Educators Association (FEA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on a closed 30 year amortization period and the level dollar method for the implementation year, and an open 30 year amortization period and level percentage of payroll method for subsequent years. For fiscal year 2013-2014, the District contributed $879,342 to the plan, of which 690,293 was used for current premiums. Plan members receiving benefits contributed approximately 21 percent of the total premiums. The District contributes $873, $724 and $2,715 monthly for FEA, CSEA and FMA, respectively. Any premiums over the District's contribution are paid by plan members.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 2,553,518
Interest on net OPEB obligation	198,900
Annual OPEB cost (expense)	2,752,418
Contributions made	(879,342)
Increase in net OPEB obligation	1,873,076
Net OPEB obligation, beginning of year	7,201,863
Net OPEB obligation, end of year	$ 9,074,939

The trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past six years is as follows:

Year Ended June 30	Annual OPEB Cost	Actual Contributions	Percentage Contributed	Net OPEB Obligation
2014	$ 2,752,418	$ 879,342	31.95%	$ 9,074,939
2013	2,224,754	903,699	40.62%	7,201,863
2012	1,725,317	1,075,102	62.31%	5,880,808
2011	1,736,931	1,362,779	78.46%	5,230,593
2010	1,726,231	1,360,432	78.81%	4,856,441
2009	2,990,261	1,595,182	53.35%	4,483,877

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

A Schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
March 1, 2014	$ 6,240,219	$ 16,337,524	$ 10,097,305	38%	$ 73,382,732	14%

Actuarial Methods and Assumptions

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

In the March 1, 2014, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 5.3 percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a long-term fixed income portfolio. Healthcare cost trend rate, including Dental and Vision programs, assumed to be 4 percent. The UAAL is being amortized using a level percentage of payroll method. The calculation uses an open 30 year amortization period for the initial UAAL and an open 30 year amortization period for any residual UAAL. The remaining amortization period at July 1, 2014, was 30 years. At June 30, 2014, the Trust held net position in the amount of $6,585,735.

NOTE 16 - 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, 2014.

Litigation

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

Operating Leases

The District has entered into several operating leases for copiers with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2015	$ 99,092
2016	99,092
2017	99,092
2018	99,092
Total	$ 396,368

Construction Commitments

As of June 30, 2014, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Expected Date of Completion	Remaining Construction Commitment
Fremont High School cafeteria and kitchen remodel	06/2015	$ 16,376,000
Fremont High School building and pool hourse remodel	11/2014	1,330,000
Homestead High School cafeteria and kitchen remodel	06/2015	9,830,000
Homestead High School infrastructure project projection	09/2016	6,928,000
Total		$ 34,464,000

NOTE 17 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AUTHORITIES

The District is a member of the Silicon Valley Joint Powers Transportation Agency (SVJPA), the Santa Clara County Schools Insurance Group (SCCSIG), and the Northern California Regional Liability Excess Fund (North CalReLiEF). The relationship between the District, the pools and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

The District has appointed one board member to the Governing Board of SVJPA, SCCSIG, and North CalReLiEF.

During the year ended June 30, 2014, the District made payments as follows:

Related Entities	Service Payments	Service provided
SVJPA	$ 1,982,357	Transportation for special education students
SCCSIG	949,968	Excess workers' compensation insurance
North CalReLiEF	489,892	Property and liability insurance

NOTE 18 - SUBSEQUENT EVENT

Tax and Revenue Anticipation Notes

The District issued $5,000,000 of Tax and Revenue Anticipation Notes dated July 1, 2014. The notes mature on June 30, 2015, and yield 1 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that 50 percent, percentage of principal and interest be deposited with the Fiscal Agent by April 2015, until 100 percent of principal and interest due is on account in June 2015.

All Other Subsequent Events

The District's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the statement of net position dated through November 3, 2014, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

NOTE 19 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. Under the provisions of GASB 65, deferred issuance costs are now considered to be period expenses and are no longer deferred and amortized to expense. In addition, the District noted that there were compiling error in the prior year pertaining the District's capital assets. As a result, the deferred issuance costs and capital asset correction as of June 30, 2013 of $2,521,734 and $2,720,750, respectively, have been offset against beginning net position in the government-wide financial statements as follows. and restated the beginning balance of its capital assets due to compiling error in the prior year. As a result, the effect on the current fiscal year is as follows:

Statement of Net Position	
Net Position - Beginning	$ 131,231,085
Restatement of cost of issuance	(2,521,734)
Restatement of capital assets	(2,720,750)
Net Position - Beginning as Restated	$ 125,988,601

REQUIRED SUPPLEMENTARY INFORMATION

FREMONT UNION HIGH SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variances - Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
REVENUES				
Local control funding formula	$ 89,698,409	$ 93,091,850	$ 93,441,458	$ 349,608
Federal sources	2,795,207	3,079,438	3,082,086	2,648
Other State sources	1,953,719	6,199,871	6,195,187	(4,684)
Other local sources	10,487,337	10,126,768	10,080,348	(46,420)
Total Revenues [1]	104,934,672	112,497,927	112,799,079	301,152
EXPENDITURES				
Current				
Certificated salaries	48,850,493	50,652,127	51,242,030	(589,903)
Classified salaries	16,103,224	17,288,817	17,575,087	(286,270)
Employee benefits	21,673,159	22,212,170	22,049,594	162,576
Books and supplies	5,562,453	6,573,512	4,501,494	2,072,018
Services and operating expenditures	11,326,291	12,492,904	11,727,560	765,344
Other outgo	(174,058)	(200,477)	(184,431)	(16,046)
Capital outlay	28,940	64,671	69,187	(4,516)
Total Expenditures [1]	103,370,502	109,083,724	106,980,521	2,103,203
Excess Expenditures Over Revenues	1,564,170	3,414,203	5,818,558	2,404,355
Other Financing Sources (Uses)				
Transfers in	1,022,931	350,000	422,323	72,323
Transfers out	(848,212)	(870,235)	(1,151,389)	(281,154)
Net Financing Sources (Uses)	174,719	(520,235)	(729,066)	(208,831)
NET CHANGE IN FUND BALANCES	1,738,889	2,893,968	5,089,492	2,195,524
Fund Balance - Beginning	19,437,421	19,437,421	19,437,421	-
Fund Balance - Ending	$ 21,176,310	$ 22,331,389	$ 24,526,913	$ 2,195,524

[1] On behalf payments of $2,574,934 are excluded from this comparison schedule.

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF OPEB FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
March 1, 2014	$ 6,240,219	$ 16,337,524	$ 10,097,305	38%	$ 73,382,732	14%
March 1, 2013	6,101,196	13,516,861	7,415,665	45%	69,909,007	11%
February 1, 2012	5,923,968	9,838,919	3,914,951	60%	66,793,472	6%

SUPPLEMENTARY INFORMATION

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

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):			
Adult Education Act:			
Adult Section 132	84.048	14893	$ 91,251
English as a Second Language (ESL)	84.002A	14508	164,271
Adult Secondary Education	84.002	13978	23,202
English Literacy and Civics Education	84.002A	14109	103,749
No Child Left Behind Act:			
Title II- Part A, Administrator Training	84.367	14344	181,386
Title III-Limited English Proficiency (LEP)	84.365	14346	107,331
Advance Placement Test Fee Reimbursement Program	84.330B	14831	14,940
Individuals with Disabilities Act:			
Basic Local Assistance Entitlement	84.027	13379	1,897,708
Mental Health Allocation Plan, Part B, Section 611	84.027A	14468	413,065
Carl D Perkins Act:			
Technology Secondary, Section 131	84.048	14894	139,589
Department of Rehabilitation: Workability II, Transitions Partnership	84.158	10006	328,067
Total U.S. Department of Education			3,464,559
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster			
National School Lunch	10.555	13524	368,251
National School Breakfast	10.553	13525	38,714
Especially Needy Breakfast	10.553	13526	156,879
Commodity Supplemental Food Program[2]	10.555	[1]	83,468
Total U.S. Department of Agriculture			647,312
Total Expenditures of Federal Awards			$4,111,871

[1] Pass-Through Entity Identifying Number not available

[2] Not recorded in the financial statements

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2014

ORGANIZATION

The Fremont Union High School District was established in 1925 under the laws of the State of California and consists of an area comprising approximately 42 square miles. The District operates five high schools, one community day school, one adult school and one independent study school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Bill Wilson	President	2018
Barbara Nunes	Vice President	2018
Hung Wei	Clerk	2018
Jeff Moe	Member	2016
Nancy Newton	Member	2016
Rani Mavram	Student Member	2015

ADMINISTRATION

NAME	TITLE
Polly Bove	Superintendent
Kate Jamentz	Academic Deputy Superintendent
Christine Mallery	Chief Business Officer, Associate Superintendent
Graham Clark	Associate Superintendent of Administrative Services

See accompanying note to supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2014

	Final Report	
	Second Period Report	Annual Report
Ninth Through Twelth		
Regular classes ADA	10,278.19	10,261.89
Extended year special education	9.27	9.27
Special education, nonpublic, nonsectarian schools	19.11	20.33
Extended year special education, nonpublic, nonsectarian schools	3.20	3.20
Community day school	11.32	10.85
Total Average Daily Attendance (ADA)	10,321.09	10,305.54

See accompanying note to supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2014

Grade Level	1986-87 Minutes Requirement	Reduced 1986-87 Minutes Requirement	2013-2014 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grade 9	64,800	63,000	64,816	180	Not applicable	Complied
Grade 10	64,800	63,000	64,975	180	Not applicable	Complied
Grade 11	64,800	63,000	65,207	180	Not applicable	Complied
Grade 12	64,800	63,000	64,935	180	Not applicable	Complied

Fremont Union High School District is a basic aid school district. Therefore, the District does not receive longer instructional day and longer instructional year incentive funding.

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

There were no adjustments to the Unaudited Actual Financial Report, which require reconciliation to the audited financial statements as of June 30, 2014.

See accompanying note to supplementary information.

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

	(Budget) 2015[1]	2014	2013	2012
GENERAL FUND [2]				
Revenues	$ 113,258,224	$ 112,799,079	$ 102,622,537	$ 97,983,217
Other sources	350,000	422,323	867,643	705,224
Total Revenues and Other Sources	113,608,224	113,221,402	103,490,180	98,688,441
Expenditures	113,817,407	106,980,521	102,794,652	97,003,004
Other uses and transfers out	870,235	1,151,389	2,807,855	1,495,995
Total Expenditures and Other Uses	114,687,642	108,131,910	105,602,507	98,498,999
INCREASE (DECREASE) IN FUND BALANCE	$ (1,079,418)	$ 5,089,492	$ 2,112,327	$ 189,442
ENDING FUND BALANCE	$ 23,447,495	$ 24,526,913	$ 19,437,421	$ 21,549,748
AVAILABLE RESERVES	$ 12,291,961	$ 10,658,531	$ 5,283,026	$ 4,810,611
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO[3]	10.72%	9.86%	5.00%	4.88%
LONG-TERM DEBT	$ 301,269,264	$ 314,070,255	$ 319,782,813	$ 277,979,889
K-12 AVERAGE DAILY ATTENDANCE AT P-2 [4]	10,335	10,321	10,284	10,130

The General Fund balance has increased by $2,977,165 over the past two years. The fiscal year 2014-2015 budget projects an decrease of $1,079,418 (4 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surplus in the past two years but anticipates incurring an operating deficit during the 2014-2015 fiscal year. Total long-term obligations have increased by $36,090,366 over the past two years mainly due to the $48 million new general obligation bonds' issuance in the prior year.

Average daily attendance has increased by 191 over the past two years. An increase of 14 ADA is anticipated during fiscal year 2014-2015.

[1] Budget 2015 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

[3] On-behalf payments of $2,574,934, $2,276,942, and $2,138,907, recorded in the general fund have been excluded from this schedule and from the calculation of available reserves for fiscal years ending June 30, 2014, 2013, and 2012, respectively.

[4] Excludes adult ADA.

See accompanying note to supplementary information.

FREMONT UNION HIGH SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS			
Deposits and investments	$ 1,078,812	$ 68,369	$ 4,566,621
Receivables	291,427	81,486	3,673
Stores inventories	-	42,868	-
Total Assets	$ 1,370,239	$ 192,723	$ 4,570,294
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 130,047	$ 70,261	$ 47,566
Due to other funds	148,350	40,007	-
Unearned revenue	-	48,073	-
Total Liabilities	278,397	158,341	47,566
Fund Balances:			
Nonspendable	750	43,243	-
Restricted	39,702	-	-
Committed	1,051,390	-	4,522,728
Unassigned	-	(8,861)	-
Total Fund Balances	1,091,842	34,382	4,522,728
Total Liabilities and Fund Balances	$ 1,370,239	$ 192,723	$ 4,570,294

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
$ 4,689,757	$ 283,860	$ 10,687,419
4,381	1,574	382,541
-	-	42,868
$ 4,694,138	$ 285,434	$ 11,112,828
$ 5,798	$ 70,550	$ 324,222
-	-	188,357
-	-	48,073
5,798	70,550	560,652
-	-	43,993
4,688,340	214,884	4,942,926
-	-	5,574,118
-	-	(8,861)
4,688,340	214,884	10,552,176
$ 4,694,138	$ 285,434	$ 11,112,828

FREMONT UNION HIGH SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES			
Local funding control formula	$ 1,840,371	$ -	$ 905,889
Federal sources	382,473	563,844	-
Other State sources	51,746	46,401	-
Other local sources	1,216,922	1,256,077	16,760
Total Revenues	3,491,512	1,866,322	922,649
EXPENDITURES			
Current			
Instruction	1,327,660	-	-
Instruction-related activities:			
Supervision of instruction	97,677	-	-
Instructional library, media, and technology	146,303	-	-
School site administration	1,770,843	-	-
Pupil services:			
Food services	-	2,858,059	-
Administration:			
All other administration	152,695	66,270	-
Plant services	239,785	230	694,963
Facility acquisition and construction	-	-	48,336
Total Expenditures	3,734,963	2,924,559	743,299
Excess (Deficiency) of Revenues Over Expenditures	(243,451)	(1,058,237)	179,350
Other Financing Sources (Uses)			
Transfers in	78,941	1,047,475	-
Net Financing Sources (Uses)	78,941	1,047,475	-
NET CHANGE IN FUND BALANCES	(164,510)	(10,762)	179,350
Fund Balance - Beginning	1,256,352	45,144	4,343,378
Fund Balance - Ending	$ 1,091,842	$ 34,382	$ 4,522,728

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
$ -	$ -	$ 2,746,260
-	-	946,317
-	-	98,147
1,103,249	1,396	3,594,404
1,103,249	1,396	7,385,128
-	-	1,327,660
-	-	97,677
-	-	146,303
-	-	1,770,843
-	-	2,858,059
-	-	218,965
-	-	934,978
25,646	160,210	234,192
25,646	160,210	7,588,677
1,077,603	(158,814)	(203,549)
-	-	1,126,416
-	-	1,126,416
1,077,603	(158,814)	922,867
3,610,737	373,698	9,629,309
$ 4,688,340	$ 214,884	$ 10,552,176

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	CFDA Number	Amount
Federal Revenues report in the Statement of Revenues, Expenditures and Change in Fund Balances		$ 5,258,737
Federal interest subsidy from Build America Bonds Act	Not Applicable	(1,230,334)
Commodities	10.555	83,468
Total Schedule of Expenditures of Federal Awards		$ 4,111,871

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 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.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2014

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 Balances

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

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
Fremont Union High School District
Sunnyvale, 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 Fremont Union High School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Fremont Union High School District's basic financial statements, and have issued our report thereon dated December 1, 2014.

Change in Accounting Principles

As discussed in Note 1 to the financial statements, the District has adopted the provision of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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 Fremont Union High 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 Fremont Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont Union High 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 Fremont Union High 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

Palo Alto, California
December 1, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Governing Board
Fremont Union High School District
Sunnyvale, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Vavrinek, Trine, Day & Co., LLP

Palo Alto, California
December 1, 2014

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Fremont Union High School District
Sunnyvale, California

Report on State Compliance

We have audited Fremont Union High School District's compliance with the types of compliance requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2013-2014* that could have a direct and material effect on each of the Fremont Union High School District's State government programs as noted below for the year ended June 30, 2014.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Fremont Union High 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-2014*. 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 Fremont Union High 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 Fremont Union High School District's compliance with those requirements.

Unmodified Opinion on Each of the listed below Programs

In our opinion, Fremont Union High 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, 2014.

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

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Not Applicable
Independent Study	23	Not Applicable
Continuation Education	10	Not Applicable
Instructional Time:		
School Districts	10	Yes
Instructional Materials:		
General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	No
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Charter Schools:		
Contemporaneous Records of Attendance	8	Not Applicable
Mode of Instruction	1	Not Applicable
Non Classroom-Based Instruction/Independent Study	15	Not Applicable
Determination of Funding for Non Classroom-Based Instruction	3	Not Applicable
Annual Instruction Minutes Classroom-Based	4	Not Applicable
Charter School Facility Grant Program	1	Not Applicable

We did not test California Clean Energy Jobs Act because the District has not spent the fund as of June 30, 2014.

Vavrinek, Trine, Day & Co., LLP

Palo Alto, California
December 1, 2014

Schedule of Findings and Questioned Costs

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) of OMB Circular A-133?	No
Identification of major federal programs:	

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.027A	Special Education Cluster
10.555, 10.553	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	Yes
STATE AWARDS	
Type of auditor's report issued on compliance for all State programs.	Unmodified

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

There were no audit findings reported in the prior year's schedule of financial statement findings.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Delivery Date]

Board of Trustees
Fremont Union High School District
Sunnyvale, California

Fremont Union High School District
2015 General Obligation Refunding Bonds
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Fremont Union High School District (the "District"), which is located in the County of Santa Clara, California (the "County"), in connection with the issuance by the District of $156,115,000 aggregate principal amount of bonds designated as "Fremont Union High School District 2015 General Obligation Refunding Bonds" (the "Bonds"). The Bonds are authorized by a resolution adopted by the Board of Trustees of the District on March 3, 2015 (the "Resolution"), and issued pursuant to a paying agent agreement, dated as of June 1, 2015 (the "Paying Agent Agreement"), between the District and U.S. Bank National Association, as paying agent. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Paying Agent Agreement, the Escrow Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Paying Agent Agreement, the Escrow Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

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

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

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

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

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Fremont Union High School District
2015 General Obligation Refunding Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Fremont Union High School District (the "District") in connection with the issuance of $156,115,000 aggregate principal amount of Fremont Union High School District 2015 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued as authorized by a resolution adopted by the Board of Trustees of the District on March 3, 2015, and in accordance with the terms of a Paying Agent Agreement, dated as of June 1, 2015 (the "Paying Agent Agreement"), by and between the District and U.S. Bank National Association, as paying agent (the "Paying Agent"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Public Financial Management, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at *http://emma.msrb.org*.

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2015 (which is due no later than April 1, 2016), provide to the Participating Underwriters and the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. The Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent 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 first sentence of this subsection (b).

(c) If the District is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the District shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the District) the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

* Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the District, the Annual Report shall also include the following:

* Adopted budget of the District for the current fiscal year, or a summary thereof, and any interim budget reports approved as of the date of filing of the Annual Report.

* District average daily attendance.

* District outstanding debt.

* Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County.

* Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. <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 events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

<u>Note</u>: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the

obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional paying agent or the change of name of a paying agent.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Public Financial Management, Inc.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Santa Clara or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: June 4, 2015

FREMONT UNION HIGH SCHOOL DISTRICT

By ____

Chief Business Officer,
Associate Superintendent

CONTINUING DISCLOSURE EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of District:	FREMONT UNION HIGH SCHOOL DISTRICT
Name of Bond Issue:	FREMONT UNION HIGH SCHOOL DISTRICT 2015 GENERAL OBLIGATION REFUNDING BONDS
Date of Issuance:	JUNE 4, 2015

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by _____________.]

Dated: _______________

FREMONT UNION HIGH SCHOOL DISTRICT

By ___________[to be signed only if filed]___________

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APPENDIX E

COUNTY OF SANTA CLARA INVESTMENT POLICY

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4.8 - TREASURY INVESTMENT POLICY

4.8.1 Statement of Intent

The purpose of this document is to set forth the County of Santa Clara's policy applicable to the investment of short term surplus funds. In general, it is the policy of the County to invest public funds in a manner that will provide a competitive rate of return with maximum security while meeting the cash flow requirements of the County, school districts and special districts whose funds are held in the County Treasury, in accordance with all state laws and County ordinances governing the investment of public funds.

4.8.2 Scope

This investment policy applies to all financial assets held by the County. Those assets specifically included in this investment policy are accounted for in the County's Comprehensive Annual Financial Report and are included here as part of the County's Commingled Investment Pool.

4.8.3 Objectives

The following investment objectives shall be applied in the management of the County's funds.

(A) The foremost objective of the County's investment program shall be to safeguard principal. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

(B) The secondary objective shall be to meet the liquidity needs of its participants. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

(C) The third objective shall be to attain a market rate of return (yield) throughout budgetary and economic cycles, taking into account the County's investment constraints and cash flow characteristics. The core of investments will be limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed.

Risk Mitigation

Those factors that can lead to an unexpected financial loss can be broadly grouped into the following categories; credit risk, liquidity risk, interest rate risk and operational risk. Credit risk is the possibility that a bond issuer will default or that the change in the credit quality of counter-party will affect the value of a security. Liquidity risk for a portfolio that does not market value its holdings on a daily basis is the risk that sufficient cash or cash equivalents are not available and a security may have to be sold at a loss (based on its original cost) in order to meet a payment liability. Interest rate risk is the risk that the value of a fixed income security or portfolio will fall as a result of an increase in interest rates. Operational risk refers to potential losses resulting from inadequate systems, management failure, faulty controls, fraud and human error.

It is part of this policy to pursue the listed actions below to reduce the risk of exposure to the County's investments.

Credit Risk

- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
- Only purchasing securities that meet ratings standards specified in this policy.
- Conducting ongoing reviews as needed of all credit exposures within investment portfolios.
- Rating restrictions for all investments are denoted as requirements at time of purchase. If a security should incur a downgrade by either rating agency, placing the security on special surveillance to identify and monitor any continuing deterioration trends and, if warranted, selling the security.
- Reviewing the possible sale of a security whose credit quality is declining to minimize loss of principal.

Liquidity Risk

- To the extent possible, matching investment maturities with anticipated cash demands, also known as creating static liquidity. Alternatively, apply application software to analyze and validate that cash from investment activity is sufficient to cover all liabilities.
- Since all possible cash demands cannot be anticipated, maintaining portfolios largely of securities with active secondary or resale markets (dynamic liquidity).
- Making investments that could be appropriately held to maturity without compromising liquidity requirements.
- Prior to approving or disapproving a withdrawal request (a reduction of liquidity), the County Treasurer shall determine that the proposed withdrawal will not adversely affect the interests of the other depositors in the County pool.

Interest Rate Risk

- Not investing in securities maturing more than five years from the date of purchase, and limiting the weighted average maturity of the County's Commingled portfolio to two years or less.

- Limiting segregated investments to maturities of five years or less unless a longer term is specifically approved by the appropriate legislative body.
- Not investing in any funds in financial futures, option contracts, inverse floaters, range note or interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.
- Ensuring that adequate resources are devoted to interest rate risk measurement.

Operational Risk

- Establishing a system of internal controls, which is designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the County.
- Having an audit review to examine the system of internal controls to assure that established policies including risk management procedures are being complied with.

4.8.4 Standards of Care

(A) **Prudence.** The County Treasurer is a trustee and therefore a fiduciary subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the County Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that prudent person acting in a like capacity and familiar with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the County and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, the County Treasurer is authorized to acquire investments as authorized by law.

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The County recognizes that no investment program is totally riskless and that the investment activities of the County are a matter of public record. Accordingly, the County recognizes that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that the portfolio is adequately diversified and that the sale of a security is in the best long-term interest of the County. Significant adverse credit changes or market price changes on County-owned securities shall be reported to the Board of Supervisors and the County Executive in a timely fashion.

(B) **Competitive Transactions.** Where practicable, each investment transaction shall be competitively transacted with brokers/dealers/banks approved by the County Treasurer.

(C) **Indemnification.** Investment officers acting in accordance with state laws, County ordinances, this policy and written procedures, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse development

(D) **Ethics and Conflicts of Interest.** County employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and investment personnel shall subordinate their personal investment transactions to those of the County, particularly with regard to the timing of purchases and sales.

County officers and employees involved with the investment process shall refrain from accepting gifts that would be reportable under the Fair Political Practices Commission (FPPC) regulations.

Members of the Treasury Oversight Committee shall not accept any honoraria, gifts or gratuities from advisors, brokers, dealers, bankers or other persons with whom the County Treasury conducts business that would be reportable or prohibited under the FPPC regulations.

4.8.5 Authorized Financial Dealers and Institutions

The County Treasurer shall establish an approved list of brokers, dealers, banks and direct issuers of commercial paper to provide investment services to the County. It shall be the policy of the County to conduct security transactions only with approved institutions and firms. To be eligible for authorization, firms that are commercial banks must be members of the FDIC, and broker/dealers:

- Preferably should be recognized as a Primary Dealer by the Market Reports Division of the Federal Reserve Bank of New York, and
- Must maintain a secondary position in the type of investment instruments purchased by the County.

In addition, the firm must also qualify under SEC Rule 15C3-1 (Uniform Net Capital Rule). Approved broker/dealer representatives and the firms they represent shall be licensed to do business in the State of California.

The criteria for selecting security brokers and dealers from, to, or through whom the County Treasury may purchase or sell securities or other instruments, prohibits the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to any member of the governing board of any local agency that is a participant in the County Treasury or any candidate for those offices.

No public deposit shall be made except in a qualified public depository as established by state law. An annual analysis of the financial condition and professional institution/bank rating will be conducted by the County Treasurer and reported to the County Treasury Oversight Committee. Information indicating a material reduction in ratings standards or a material loss or prospective loss of capital must be shared with the Board of Supervisors, the County Executive, and the Oversight Committee in writing immediately.

To be eligible to receive local agency money, a bank, savings association, federal association or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California communities, including low-and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code.

4.8.6 County Treasury Oversight Committee

A County Treasury Oversight Committee shall be established by the Board of Supervisors pursuant to Government Code Section 27130 et seq to advise the County Treasurer in the management and investment of the Santa Clara County Treasury. The Oversight Committee shall be comprised of six members representing the County, school districts and other local governments agencies whose funds are deposited in the County's commingled pool and other segregated investments. Members of the Oversight Committee will be nominated by the Treasurer and confirmed by the Board of Supervisors. The Committee is comprised of the following members:

1. County Director of Finance

2. County Executive appointed by the Board of Supervisors

3. Representative appointed by a majority of the presiding officers of the legislative bodies of the special districts in the County that are required or authorized to deposit funds in the County Treasury.

4. County Superintendent of Schools or his or her designee.

5. Representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County.

6. One member of the public that has expertise in and or an academic background in public finance.

Each member may designate an alternate to serve in the absence of the member. The alternate shall take the oath office and file a conflict of interest report with the Clerk of the Board. The alternate shall exercise the vote of the member at meetings where the member is not present.

It is the responsibility of the County Treasury Oversight Committee to approve the investment policy prepared annually by the County Treasurer, to review and monitor the quarterly investment reports prepared by the County Treasurer, to review depositories for County funds and broker/dealers and banks as approved by the County Treasurer, and to cause an annual audit to be conducted to determine the County Treasury's compliance with all relevant investment statutes and ordinances, and this investment policy. Any receipt of honoraria, gifts, and gratuities from advisors, brokers, and dealers, bankers or other persons with whom the County Treasury conducts business by any member of the County Treasury Oversight Committee is limited to the amount set by the Fair Political Practices Commission. These limits by be in addition to the limits set by a committee member's own agency or by state law.

Nothing in this article shall be construed to allow the County Treasury Oversight Committee to direct individual investment decisions, select individual brokers, or dealers, or impinge on the day-to-day operations of the County Treasury.

4.8.7 Eligible, Authorized and Suitable Investments

All investments shall conform with state law including but not limited to Government Code 53600 et seq and any further restrictions imposed by this policy(Authorized Investments) Where this section specifies a percentage limitation for a particular category of investment or specific issuer, that percentage is applicable only at the date of purchase. If subsequent to purchase, portfolio percentage constraints are above the maximum thresholds due to changes in value of the portfolio or changes due to revisions of the policy, then affected securities may be held to maturity in order to avoid principal losses. However, the County Treasurer may choose to rebalance the portfolio if percentage imbalances are deemed to impair portfolio diversification.

If after purchase securities are downgraded below the minimum required rating level the securities shall be reviewed for possible sale within a reasonable amount of time after the downgrade. Significant down grades and the action to be taken will be disclosed in the Quarterly Investment Report.

U. S Treasury and Government Agencies. There shall be no limit in the amount that may be invested in debt obligations that are backed by the full faith and credit of the United States government. This includes but is not limited to U. S. Treasury bills, notes or bonds.

There shall be no limit in the amount that may be invested in federal agencies of the United States or United States government sponsored-enterprise obligations, participations, and bond issuances including those issued by or fully guaranteed as to principal and interest by federal agencies or the United States government.

Repurchase Agreements. A repurchase agreement consists of two simultaneous transactions under the same agreement. One is the purchase of securities by an investor (County Treasury) from a bank or dealer. The other is the commitment by the bank or dealer to repurchase the securities at a specified price and on a date mutually agreed upon.

Repurchase agreements shall be entered into only with dealers and financial institutions which have executed a Master Repurchase Agreement with the County and are recognized as primary dealers with the Market Reports Division of the Federal Reserve Bank of New York.

- The term of the repurchase agreement is limited to 92 days or less. The securities underlying the agreement may be obligations of the United States Government, its agencies, or agency mortgage backed securities. For repurchase agreements that exceed 15 days, the maturities on purchased securities may not exceed 5 years.
- The purchased securities shall have a minimum market value, including accrued interest, of 102 percent of the dollar value of the agreement. Purchased securities shall be held in the County's custodian bank as safekeeping agent, and the market value of the securities shall be marked-to-market on a daily basis.

Reverse Repurchase Agreements. A reverse repurchase agreement consists of two simultaneous transactions under the same agreement. One is the sale of securities by the County Treasury to a bank or dealer. The other is the commitment by the County Treasury to repurchase the securities at a specified price and on a date mutually agreed upon.

Reverse repurchase agreements may only be transacted with dealers and financial institutions which have executed a Master Repurchase Agreement with the County as approved by the Board of Supervisors, and which are Primary Dealers of the Federal Reserve Bank of New York. Reverse repurchase transactions must meet the following requirements:

- Sold securities must be owned and fully paid a minimum of 30 days prior to transaction.
- The total of all reverse repurchase and securities lending agreements cannot exceed 20% of the portfolio's base value.[1]
- The term of the reverse repurchase agreement is not to exceed 92 days unless the agreement includes a written codicil that guarantees a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
- Funds obtained through a reverse repurchase agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement unless the reverse repurchase agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
- Reverse repurchase agreements may only be used to effect a "matched" transaction whereby the proceeds of the reverse are reinvested for approximately the same time period as the term of the reverse repurchase agreement.
- Reverse repurchase agreements may not exceed $90 million.
- Investments in reverse repurchase agreements in which Treasury sells securities prior to purchase with a simultaneous agreement to repurchase the security may only be made upon prior approval of the Board of Supervisors.

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[1]Base value of the County's Pool refers to the dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements or securities lending agreements.

Reverse Repurchase Agreements will be used solely for the intent of accessing liquid funds on a temporary basis and will not be used as a means to amplify portfolio returns.

All other cost effective means of obtaining liquidity will be considered prior to exercising this option.

In exception to the above, a trial transaction will be permitted on a periodic basis as emergency preparation to ensure that internal systems and staff members remain up-to-date on processing procedures. The amount of the trial transaction will not exceed pre-established limits set by the Treasurer.

Securities Lending. The mechanics behind a securities lending transaction consist of the County lending a security. The borrower, a financial institution, pledges collateral consisting of cash to secure the loan. Borrowers sometimes offer letters of credit as collateral. The lending agreement requires that the collateral must always exceed the market value of the security by 2%. Changes in the security's price during the term of the loan may require adjustments in the amount of collateral. The cash collateral obtained from the borrower is then invested in short-term assets for additional income. Also, the County is entitled to all coupon interest earned by the loaned security. At the end of the loan term, the transaction is unwound, the securities and collateral, which are held by a custodian bank, are returned to the original owners. The borrower is obliged to return the securities to the lender, either on demand from the County or at the end of any agreed term. Lending transactions must meet the following requirements:

- Loaned securities must be owned and fully paid a minimum of 30 days prior to transaction.
- The total of all reverse repurchase and securities lending agreements cannot exceed 20% of the portfolio's base value.
- The term of the securities lending agreement is not to exceed 92 days.
- Funds obtained through a securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the securities lending agreement.
- The objective of the transaction is to produce positive earnings.

To qualify as a counter-party to the County in a securities lending transaction, the broker/dealer must be recognized as a Primary Dealer by the Federal Reserve Bank and the County's custodial bank must indemnify the County against losses related to the broker-dealer.

Collateralized Time Deposits. Time deposits with banks or savings and loan associations shall be subject to the limitations imposed by Government Code Section 53638, as amended, and additional constraints prepared by the County Treasurer that would limit amounts to be placed with institutions based on creditworthiness, size, market conditions and other investment considerations.

Negotiable Certificates of Deposit. The bank issuing a negotiable certificate of deposit with a maturity of one year or less, must reflect the following or higher ratings from at least two of these *nationally recognized statistical rating organizations* (NRSRO's): Moody's (P1), Standard and Poor's (A1), and Fitch (F1). Certificates that exceed one year, must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (Aa3), Standard and Poor's (AA-), and Fitch (AA-). Negotiable certificates of deposit shall not exceed 30% of the surplus funds of the portfolio. No more than 5% of the portfolio shall be in a single bank.

Bankers' Acceptances. Investments in eligible bankers' acceptances of United States or foreign banks shall not exceed 180 days maturity from the date of purchase. This debt must reflect the following or higher ratings by at least two of these NRSRO's: Moody's (P1), Standard and Poor's (A1), and Fitch (F1). Bankers' Acceptances shall not exceed 40% of surplus funds. No more than 5% of the portfolio shall be invested in a single commercial bank.

Commercial Paper. Investments in commercial paper shall not have a maturity that exceeds 270 days. Commercial paper must reflect the following or higher ratings by at least two of these NRSRO's: Moody's (P1), Standard and Poor's (A1), and Fitch (F1). The issuer must meet the qualifications as indicated below pursuant to California Government Code Section 53601(g):

If the commercial paper is short-term unsecured promissory notes issued by financial institutions or corporations, the issuer must:

- Be organized and operating in the United States as a general corporation;
- Have total assets in excess of five hundred million dollars ($500,000,000); and
- If the issuer has senior debt outstanding, the senior debt must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (Aa3) Standard and Poor's(AA-) and Fitch (AA-)

If the commercial paper is asset backed, the issuer must:

- Be organized within the United States as a special purpose corporation, trust, or limited liability company; and
- Have program-wide credit enhancements including, but not limited to, over collateralization, letters of credit or surety bonds and include a liquidity vehicle.

Commercial paper shall not exceed 40% of the local agency's funds. No more than 5% of the portfolio shall be invested in any single issuer of commercial paper.

Medium Term Corporate Notes or Deposit Notes. The purchase of corporate notes shall be limited to securities that reflect the following ratings or higher by at least two of these NRSRO's: Moody's, (Aa3), Standard and Poor's (AA-), and Fitch (AA-). Medium term corporate notes or deposit notes (five years or less) shall be limited to 30% of surplus funds. No more than 5% of the portfolio shall be invested in any single corporation.

Local Agency California Investment Fund (LAIF)

Funds may be invested in LAIF, a State of California managed investment pool up to the maximum dollar amounts in conformance with the account balance limits authorized by the State Treasurer.

Municipal Obligations. The purchase of municipal obligations shall include the following:

(A) **Treasury notes or bonds of the state of California**, including other obligations such as registered state warrants, certificates of participation, lease revenue bonds and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(B) **Bonds, notes, warrants, certificates of participation, lease revenue bonds or other evidences of indebtedness of any local agency within this state**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(C) **Registered treasury notes or bonds of any of the other 49 United States in addition to California**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

For those instruments that are rated, long term obligations must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-). Short term obligations must carry the following ratings or higher by at least one of these NRSRO's: Moody's (MIG-1), Standard and Poor's (SP-l), and Fitch (F-l). No more than 10% of surplus funds shall be in such obligations.

Money Market Funds. Companies issuing such money market funds must have assets under management in excess of $500,000,000. The advisors must be registered with the Securities and Exchange Commission (SEC) and have at least five years' experience investing in such types of investments. The fund must reflect the highest rating by at least two of these NRSRO's: Moody's (Aaa), Standard and Poor's (AAA), and Fitch (AAA). No more than 20% of the Treasury's funds may be invested in money market funds and no more than 10% of the Treasury's funds may be invested in one money market fund. If the money market fund is tax-exempt then only one “AAA” rating by an NRSRO is required. The money market fund must also be “no-load”, which is a fund that does not compensate sales intermediaries with a sales charge or commission that is deducted from the return of the fund.

Asset Backed Securities. Asset backed securities (ABS) are notes or bonds secured or collateralized by pools of loans such as installment loans or receivables.

- Securities shall be issued by an issuer whose debt must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-).
- The asset backed security itself must reflect the following ratings or higher from at least two of these NRSRO's: Moody's (AA-), Standard and Poor's (Aa3) and Fitch (AA-).
- Asset backed securities together with mortgage backed securities may not exceed 20% of the Treasury's surplus money.

Agency Mortgage Backed Securities. Mortgage backed securities (MBS) are -collateralized by pools of conforming mortgage loans insured by FHLMC or FNMA and -mortgages guaranteed by FHA (GNMA).

- Agency mortgage backed securities together with asset backed securities may not exceed 20% of the Treasury's surplus money.

Supranational Debt Obligations. United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development of the World Bank, as known as IBRD, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments must be rated “AAA” or better by at least two of the following, NRSRO’s, Moody’s, Standard and Poor’s or Fitch and shall not exceed 10 % the Treasury’s surplus funds.

General Parameters

Ineligible Investments

Ineligible investments include common stock, inverse floaters, range notes, mortgage-derived interest only strips and any security that could result in zero interest accrual if held to maturity or any security that does not pay interest in one year or at least semi-annually in subsequent years and any investment not authorized by this policy unless otherwise approve by the Board of Supervisors.

Combined Issuer/Institutional limits.

No more than 5% of the portfolio shall be invested in aggregate of any single institution of the following types: Bankers Acceptances, Commercial paper, Negotiable Certificates of Deposit, and Corporate Notes.

Swaps

Investments will be reviewed for the possibility of a swap to enhance yield when both securities have a similar duration so as not to affect the cash flow needs of the program. Swaps should have a minimum of five basis points before being transacted.

4.8.8 Maximum Maturity

The County Investment portfolio shall be structured to provide that sufficient funds from investments are available to meet the anticipated cash needs of the depositors in the County’ commingled investment pool. The choice of investment instruments and maturities shall be based on an analysis of depositors cash needs, existing and anticipated revenues, interest rate trends and specific market opportunities. The average weighted maturity of the portfolio will not exceed two years and investments will not have a maturity of more than five years from the date of purchase unless specifically approved by the Board of Supervisors to the provisions set forth elsewhere in this policy.

4.8.9 Segregated Investments (excludes Commingled Funds)

Segregated investments of instruments permitted in Government Code Section 53601 can be made upon proper authorization where cash flow or other factors warrant segregation from the commingled pool. Examples that may justify such segregation are bond or note proceeds, Retiree Health funds or Workers Compensation funds where longer term or matching term investments are warranted.

For segregated investment funds, no investment shall be made that could not appropriately be held to maturity without compromising liquidity requirements.

Segregated investments shall be limited to five years maturity unless a longer term is specifically approved by the appropriate legislative body.

Government Code Sections 53620 and 53622 grant the County authority to invest the assets of the Santa Clara County Retiree Health Trust in any form or type of investment deemed prudent by the governing body. Accordingly, the County Board of Supervisors has determined that up to 67 percent of the Trust's assets, excluding near-term liability payouts, may be invested in equities through mutual funds or through the direct purchase of common stocks by a money management firm(s) approved by the Board of Supervisors.

In accordance with the prudent person standard in Government Code Sections 53620 through 53622, the assets of the Santa Clara County Retiree Health Trust may be invested in bonds that have a final maturity of 30 years or less from purchase date, and in bonds that reflect the following ratings or higher from at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-).

4.8.10 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held in the name of the County by a custodian designated by the County Treasurer and evidenced by trade confirmations and safekeeping holdings reports.

The County Treasurer will approve certain financial institutions on an annual basis to provide safekeeping and custodial services for the County. Custodian banks shall be selected on the basis of their ability to provide service to the County's account and the competitive pricing of their safekeeping related services. All securities purchased by the County under this section shall be properly designated as an asset of the County and held in safekeeping by a custodial bank chartered by the United States Government or the State of California.

The County will execute custodial agreement(s) with its bank(s). Such agreements will outline the responsibilities of each party for the notification of security purchases and sales, address wire transfers as well as safekeeping and transaction costs, and provide details on procedures in case of wire failures or other unforeseen mishaps along with the liability of each party.

To be eligible for designation as the County's safekeeping and custodian agent, a financial institution shall meet the following criteria:

- Have a Moody's rating of P-1 or Standard and Poor's rating of - A1 for the most recent reporting quarter before the time of selection.
- Qualify as a depository of public funds in the State of California as defined in Government Code Section 53638.

The County Treasurer shall require each approved custodial bank to submit a copy of its Consolidated Report of Condition and Income (Call Report) to the County within forty-five days after the end of each calendar quarter.

It is the intent of the County to mitigate custodial credit risk by insuring that all securities are appropriately held.

Securities typically clear and settle as electronic book entries through the following clearinghouses: (1) the Depository Trust Corp. (DTC), a member of the Federal Reserve Bank; or (2) the Fed Book-Entry System, owned by the Federal Reserve. Governments generally do not have their own account in the Fed Book-Entry System or at DTC, but have access to those systems through large financial institutions who are members and participants. The County's securities within the clearing system are held under the Custodial Bank's name. The Custodial Bank's internal records identify the County as the underlying beneficial owner of securities.

Infrequently, physical certificates are used to reflect ownership of a security. When physical securities are received by the Custodial Bank, they are sent to a transfer agent to be registered into the Custodial Bank's nominee name. It is kept in the bank's vault until redeemed or sold. The Custodial Bank records identify the County as the underlying beneficial owner and include the securities on the County's Safekeeping report.

4.8.11 Internal Controls and Accounting

The County shall establish a system of internal controls, which is designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the County.

The County maintains its records on the basis of funds and account groups, each of which is considered a separate accounting entity. All investment transactions shall be recorded in the various funds of the County in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board.

The County shall establish a process for an annual review by either the County's internal or external auditor. This review will examine the system of internal controls to assure that the established policies and procedures are being complied with and many result in recommendations to change operating procedures to improve internal control.

4.8.12 Reporting

(A) **Methods**.(i) The County Treasurer shall prepare an investment report quarterly, including a management summary that provides a clear status of the current investment portfolio, quarterly transactions, investment philosophy and market actions and trends. The management summary will be prepared in a manner which will allow the County to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the Board of Supervisors, the County Executive, the County Treasury Oversight Committee, Internal Auditor, and local agencies with funds on deposit in the County pool. The report will include the following:

- A listing of individual securities by type of investment and maturity held at the end of the reporting period.
- A composite of transactions purchased during the reporting period by type of security.
- Unrealized gains or losses resulting from appreciation or depreciation of securities held in the portfolio, by listing the cost of market value of securities.
- Average weighted yield to maturity of the portfolio and benchmark comparisons.
- Weighted average maturity of the portfolio.
- A summary of purchases during the reporting period by broker/dealers or banks showing the purchase date, issuing agency, amount purchased, cost and purchase date.
- A statement denoting the ability of the County to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not, be available.

(ii) The County Treasurer shall prepare a monthly report with a brief summary of the investment report and a listing of the transactions conducted during the month. The report will be provided to the Board of Supervisors, Treasury Oversight Committee and the local agencies with funds on deposit in the County Pool.

Material deviations from projected budgetary investment results shall be reported no less frequently than quarterly to the Board of Supervisors and the County Executive.

(B) Performance Standards.

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates, taking into account the County's investment risk constraints and cash flow needs.

The basis for measurement used to determine whether market yields/rate of return are being achieved shall be the State Treasurer's Local Agency Investment Fund (LAIF). It should be recognized, however, that since the investment parameters of LAIF are broader than the County's investment policies, the returns realized by the County cannot necessarily be expected to exceed the returns realized by LAIF on a regular basis.

(C) The County utilizes the following methods to pay for banking services and County administration of the investment function:

General Banking Services. General banking services such as safekeeping, items deposited, statements, account maintenance, etc., may be paid to the bank through direct payment or a combination of direct payment and compensating balance.

Investment and Banking Administration Costs. The County recovers staffing and other costs relating to the County's administration services for banking and investment functions provided to the County Treasury. The administrative costs are allocated against the earnings of the County pool prior to apportionment of earnings.

Earnings Apportionment. Earnings of the County pool are apportioned quarterly to all participants of the pool based on the average daily balance of each fund during the quarter.

Realized capital gains (the gain from securities sold at a higher price compared to cost) are added to quarterly earnings. Realized capital losses (the loss from securities sold at a lower price compared to cost) reduce quarterly earnings. To the extent that a realized capital loss exceeds the quarterly aggregate earnings of the Pool, the loss will be shared across all funds. The size of the write-down for any individual fund balance will be based on the average daily balance of each fund during the quarter in which the loss occurred.

Any apportioned earnings may not be available for withdrawal until all monies that have been earned (i.e., accrued) have actually been received by the County Treasurer.

4.8.13 Investment Policy Adoption

Pursuant to Government Code section 27133 the County Treasurer annually prepares an investment policy that is reviewed, monitored and approved by the County Treasury Oversight Committee. Any changes must be approved by the Board of Supervisors. Copies of the approved investment policy shall be circulated annually to - local agencies with funds on deposit in the County pool.

4.8.14 Voluntary Participants

The County provides the opportunity for -local agencies to deposit excess funds within the County's Commingled Pool-pursuant to Government Code section 53684., - In order to participate, voluntary participants must sign the County's Disclosure and Agreement for Voluntary Deposits which outlines the terms and conditions of participation, including constraints on deposits and withdrawals from the pool. Voluntary participants must also submit a resolution duly adopted by its governing board authorizing the deposit of funds into the Investment Pool.

It is the County's policy to not allow access to the pool unless the voluntary participant agrees to a long-term relationship utilizing the pool and County Treasury for its primary banking needs. The County does not wish to enter into relationships where an entity is placing funds because yields for a time may be higher than what is available at other organizations, because such activity can have an adverse and unfair impact on the other participants. Upon approval of the

Treasurer, accommodations may be made to utilize the County resources to make specific investments or manage segregated funds for a voluntary participant at an agreed cost.

4.8.14.1 Temporary Loans to Pool Participants

Various public entities maintain funds on deposit with the County Treasury. From time to time, these public entities experience cash flow problems. Allowing these entities to temporarily borrow from the commingled investment pool is an alternative way to address their short-term cash flow problems. In order to ensure that these temporary loans comply with all legal requirements and investment pool objectives, no such transfers shall be made unless all of the following requirements are met:

- Because the commingled investment pool consists of deposits from both restricted and unrestricted sources, all transfers shall comply with all requirements of Government Code Sections 53601, 53840, 53841 and 53842, including the requirements that they be legally characterized as loans and formalized with "evidences of indebtedness," and meet maturity and security criteria.
- All transfers shall comply with Article XVI, Section 6 of the California Constitution, including the limitations on borrowing amounts and loan periods
- No transfers shall be made during any fiscal year unless the Board of Supervisors has adopted a resolution authorizing transfers for that fiscal year. (Cal. Constitution Article XVI, Section 6; Government Code Section 25252.)
- Any inter-fund transfers between school district and community college accounts shall be formally approved by the district's governing board and shall comply with all other requirements of Education Code Sections 42603, 42620 and 85220, including requirements regarding repayment, sufficient income, and maximum transfer amounts.
- No transfer may occur until the fund needing the transfer meets the revenue sufficiency test, consistent with state law and County investment pool investment-risk constraints, established by the Director of Finance to ensure repayment.
- Direct borrowing from the pool should be a last resort funding alternative. Pool participants will be encouraged to use all available internal sources for cash flow needs through inter-fund borrowing between the participant's various funds.

The Director of Finance shall do all of the following:

- Proactively monitor fund balances.
- Establish early warning triggers to identify those funds most likely to incur an overdraft and require a transfer.
- Establish a revenue sufficiency test for the purpose of assessing repayment ability.
- Place tax apportionments assigned to an overdrawn fund in a lock box sequestered for credit to the investment pool.
- Establish and monitor investment pool exposure limits.

- Monitor funds to ensure that loans meet dry period (last Monday in April through June 30 of the fiscal year) financing restrictions.
- Restrict certain individual funds (e.g., bond reserve funds) from use as a borrowing source in inter-fund borrowing across funds held by pool participant.
- Establish a hierarchy of associated funds owned by each pool participant to be used as alternative funding sources in the event any of the participant's funds needs a loan.
- Implement accounting procedures that either manually or automatically transfer funds from one fund to another based on preset rules.
- Report within the Quarterly Investment listing all loans extended by the investment pool to participants.

The Internal Audit Division shall regularly review all of the practices and procedures in this Section to ensure compliance with all legal requirements.

4.8.15 Withdrawal of Funds by Voluntary Participants

Public entities that are voluntary participants in the County pool who wish to make withdrawals for the purpose of investing outside of the County pool may request such withdrawals in accordance with the County Investment Management Agreement.

The County Treasurer will assess the proposed withdrawal on the stability and predictability of the investments in the County pool. Prior to approving or disapproving a withdrawal request, the County Treasurer shall determine that the proposed withdrawal will not adversely affect the interests of the other depositors in the County pool. Funds are withdrawn based on the market value.

4.8.16 Warranties

All depositors acknowledge that funds deposited in the Investment Pool are subject to market/investment risk, and that the County Treasurer makes no warranties regarding Investment Pool performance, including but not limited to preservation of capital or rate of return earned on funds deposited in the Investment Pool. Depositors knowingly accept these risks and waive any claims or causes of action against the County Treasurer, the County, and any employee, official or agent of the County for loss, damage or any other injury related to the Depositors' funds in the Investment Pool, with the exception of loss, damage or injury caused solely by the County Treasurer's material failure to comply with the County Investment Policy and all applicable laws and regulations.

Quarterly Investment Report

December 31, 2014

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Quarterly Investment Report

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Santa Clara County Commingled Pool and Segregated Investments

December 31, 2014

Fund	Cost Value**	Market Value	Variance	% Variance
Commingled Investment Pool ***	$5,639,537,673	$5,638,798,116	-$739,557	-0.01%
Worker's Compensation	$27,040,532	$27,181,901	$141,369	0.52%
Mountain View-Los Altos	$2,018,005	$2,018,744	$739	0.04%
Palo Alto Unified	$596,881	$598,457	$1,575	0.26%
Park Charter Fund	$11,315,395	$11,301,634	-$13,761	-0.12%
San Jose-Evergreen	$19,662,270	$19,657,636	-$4,633	-0.02%
West Valley Mission CCD - Building Fund	$11,914,222	$11,927,338	$13,116	0.11%
Medical Malpractice Insurance Fund (1)	$14,260,414	$14,269,439	$9,025	0.06%
Total	**$5,726,345,392**	**$5,725,753,264**	**-$592,128**	**-0.01%**

(1) Managed by Chandler Asset Management, Inc.

Summary of Yields* for Select Santa Clara County Investment Funds

Fund	2014			2013
	Oct 31	Nov 30	Dec 31	Dec 31
Commingled Investment Pool	0.46%	0.49%	0.47%	0.44%
Worker's Compensation	1.22%	1.22%	1.22%	0.66%
Weighted Yield	**0.47%**	**0.50%**	**0.47%**	**0.44%**

*Yield to maturity (YTM) is the rate of return paid on a bond, note, or other fixed income security if the investor buys and holds it to its maturity date and if the coupon interest paid over the life of the bond is reinvested at the same rate as the coupon rate. The calculation for YTM is based on the coupon rate, length of time to maturity, and market price at time of purchase.

Yield is a snapshot measure of the yield of the portfolio on the day it was measured based on the current portfolio holdings on that day. This is not a measure of total return, and is not intended to be, since it does not factor in unrealized capital gains and losses and reinvestment rates are dependent upon interest rate changes

**Cost Value is the amortized book value of the securities as of the date of this report.

***This amount does not include the $100.0 million placed in Treasury's checking account on December 31, 2014. This deposit which is far in excess of nightly check presentation needs does not earn cash interest but rather receives an earned credit that is used to offset the cost of general banking services. This practice is authorized by the County's Investment Policy.

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Santa Clara County Commingled Pool and Segregated Investments

Portfolio Strategy

December 31, 2014

Indications from the latest Federal Reserve meeting would suggest that they are in no hurry to raise rates. Some analysts still feel that an increase in rates will occur in mid- 2015 while others take the view that nothing will occur until 2016.

The announcement that Gross Domestic Product grew 5% in the past quarter, spurred by consumer spending, should support consideration of an increase next year. As has been discussed in the prior months, the sharp decline in oil prices has had a major impact on the consumer's pocket book. Although there has been considerable discussion about the lack of wage growth, the decrease in energy costs for households is the equivalent of a tax cut or a wage increase. The stimulative value of low oil prices is just starting to come into play.

Longer term interest rates have declined recently, but this appears to be a flight to quality based on a slowing global economy and the impact on major oil exporting countries. Short rates remain unchanged.

We continue to feel that the Feds will begin the process of moving rates higher in mid- 2015 and so we are maintaining the average life of the portfolio on the short side of its historical numbers. New tax funds are being placed primarily in short term securities with a few purchases out about two to three years when we find value.

Santa Clara County Commingled Pool and Segregated Investments

Portfolio Compliance, Review, and Monitoring

December 31, 2014

Yield and Weighted Average Maturity

The yield of the Commingled Pool is 0.47% and the weighted average life is 395 days.

Compliance

After comparing the securities held in safekeeping with Treasury's custodial bank to the securities listed in the County's investment records, no variances were cited in the attached report prepared by the County's Internal Audit Division. The County Treasuer believes the Commingled Pool contains sufficent cash flow from liquid and maturing securities, bank deposits and incoming cash to meet the next six months of expected expenditures.

Review and Monitoring

FTN Financial Main Street Advisors, the County’s investment advisor, currently monitors the Treasury Department’s investment activities.

Additional Information

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

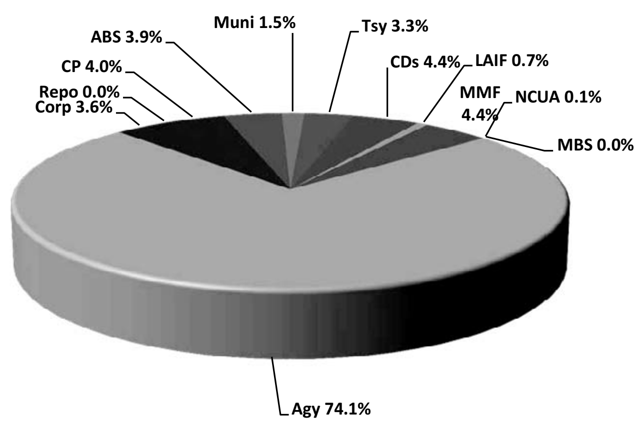
The market values of securities were taken from pricing services provided by the Bank of New York Mellon, Bloomberg Analytics, dealer quotes, and an independent pricing service.

Santa Clara County Commingled Pool

Allocation by Security Types

December 31, 2014

Sector	12/31/2014	9/30/2014	% Chng
Federal Agencies	74.07%	73.23%	0.8%
Corporate Bonds	3.63%	3.60%	0.0%
Repurchase Agreements	0.00%	0.00%	0.0%
Commercial Paper	3.99%	4.88%	-0.9%
Asset-Backed Securities	3.86%	4.31%	-0.5%
Municipal Securities	1.50%	1.40%	0.1%
U.S. Treasuries	3.28%	4.52%	-1.2%
Negotiable CDs	4.43%	3.66%	0.8%
LAIF	0.71%	0.98%	-0.3%
Money Market Funds	4.44%	3.30%	1.1%
NCUA Corporate Bonds**	0.09%	0.12%	0.0%
Mortgage-Backed Securities	0.00%	0.00%	0.0%
Total	100.00%	100.00%	



Sector	12/31/2014	9/30/2014
Federal Agencies	4,177,293,659	2,999,866,107
Corporate Bonds	204,466,879	147,435,671
Repurchase Agreements	-	-
Commercial Paper	224,927,795	199,999,033
Asset-Backed Securities	217,456,672	176,544,297
Municipal Securities	84,842,023	57,543,006
U.S. Treasuries	185,090,083	185,112,976
Negotiable CDs	250,000,434	150,000,645
LAIF	40,000,000	40,000,000
Money Market Funds	250,460,906	135,075,335
NCUA Corporate Bonds**	4,999,221	4,998,785
Mortgage-Backed Securities	-	-
Total	5,639,537,673	4,096,575,855

* Amounts are in base upon book value

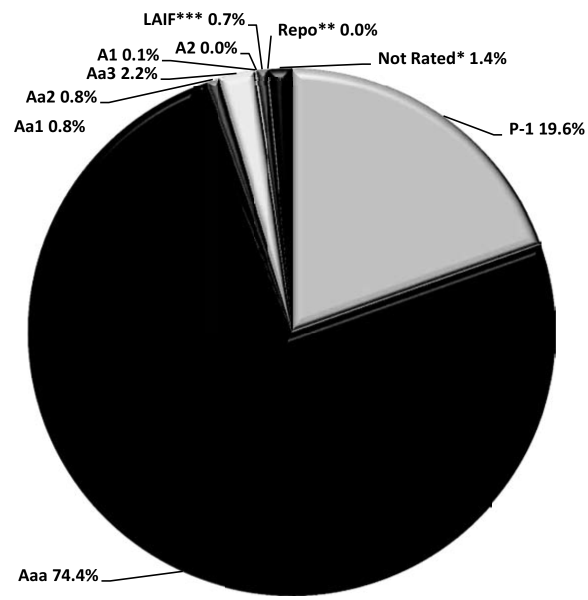
**The National Credit Union Administration fully and unconditionally guarantees the timely payment of all amounts of principal and interest and the guarantee is further strengthened and backed by the full faith and credit of the United States.

Santa Clara County Commingled Pool

Allocation by Ratings

December 31, 2014

Moody's Rating	Portfolio $	Portfolio %
P-1	1,104,038,342	19.6%
Aaa	4,195,484,450	74.4%
Aa1	44,967,029	0.8%
Aa2	44,566,973	0.8%
Aa3	124,821,605	2.2%
A1	4,999,358	0.1%
A2	-	0.0%
A3	-	0.0%
LAIF* **	40,000,000	0.7%
Repo**	-	0.0%
Not Rated*	80,659,915	1.4%
Total	5,639,537,673	100.0%



*Not Rated by Moody's but A-1+ by S&P

**Repurchase Agreements are not rated, but are collateralized by U.S. Treasury securities or securities issued by the Federal Agencies of the U.S.

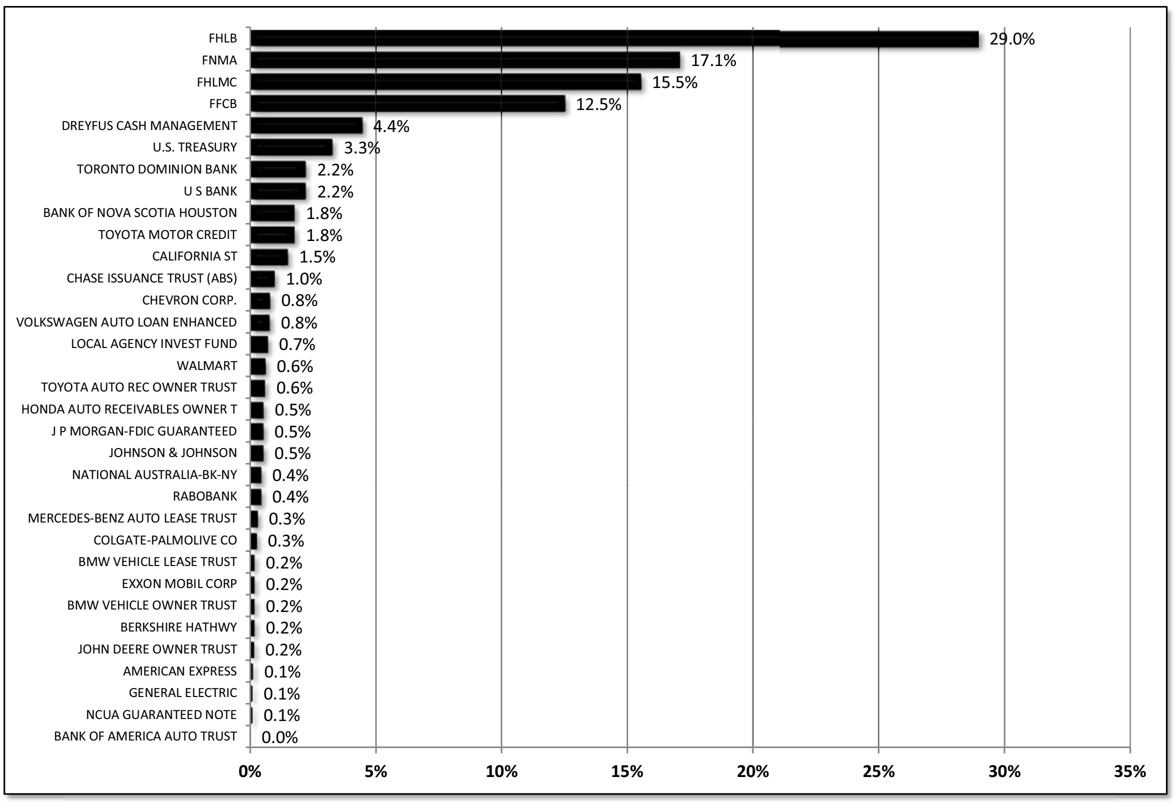
***LAIF is not rated, but is comprised of State Code allowable securities

Amounts are based on book values

Santa Clara County Commingled Pool

Holdings by Issuer - Percent of Commingled Pool

December 31, 2014

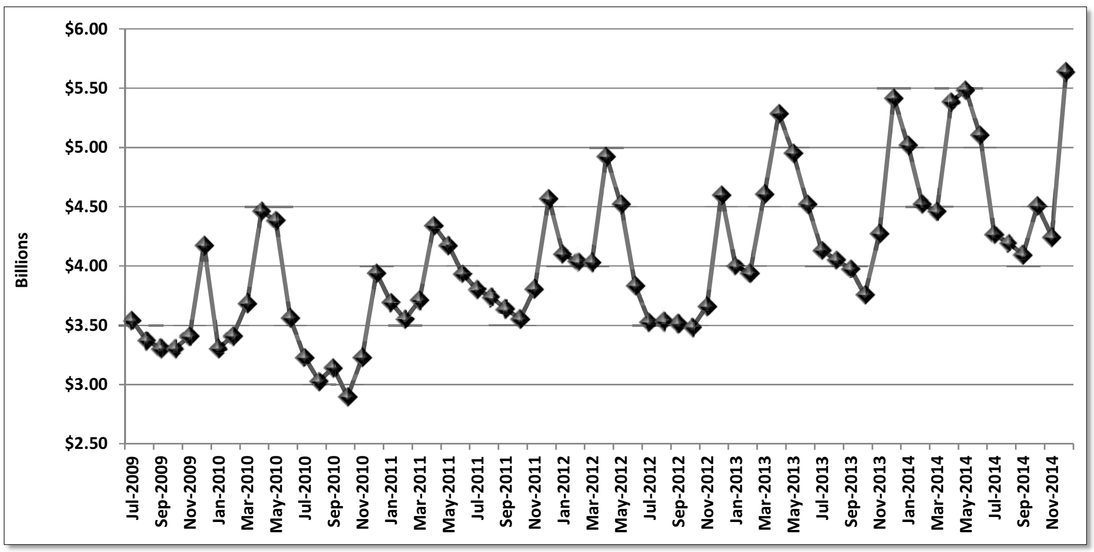


Amounts are based upon book values

Santa Clara County Commingled Pool

Historical Month End Book Values

December 31, 2014



Fiscal Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2010	$3.541	$3.373	$3.307	$3.307	$3.408	$4.175	$3.307	$3.408	$3.687	$4.463	$4.384	$3.536
FY 2011	$3.230	$3.032	$3.143	$2.898	$3.227	$3.943	$3.695	$3.551	$3.712	$4.339	$4.179	$3.935
FY 2012	$3.801	$3.736	$3.637	$3.555	$3.805	$4.567	$4.097	$4.040	$4.032	$4.926	$4.525	$3.833
FY 2013	$3.508	$3.517	$3.515	$3.469	$3.645	$4.600	$3.918	$3.982	$4.606	$5.286	$4.952	$4.521
FY 2014	$4.133	$4.052	$3.975	$3.758	$4.271	$5.419	$5.019	$4.520	$4.461	$5.386	$5.487	$5.108
FY 2015	$4.267	$4.194	$4.096	$4.051	$4.247	$5.639						

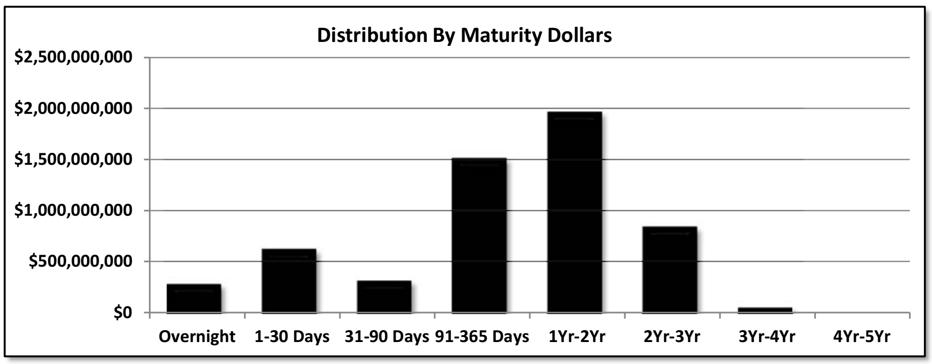
Amounts in billions

Santa Clara County Commingled Pool

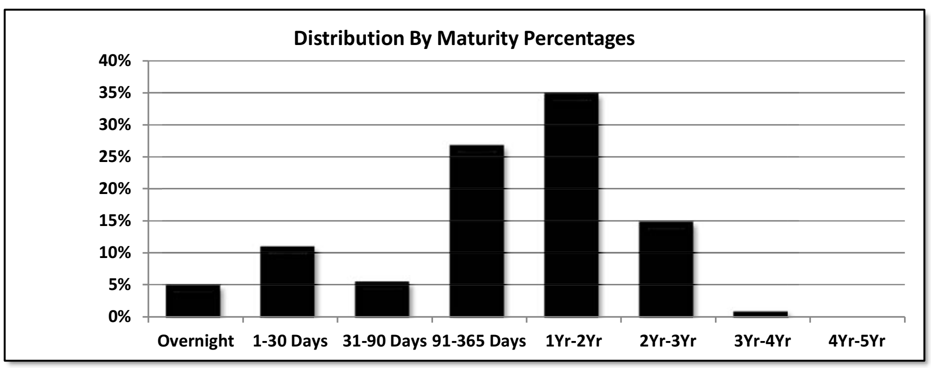
Distribution by Maturity

December 31, 2014

Maturity	Amount*
Overnight	290,460,906
1-30 Days	629,371,184
31-90 Days	320,985,174
91-365 Days	1,520,416,190
1Yr-2Yr	1,972,483,896
2Yr-3Yr	847,802,711
3Yr-4Yr	58,017,613
4Yr-5Yr	-
	5,639,537,673



Maturity	Amount*
Overnight	5.15%
1-30 Days	11.16%
31-90 Days	5.69%
91-365 Days	26.96%
1Yr-2Yr	34.98%
2Yr-3Yr	15.03%
3Yr-4Yr	1.03%
4Yr-5Yr	0.00%
	100.00%



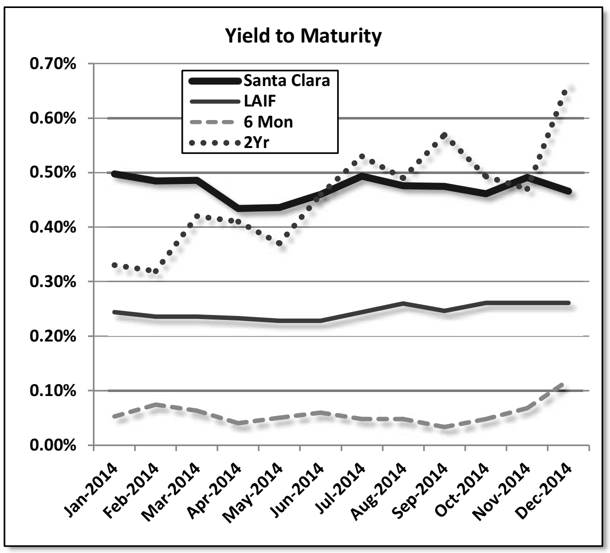
*Amounts are based on book value

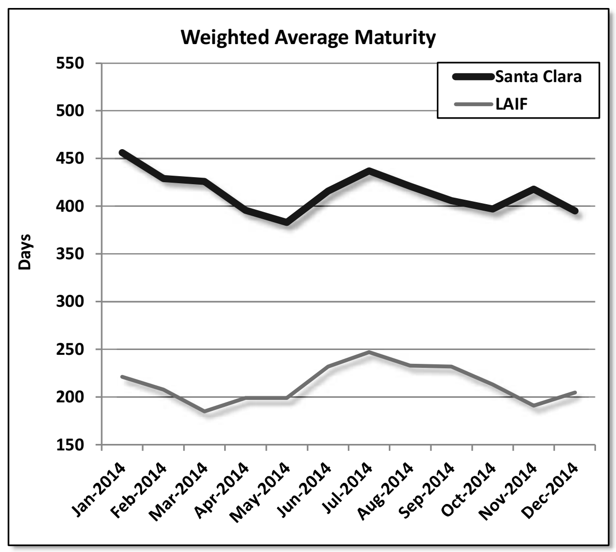
E-28

Santa Clara County Commingled Pool

Yield to Maturity and Weighted Average Maturity

December 31, 2014





Item	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
SCC YTM	0.50%	0.49%	0.49%	0.43%	0.44%	0.46%	0.49%	0.48%	0.48%	0.46%	0.49%	0.47%
LAIF YTM	0.24%	0.24%	0.24%	0.23%	0.23%	0.23%	0.24%	0.26%	0.25%	0.26%	0.26%	0.26%
6 Mon T-Bill	0.05%	0.07%	0.06%	0.04%	0.05%	0.06%	0.05%	0.05%	0.03%	0.05%	0.07%	0.12%
2Yr T-Note	0.33%	0.32%	0.42%	0.41%	0.37%	0.46%	0.53%	0.49%	0.57%	0.49%	0.47%	0.67%
SCC WAM	456	429	426	396	383	416	437	421	406	397	418	395
LAIF WAM	221	208	185	199	199	232	247	233	232	213	191	205

Santa Clara County

Approved Issuers and Broker/Dealers

December 31, 2014

Direct Commercial Paper Issuers

Bank of Nova Scotia
General Electric Company
Toyota Motor Credit Corp
US Bancorp
Wells Fargo & Co

Broker/Dealers

Barclays Capital, Inc
Blaylock Robert Van, LLC
BNP Paribas Securities Corp
Cantor Fitzgerald & Co
Citigroup Global Markets Inc
Daiwa Capital Markets America Inc
Deutsche Bank Securities Inc
FTN Financial, Inc
Goldman, Sachs & Co
Jefferies & Co
JP Morgan Securities, Inc
Keyban Capital Markets, Inc
Merrill Lynch & Co Inc
Mizuho Securities USA, Inc
Morgan Stanley & Co Inc
Nomura Securities International Inc
Piper Jaffray & Co
Raymond James, Inc.
RBC Capital Markets, Inc
Scotia Capital
UBS Securities LLC
Wells Fargo Institutional Securities

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Santa Clara County Commingled Pool

Compliance with Investment Policy

December 31, 2014

Item/Sector	Parameters	In Compliance
Maturity	Weighted Average Maturity (WAM) must be less than 24 months	Yes
Interest Periods	Securities must pay interest within one year of the initial investment and at least semiannually in subsequent years	Yes
Investment Swaps	Similar maturity swaps, so as not to affect cash flow needs, should have minimum 5 basis point gain	Yes
Issuer Limits	No more than 5% of the portfolio shall be invested in aggregate of any single institution of the following types: Bas, CP, Negotiable CDs, and Corporate Notes	Yes
U.S. Treasuries	No sector limit, no issuer limit, max maturity 5 years	Yes
U.S. Federal Agencies	No sector limit, no issuer limit, max maturity 5 years	Yes
LAIF	No sector limit, no issuer limit, CA State's deposit limit $50 million	Yes
Repurchase Agreements	No sector limit, no Issuer limit, max maturity 92 days, treasury and agency collateral at 102% of investment, if maturity exceeds 15 days, must be collateralized by securities with 5 years or less maturities	Yes
Commercial Paper	Sector limit 40%, issuer limit 5%, max maturity 270 days, rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), issued by domestic corporation w/ at least $500 mil of assets, and long term debt rated by at least two: AA- (S&P/Fitch)/Aa3 (Moody's)	Yes
Corporate Bonds	Sector limit 30%, issuer limit 5%, max maturity 5 years, AA- (S&P/Fitch)/Aa3 (Moody's), issued by domestic corps/depositories	Yes
Money Market Funds	Sector limit 20%, issuer limit 10%, rated by at least two: AAA-m (S&P/Fitch)/Aaa-mf (Moody's), MMF has at least $500 mil managed	Yes
Negotiable Certificates of Deposit	Sector limit 30%, issuer limit 5%, max maturity 5 years, if under 1 year rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), if greater than 1 year rated by at least two: AA- (S&P/Fitch)/Aa3 (Moody's), issued by national/state chartered banks	Yes
Municipal Securities	Sector limit 10%, no issuer limit, State of CA, local CA agencies, and other municipal securities of the other 49 states, if long-term rated, then by at least two: A- (S&P/Fitch)/A3 (Moody's), if short-term rated, then by at least two: SP-1 (S&P), MIG-1 (Moody's), F-1 (Fitch), revenue based bonds payable solely out of the States' or local agencies' revenues	Yes
Mortgage-Backed Securities	Sector limit 20% in aggregate with ABS, no issuer limit, max maturity 5 years, collateralized by pools of conforming residential mortgage loans insured by FHLMC/FNMA and residential mortgages guaranteed by FHA (GNMA)	Yes
Asset-Backed Securities	Sector limit 20% in aggregate with ABS, no issuer limit, max maturity 5 years, collateralized by pools of loans such as installment/receivables, security must be rated by at least two: AA- (S&P/Fitch), Aa3 (Moody's), issuer rated by at least two: A- (S&P/Fitch), A3 (Moody's)	Yes
Bankers' Acceptances	Sector limit 40%, issuer limit 5%, max maturity 180 days, rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), issued by commercial banks	Yes, None in Portfolio
Securities Lending	Sector limit 20%, max maturity 92 days for loans and reinvestment, loan counterparty must be a primary dealer, loaned securities must be owned for at least 30 days	Yes, None in Portfolio

SANTA CLARA COUNTY INVESTMENTS
Fund COMM - COMMINGLED POOL
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Negotiable CDs											
06417F6H8	34596	BANK OF NOVA SCOTIA	10/22/2013	15,000,000.00	15,000,000.00	15,024,855.00	0.650	0.641	0.650	10/22/2015	294
06417HHP4	34962	BANK OF NOVA SCOTIA	03/27/2014	35,000,000.00	35,000,000.00	35,000,280.00	0.250	0.249	0.253	01/02/2015	1
06417HWX0	35451	BANK OF NOVA SCOTIA HOUSTON	11/25/2014	15,000,000.00	15,000,000.00	14,997,330.00	0.170	0.169	0.172	05/08/2015	127
06417HWY8	35452	BANK OF NOVA SCOTIA HOUSTON	11/25/2014	15,000,000.00	15,000,000.00	14,995,440.00	0.210	0.209	0.212	06/05/2015	155
06417HXN1	35490	BANK OF NOVA SCOTIA HOUSTON	12/09/2014	20,000,000.00	20,000,000.00	19,995,460.00	0.230	0.230	0.233	06/12/2015	162
63253TWU8	34963	NATIONAL AUSTRALIA-BK-NY	03/27/2014	25,000,000.00	25,000,000.00	25,000,625.00	0.200	0.199	0.202	01/09/2015	8
89112TY24	34903	TORONTO DOMINION BANK	03/03/2014	50,000,006.93	50,000,000.00	50,000,150.00	0.185	0.180	0.182	01/02/2015	1
89112UG70	35396	TORONTO DOMINION BANK	10/30/2014	30,000,000.00	30,000,000.00	30,000,660.00	0.215	0.215	0.217	06/11/2015	161
89112UX30	35474	TORONTO DOMINION BANK	12/04/2014	20,000,427.36	20,000,000.00	19,999,120.00	0.200	0.195	0.197	06/04/2015	154
89112U4S7	35559	TORONTO DOMINION BANK	12/30/2014	25,000,000.00	25,000,000.00	24,998,062.50	0.115	0.115	0.116	03/03/2015	61
			Subtotal and Average	**250,000,434.29**	**250,000,000.00**	**250,011,982.50**		**0.224**	**0.227**		**86**
Federal Agency Bonds											
3133EARQ3	32782	FFCB NOTES	05/23/2012	9,995,227.39	10,000,000.00	10,012,900.00	0.500	0.592	0.600	06/23/2015	173
3133EAZ68	33610	FFCB NOTES	09/25/2012	14,998,350.00	15,000,000.00	15,015,825.00	0.400	0.409	0.415	09/25/2015	267
3133EA7L6	33735	FFCB NOTES	11/09/2012	9,998,887.78	10,000,000.00	10,010,770.00	0.400	0.407	0.413	11/09/2015	312
3133EC5Q3	33784	FFCB NOTES	12/03/2012	10,000,000.00	10,000,000.00	10,004,030.00	0.330	0.325	0.330	03/16/2015	74
3133EC5Q3	33787	FFCB NOTES	12/03/2012	10,000,000.00	10,000,000.00	10,004,030.00	0.330	0.325	0.330	03/16/2015	74
3133EC7H1	33822	FFCB NOTES	12/17/2012	19,996,986.67	20,000,000.00	20,008,520.00	0.340	0.359	0.364	08/17/2015	228
3133EAHP6	33835	FFCB NOTES	12/12/2012	21,008,784.40	21,000,000.00	21,018,018.00	0.520	0.313	0.318	03/16/2015	74
3133ECSP0	34343	FFCB NOTES	06/24/2013	14,999,927.92	15,000,000.00	15,009,480.00	0.330	0.326	0.331	06/24/2015	174
3133EARQ3	34561	FFCB NOTES	09/30/2013	40,038,209.95	40,000,000.00	40,051,600.00	0.500	0.295	0.299	06/23/2015	173
3133ECX74	34628	FFCB NOTES	11/06/2013	50,006,642.50	50,000,000.00	50,002,050.00	0.300	0.271	0.275	07/13/2015	193
3133EARQ3	34636	FFCB NOTES	11/07/2013	15,017,170.65	15,000,000.00	15,019,350.00	0.500	0.256	0.259	06/23/2015	173
3133EDBE1	34719	FFCB NOTES	12/09/2013	29,992,974.74	30,000,000.00	29,997,450.00	0.220	0.261	0.264	07/09/2015	189
3133EDBE1	34722	FFCB NOTES	12/10/2013	49,983,810.19	50,000,000.00	49,995,750.00	0.220	0.278	0.282	07/09/2015	189
3133ED7H9	34730	FFCB NOTES	12/11/2013	49,998,855.45	50,000,000.00	50,002,650.00	0.190	0.206	0.209	02/13/2015	43
3133EDC59	34758	FFCB NOTES	12/19/2013	49,984,800.00	50,000,000.00	49,989,750.00	0.250	0.294	0.298	08/19/2015	230
3133EDC59	34759	FFCB NOTES	12/19/2013	19,990,424.00	20,000,000.00	19,995,900.00	0.250	0.321	0.325	08/19/2015	230
3133EDES7	34995	FFCB NOTES	04/09/2014	20,453,861.70	20,450,000.00	20,451,329.25	0.230	0.184	0.187	06/10/2015	160
3133EDET5	35006	FFCB NOTES	04/11/2014	20,013,259.57	20,000,000.00	19,999,240.00	0.310	0.228	0.231	11/05/2015	308

Fund COMM - COMMINGLED POOL
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds											
3133EDET5	35021	FFCB NOTES	04/17/2014	25,011,577.06	25,000,000.00	24,999,050.00	0.310	0.251	0.255	11/05/2015	308
3133EDGC0	35048	FFCB NOTES	04/25/2014	20,108,000.00	20,108,000.00	20,105,607.15	0.250	0.246	0.250	11/04/2015	307
3133EDMC3	35208	FFCB NOTES	07/09/2014	19,965,357.75	20,000,000.00	19,972,220.00	0.250	0.395	0.400	02/26/2016	421
3133EECW8	35448	FFCB NOTES	11/25/2014	10,000,000.00	10,000,000.00	9,993,210.00	0.375	0.369	0.375	05/25/2016	510
3133EECW8	35449	FFCB NOTES	11/25/2014	10,000,000.00	10,000,000.00	9,993,210.00	0.375	0.369	0.375	05/25/2016	510
3133EEEC0	35475	FFCB NOTES	12/04/2014	9,999,069.23	10,000,000.00	9,994,210.00	0.220	0.226	0.229	01/04/2016	368
3133EEEC0	35481	FFCB NOTES	12/05/2014	10,497,550.45	10,500,000.00	10,493,920.50	0.220	0.239	0.243	01/04/2016	368
3133EDQM7	35497	FFCB NOTES	12/10/2014	15,016,863.39	15,000,000.00	14,971,710.00	1.000	0.942	0.955	07/17/2017	928
3133EEFE5	35527	FFCB NOTES	12/18/2014	10,009,484.44	10,000,000.00	9,978,690.00	1.125	1.077	1.092	12/18/2017	1,082
3133EEFE5	35529	FFCB NOTES	12/18/2014	10,000,000.00	10,000,000.00	9,978,690.00	1.125	1.109	1.125	12/18/2017	1,082
3133EEFZ8	35536	FFCB NOTES	12/23/2014	20,000,000.00	20,000,000.00	19,933,560.00	0.700	0.690	0.700	02/23/2017	784
3133EEFZ8	35537	FFCB NOTES	12/23/2014	29,968,229.23	30,000,000.00	29,900,340.00	0.700	0.739	0.749	02/23/2017	784
313379DD8	33890	FHLB NOTES	12/31/2012	25,189,470.50	25,000,000.00	25,020,500.00	1.000	0.678	0.688	06/21/2017	902
3133834R9	34257	FHLB NOTES	05/10/2013	14,987,410.01	15,000,000.00	14,963,340.00	0.375	0.426	0.432	06/24/2016	540
3133834R9	34261	FHLB NOTES	05/13/2013	34,956,898.80	35,000,000.00	34,914,460.00	0.375	0.452	0.458	06/24/2016	540
313381YP4	34270	FHLB NOTES	05/16/2013	9,999,984.54	10,000,000.00	10,000,350.00	0.250	0.247	0.251	02/20/2015	50
3133834R9	34533	FHLB NOTES	09/17/2013	24,877,976.68	25,000,000.00	24,938,900.00	0.375	0.698	0.708	06/24/2016	540
313373SZ6	34652	FHLB NOTES	11/14/2013	22,858,306.89	22,355,000.00	22,855,752.00	2.125	0.542	0.550	06/10/2016	526
313373SZ6	34663	FHLB NOTES	11/19/2013	25,586,199.51	25,000,000.00	25,560,000.00	2.125	0.479	0.486	06/10/2016	526
313383V81	34668	FHLB NOTES	11/21/2013	30,017,635.48	30,000,000.00	30,026,010.00	0.375	0.281	0.285	08/28/2015	239
313383V81	34671	FHLB NOTES	11/22/2013	18,616,994.08	18,605,000.00	18,621,130.53	0.375	0.272	0.276	08/28/2015	239
313373SZ6	34682	FHLB NOTES	11/26/2013	51,174,847.92	50,000,000.00	51,120,000.00	2.125	0.476	0.483	06/10/2016	526
313373SZ6	34749	FHLB NOTES	12/17/2013	15,347,230.18	15,000,000.00	15,336,000.00	2.125	0.500	0.507	06/10/2016	526
3130A0FX3	34779	FHLB NOTES	12/27/2013	15,000,000.00	15,000,000.00	15,001,425.00	0.210	0.207	0.210	02/18/2015	48
3130A0KC3	34800	FHLB NOTES	01/06/2014	19,999,827.78	20,000,000.00	20,000,040.00	0.125	0.184	0.187	01/06/2015	5
3130A0KC3	34818	FHLB NOTES	01/13/2014	14,999,891.64	15,000,000.00	15,000,030.00	0.125	0.174	0.177	01/06/2015	5
3130A0SD3	34848	FHLB NOTES	01/24/2014	9,991,675.70	10,000,000.00	9,996,790.00	0.380	0.447	0.453	02/19/2016	414
3130A1LZ9	34989	FHLB NOTES	04/09/2014	29,999,884.44	30,000,000.00	29,999,820.00	0.110	0.125	0.127	01/09/2015	8
3130A1LZ9	34990	FHLB NOTES	04/09/2014	29,999,884.44	30,000,000.00	29,999,820.00	0.110	0.125	0.127	01/09/2015	8
3130A1KP2	34991	FHLB NOTES	04/09/2014	14,999,969.45	15,000,000.00	14,999,940.00	0.120	0.129	0.130	01/09/2015	8
3130A0QG8	34998	FHLB NOTES	04/10/2014	20,010,111.73	20,000,000.00	19,998,020.00	0.280	0.189	0.192	07/29/2015	209
313379ER6	34999	FHLB NOTES	04/10/2014	15,637,578.48	15,615,000.00	15,635,455.65	0.500	0.173	0.176	06/12/2015	162

Fund COMM - COMMINGLED POOL
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds											
313379ER6	35000	FHLB NOTES	04/10/2014	10,074,814.90	10,060,000.00	10,073,178.60	0.500	0.167	0.170	06/12/2015	162
3130A1NN4	35004	FHLB NOTES	04/11/2014	14,977,752.58	15,000,000.00	14,972,355.00	0.875	0.925	0.937	05/24/2017	874
313375RN9	35020	FHLB NOTES	04/17/2014	15,109,385.96	15,000,000.00	15,096,405.00	1.000	0.381	0.386	03/11/2016	435
3130A1QE1	35030	FHLB NOTES	04/21/2014	9,999,863.70	10,000,000.00	9,999,730.00	0.090	0.112	0.114	01/21/2015	20
3130A1NW4	35031	FHLB NOTES	04/21/2014	29,997,638.65	30,000,000.00	29,997,210.00	0.250	0.256	0.260	10/15/2015	287
3130A1P69	35063	FHLB NOTES	04/30/2014	19,999,492.70	20,000,000.00	19,990,520.00	0.230	0.229	0.233	10/30/2015	302
3130A22N5	35097	FHLB NOTES	05/19/2014	9,998,043.42	10,000,000.00	9,968,970.00	0.420	0.427	0.433	06/06/2016	522
3130A2C61	35136	FHLB NOTES	06/06/2014	4,994,910.36	5,000,000.00	4,992,095.00	0.375	0.439	0.446	06/10/2016	526
3130A2FT8	35163	FHLB NOTES	06/19/2014	9,998,273.33	10,000,000.00	9,999,310.00	0.125	0.159	0.162	06/19/2015	169
3130A2AM8	35192	FHLB NOTES	06/30/2014	24,996,063.06	25,000,000.00	24,995,400.00	0.125	0.160	0.162	06/03/2015	153
3130A22N5	35193	FHLB NOTES	06/30/2014	24,983,351.29	25,000,000.00	24,922,425.00	0.420	0.460	0.466	06/06/2016	522
3130A2AM8	35194	FHLB NOTES	06/30/2014	14,997,637.84	15,000,000.00	14,997,240.00	0.125	0.160	0.162	06/03/2015	153
3130A2C61	35195	FHLB NOTES	06/30/2014	4,993,327.14	5,000,000.00	4,992,095.00	0.375	0.461	0.468	06/10/2016	526
3130A22N5	35206	FHLB NOTES	07/09/2014	19,974,362.45	20,000,000.00	19,937,940.00	0.420	0.503	0.510	06/06/2016	522
3130A2LA2	35218	FHLB NOTES	07/14/2014	32,997,383.93	33,000,000.00	32,989,143.00	0.140	0.155	0.157	06/15/2015	165
3130A22N5	35397	FHLB NOTES	10/30/2014	29,999,195.31	30,000,000.00	29,906,910.00	0.420	0.416	0.421	06/06/2016	522
3130A3CE2	35398	FHLB NOTES	10/30/2014	20,032,332.67	20,000,000.00	19,966,860.00	0.625	0.526	0.533	10/14/2016	652
3130A3CE2	35402	FHLB NOTES	10/31/2014	10,009,548.96	10,000,000.00	9,983,430.00	0.625	0.563	0.571	10/14/2016	652
3130A3FM1	35404	FHLB NOTES	11/04/2014	10,000,000.00	10,000,000.00	9,990,440.00	0.300	0.295	0.300	03/01/2016	425
3130A3FM1	35405	FHLB NOTES	11/04/2014	10,000,000.00	10,000,000.00	9,990,440.00	0.300	0.295	0.300	03/01/2016	425
3130A3CE2	35407	FHLB NOTES	11/06/2014	10,005,803.58	10,000,000.00	9,983,430.00	0.625	0.584	0.592	10/14/2016	652
3130A3CE2	35408	FHLB NOTES	11/06/2014	15,008,705.37	15,000,000.00	14,975,145.00	0.625	0.584	0.592	10/14/2016	652
3130A3GV0	35416	FHLB NOTES	11/10/2014	10,000,000.00	10,000,000.00	9,984,320.00	0.290	0.286	0.290	02/25/2016	420
3130A3M35	35466	FHLB NOTES	12/02/2014	10,002,296.43	10,000,000.00	9,977,950.00	0.520	0.500	0.507	10/14/2016	652
3130A3P32	35482	FHLB NOTES	12/05/2014	15,000,429.33	15,000,000.00	14,971,260.00	0.430	0.422	0.428	07/01/2016	547
3130A3P32	35483	FHLB NOTES	12/05/2014	10,000,000.00	10,000,000.00	9,980,840.00	0.430	0.424	0.430	07/01/2016	547
3130A3P32	35488	FHLB NOTES	12/09/2014	24,979,101.42	25,000,000.00	24,952,100.00	0.430	0.479	0.486	07/01/2016	547
3130A3PB4	35496	FHLB NOTES	12/10/2014	49,982,984.38	50,000,000.00	50,007,550.00	0.230	0.260	0.263	01/04/2016	368
3130A3P40	35505	FHLB NOTES	12/11/2014	24,969,134.38	25,000,000.00	24,918,400.00	0.875	0.912	0.925	07/03/2017	914
3130A3PB4	35506	FHLB NOTES	12/11/2014	9,996,587.99	10,000,000.00	10,001,510.00	0.230	0.260	0.263	01/04/2016	368
3130A2C61	35512	FHLB NOTES	12/12/2014	13,954,508.18	13,975,000.00	13,952,905.53	0.375	0.470	0.477	06/10/2016	526
3133782N0	35516	FHLB NOTES	12/15/2014	25,030,824.91	25,000,000.00	24,984,500.00	0.875	0.806	0.818	03/10/2017	799

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds											
3133782N0	35517	FHLB NOTES	12/15/2014	35,093,993.91	35,000,000.00	34,978,300.00	0.875	0.740	0.751	03/10/2017	799
3130A2C61	35520	FHLB NOTES	12/16/2014	24,981,290.73	25,000,000.00	24,960,475.00	0.375	0.421	0.427	06/10/2016	526
3130A3RW6	35528	FHLB NOTES	12/18/2014	25,031,565.31	25,000,000.00	24,937,700.00	1.000	0.938	0.951	08/15/2017	957
3130A3PB4	35530	FHLB NOTES	12/18/2014	24,991,552.53	25,000,000.00	25,003,775.00	0.230	0.259	0.263	01/04/2016	368
3130A3SZ8	35531	FHLB NOTES	12/18/2014	16,986,869.82	17,000,000.00	16,961,291.00	0.950	0.966	0.980	08/15/2017	957
3130A3P81	35541	FHLB NOTES	12/29/2014	15,000,000.00	15,000,000.00	14,984,355.00	0.250	0.246	0.250	01/29/2016	393
3130A3P81	35542	FHLB NOTES	12/29/2014	10,000,000.00	10,000,000.00	9,989,570.00	0.250	0.246	0.250	01/29/2016	393
3130A3P81	35543	FHLB NOTES	12/29/2014	25,000,000.00	25,000,000.00	24,973,925.00	0.250	0.246	0.250	01/29/2016	393
3130A3P81	35544	FHLB NOTES	12/29/2014	25,000,000.00	25,000,000.00	24,973,925.00	0.250	0.246	0.250	01/29/2016	393
3130A2Y75	35548	FHLB NOTES	12/30/2014	30,007,093.47	30,000,000.00	29,991,990.00	0.400	0.374	0.380	03/10/2016	434
3130A3SL9	35549	FHLB NOTES	12/30/2014	10,007,191.86	10,000,000.00	9,988,590.00	0.950	0.907	0.920	06/15/2017	896
3128X33E1	30273	FHLMC NOTES	12/02/2010	9,123,541.10	9,102,000.00	9,131,690.72	5.050	1.499	1.520	01/26/2015	25
3128X33E1	30285	FHLMC NOTES	12/03/2010	1,257,958.03	1,255,000.00	1,259,093.81	5.050	1.512	1.533	01/26/2015	25
3137EACH0	32087	FHLMC NOTES	11/17/2011	20,043,127.71	20,000,000.00	20,044,200.00	2.875	0.790	0.801	02/09/2015	39
3134G3J76	33454	FHLMC NOTES	08/30/2012	10,000,291.42	10,000,000.00	10,013,140.00	0.450	0.439	0.445	09/04/2015	246
3134G3J76	33552	FHLMC NOTES	09/17/2012	10,000,683.22	10,000,000.00	10,013,140.00	0.450	0.535	0.543	09/04/2015	246
3137EACW7	33721	FHLMC NOTES	11/01/2012	20,452,373.80	20,000,000.00	20,477,540.00	2.000	0.602	0.610	08/25/2016	602
3137EADQ9	34532	FHLMC NOTES	09/17/2013	24,922,803.35	25,000,000.00	25,008,800.00	0.500	0.718	0.728	05/13/2016	498
3137EADS5	34543	FHLMC NOTES	09/23/2013	10,007,767.39	10,000,000.00	10,037,280.00	0.875	0.819	0.830	10/14/2016	652
3137EADQ9	34723	FHLMC NOTES	12/10/2013	50,025,980.76	50,000,000.00	50,017,600.00	0.500	0.455	0.461	05/13/2016	498
3134G36G0	34724	FHLMC NOTES	12/10/2013	25,006,935.04	25,000,000.00	25,008,650.00	0.350	0.217	0.220	03/18/2015	76
3137EADQ9	34751	FHLMC NOTES	12/17/2013	44,413,621.47	44,400,000.00	44,415,628.80	0.500	0.470	0.477	05/13/2016	498
3137EADQ9	34754	FHLMC NOTES	12/18/2013	25,012,427.98	25,000,000.00	25,008,800.00	0.500	0.457	0.463	05/13/2016	498
3134G4CV8	34780	FHLMC NOTES	12/27/2013	8,000,023.72	8,000,000.00	8,000,000.00	0.305	0.195	0.198	01/02/2015	1
3137EADQ9	34971	FHLMC NOTES	04/01/2014	19,997,288.19	20,000,000.00	20,007,040.00	0.500	0.502	0.509	05/13/2016	498
3137EADN6	35207	FHLMC NOTES	07/09/2014	9,845,463.26	10,000,000.00	9,856,490.00	0.750	1.255	1.273	01/12/2018	1,107
3137EADH9	35498	FHLMC NOTES	12/10/2014	25,059,117.52	25,000,000.00	25,049,225.00	1.000	0.891	0.903	06/29/2017	910
3137EADT3	35507	FHLMC NOTES	12/11/2014	15,052,196.02	15,000,000.00	15,024,315.00	0.875	0.701	0.710	02/22/2017	783
3137EADC0	35508	FHLMC NOTES	12/11/2014	17,000,792.04	16,917,000.00	16,966,025.47	1.000	0.760	0.770	03/08/2017	797
3137EADC0	35546	FHLMC NOTES	12/29/2014	16,891,682.07	16,850,000.00	16,898,831.30	1.000	0.873	0.885	03/08/2017	797
3137EADJ5	35556	FHLMC NOTES	12/30/2014	24,999,250.81	25,000,000.00	24,990,625.00	1.000	0.987	1.001	07/28/2017	939
3136FPGF8	29930	FNMA NOTES	09/23/2010	25,000,000.00	25,000,000.00	25,087,450.00	1.750	1.726	1.750	03/23/2015	81

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds											
31398A4M1	30108	FNMA NOTES	11/03/2010	25,048,733.41	25,000,000.00	25,284,500.00	1.625	1.359	1.378	10/26/2015	298
3135G0ES8	32277	FNMA NOTES	02/06/2012	20,153,620.24	20,000,000.00	20,269,580.00	1.375	0.941	0.954	11/15/2016	684
31359M4D2	32308	FNMA NOTES	02/22/2012	16,185,439.70	15,000,000.00	16,308,105.00	5.000	1.132	1.147	02/13/2017	774
3135G0NV1	33443	FNMA NOTES	08/30/2012	10,002,457.94	10,000,000.00	10,018,010.00	0.500	0.460	0.466	09/28/2015	270
3135G0ES8	33714	FNMA NOTES	10/29/2012	20,262,378.57	20,000,000.00	20,269,580.00	1.375	0.654	0.663	11/15/2016	684
3135G0NV1	33722	FNMA NOTES	11/01/2012	20,009,435.53	20,000,000.00	20,036,020.00	0.500	0.429	0.435	09/28/2015	270
3135G0KM4	33777	FNMA NOTES	11/27/2012	20,010,787.78	20,000,000.00	20,022,380.00	0.500	0.361	0.366	05/27/2015	146
3135G0KM4	34269	FNMA NOTES	05/16/2013	25,024,050.30	25,000,000.00	25,027,975.00	0.500	0.258	0.262	05/27/2015	146
3135G0XP3	34271	FNMA NOTES	05/17/2013	19,965,855.32	20,000,000.00	19,944,960.00	0.375	0.481	0.488	07/05/2016	551
3135G0LN1	34524	FNMA NOTES	09/13/2013	25,011,225.35	25,000,000.00	25,023,250.00	0.500	0.404	0.410	07/02/2015	182
3135G0YE7	34555	FNMA NOTES	09/27/2013	24,956,041.47	25,000,000.00	24,994,925.00	0.625	0.722	0.732	08/26/2016	603
3135G0LN1	34564	FNMA NOTES	09/30/2013	10,009,565.51	10,000,000.00	10,009,300.00	0.500	0.304	0.309	07/02/2015	182
3135G0LN1	34633	FNMA NOTES	11/07/2013	10,011,529.24	10,000,000.00	10,009,300.00	0.500	0.266	0.270	07/02/2015	182
3135G0LN1	34634	FNMA NOTES	11/07/2013	30,034,587.73	30,000,000.00	30,027,900.00	0.500	0.266	0.270	07/02/2015	182
3135G0LN1	34635	FNMA NOTES	11/07/2013	10,011,559.66	10,000,000.00	10,009,300.00	0.500	0.265	0.269	07/02/2015	182
3135G0LN1	34651	FNMA NOTES	11/14/2013	10,010,527.55	10,000,000.00	10,009,300.00	0.500	0.285	0.289	07/02/2015	182
3135G0XP3	34664	FNMA NOTES	11/20/2013	14,968,482.54	15,000,000.00	14,958,720.00	0.375	0.508	0.515	07/05/2016	551
3135G0LN1	34667	FNMA NOTES	11/21/2013	30,035,327.71	30,000,000.00	30,027,900.00	0.500	0.261	0.265	07/02/2015	182
3135G0XP3	34692	FNMA NOTES	11/27/2013	24,952,762.47	25,000,000.00	24,931,200.00	0.375	0.574	0.582	07/05/2016	551
3135G0XP3	34720	FNMA NOTES	12/10/2013	29,928,544.86	30,000,000.00	29,917,440.00	0.375	0.526	0.533	07/05/2016	551
3135G0YE7	34721	FNMA NOTES	12/10/2013	25,017,526.90	25,000,000.00	24,994,925.00	0.625	0.574	0.582	08/26/2016	603
3135G0GY3	34738	FNMA NOTES	12/13/2013	30,278,133.54	30,000,000.00	30,268,950.00	1.250	0.786	0.797	01/30/2017	760
3135G0XP3	34739	FNMA NOTES	12/13/2013	24,926,925.81	25,000,000.00	24,931,200.00	0.375	0.655	0.665	07/05/2016	551
3135G0XP3	34750	FNMA NOTES	12/17/2013	34,920,251.85	35,000,000.00	34,903,680.00	0.375	0.606	0.615	07/05/2016	551
3135G0ZB2	34913	FNMA NOTES	03/10/2014	9,974,167.77	10,000,000.00	9,968,750.00	0.750	0.852	0.863	04/20/2017	840
3135G0HG1	35005	FNMA NOTES	04/11/2014	15,007,589.55	15,000,000.00	15,006,600.00	0.375	0.130	0.131	03/16/2015	74
3135G0VC4	35447	FNMA NOTES	11/25/2014	9,982,358.57	10,000,000.00	9,949,720.00	1.130	1.170	1.186	02/28/2018	1,154
3135G0VC4	35454	FNMA NOTES	11/26/2014	5,993,655.31	6,000,000.00	5,969,832.00	1.130	1.148	1.164	02/28/2018	1,154
			Subtotal and Average	**2,845,276,241.64**	**2,840,192,000.00**	**2,844,495,613.31**		**0.475**	**0.481**		**419**
Federal Agency Bonds - CALLABLE											
3133EDXG2	35455	FFCB NOTES	11/26/2014	10,008,891.04	10,000,000.00	10,004,230.00	0.670	0.611	0.619	10/14/2016	652

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Federal Agency Bonds - CALLABLE											
3133EDXG2	35467	FFCB NOTES	12/02/2014	8,011,960.57	8,000,000.00	8,003,384.00	0.670	0.577	0.585	10/14/2016	652
3130A0HH6	34813	FHLB NOTES	01/10/2014	9,950,421.81	10,000,000.00	9,976,140.00	1.000	1.187	1.203	06/27/2017	908
3130A1CD8	34968	FHLB NOTES	03/28/2014	25,143,687.50	25,000,000.00	25,134,875.00	1.125	0.780	0.791	09/28/2016	636
3130A3BP8	35403	FHLB NOTES	11/03/2014	40,093,725.87	40,000,000.00	39,967,360.00	0.750	0.612	0.620	10/28/2016	666
3130A3BX1	35440	FHLB NOTES	11/24/2014	12,526,186.18	12,500,000.00	12,493,787.50	1.000	0.896	0.908	04/28/2017	848
3130A3FY5	35459	FHLB NOTES	11/28/2014	10,000,000.00	10,000,000.00	9,976,820.00	0.700	0.690	0.700	11/25/2016	694
3130A2TY2	35515	FHLB NOTES	12/15/2014	12,000,000.00	12,000,000.00	11,947,788.00	0.850	0.836	0.847	02/27/2017	788
3130A3BP8	35545	FHLB NOTES	12/29/2014	19,445,000.00	19,445,000.00	19,429,132.88	0.750	0.739	0.749	10/28/2016	666
3130A3PZ1	35550	FHLB NOTES	12/30/2014	9,992,508.33	10,000,000.00	9,975,680.00	1.000	1.016	1.030	06/30/2017	911
3134G4PX0	34781	FHLMC NOTES	12/27/2013	50,000,000.00	50,000,000.00	49,810,950.00	0.500	0.493	0.500	06/27/2016	543
3134G4UC0	34950	FHLMC NOTES	03/25/2014	29,992,933.65	30,000,000.00	29,957,310.00	0.650	0.655	0.665	07/29/2016	575
3134G4UC0	34957	FHLMC NOTES	03/26/2014	29,997,574.38	30,000,000.00	29,957,310.00	0.650	0.646	0.655	07/29/2016	575
3134G4UC0	35019	FHLMC NOTES	04/17/2014	12,512,524.33	12,500,000.00	12,482,212.50	0.650	0.577	0.585	07/29/2016	575
3134G5C94	35230	FHLMC NOTES	07/21/2014	14,991,694.44	15,000,000.00	14,981,235.00	1.100	1.106	1.122	07/21/2017	932
3134G5ME2	35409	FHLMC NOTES	11/06/2014	10,000,000.00	10,000,000.00	9,990,380.00	1.150	1.134	1.150	11/06/2017	1,040
3134G5NN1	35441	FHLMC NOTES	11/24/2014	15,000,000.00	15,000,000.00	14,968,455.00	1.250	1.232	1.250	11/24/2017	1,058
3134G5PS8	35445	FHLMC NOTES	11/25/2014	10,000,000.00	10,000,000.00	9,971,790.00	0.580	0.572	0.580	08/25/2016	602
3134G5RD9	35458	FHLMC NOTES	11/28/2014	14,150,000.00	14,150,000.00	14,108,993.30	0.650	0.641	0.650	11/25/2016	694
3134G5P74	35460	FHLMC NOTES	11/28/2014	9,999,522.92	10,000,000.00	9,976,260.00	0.670	0.663	0.672	11/28/2016	697
3134G5SL0	35540	FHLMC CALLABLE	12/29/2014	10,000,000.00	10,000,000.00	9,988,220.00	0.900	0.887	0.900	06/29/2017	910
3134G5SW6	35551	FHLMC CALLABLE	12/30/2014	19,985,016.67	20,000,000.00	19,971,700.00	1.000	1.016	1.030	06/30/2017	911
3134G5SW6	35552	FHLMC CALLABLE	12/30/2014	19,985,016.67	20,000,000.00	19,971,700.00	1.000	1.016	1.030	06/30/2017	911
3134G5SW6	35553	FHLMC CALLABLE	12/30/2014	10,000,000.00	10,000,000.00	9,985,850.00	1.000	0.986	1.000	06/30/2017	911
3134G5VV4	35554	FHLMC CALLABLE	12/30/2014	10,000,000.00	10,000,000.00	9,997,180.00	1.050	1.035	1.050	06/30/2017	911
3134G5SW6	35555	FHLMC CALLABLE	12/30/2014	31,293,277.42	31,360,000.00	31,315,625.60	1.000	1.071	1.086	06/30/2017	911
3135G0WY5	34258	FNMA NOTES	05/14/2013	39,991,462.50	40,000,000.00	39,839,760.00	0.550	0.553	0.561	11/14/2016	683
3135G0UM3	34355	FNMA NOTES	06/19/2013	30,894,389.39	30,905,000.00	30,884,602.70	0.520	0.542	0.550	02/26/2016	421
3135G0XC2	34358	FNMA NOTES	06/20/2013	49,818,870.40	50,000,000.00	49,727,350.00	0.500	0.713	0.723	08/22/2016	599
3135G0VX8	34398	FNMA NOTES	07/10/2013	49,714,262.54	50,000,000.00	49,959,500.00	0.625	0.946	0.960	09/26/2016	634
3135G0VX8	34414	FNMA NOTES	07/17/2013	49,765,155.92	50,000,000.00	49,959,500.00	0.625	0.887	0.900	09/26/2016	634
3135G0XA6	34464	FNMA NOTES	08/12/2013	10,305,428.10	10,500,000.00	10,342,101.00	1.030	1.578	1.600	05/21/2018	1,236
3135G0XR9	34643	FNMA NOTES	11/08/2013	19,961,964.64	20,000,000.00	19,938,980.00	0.550	0.655	0.664	09/06/2016	614

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Fund COMM - COMMINGLED POOL
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds - CALLABLE											
3135G0UV3	34713	FNMA NOTES	12/06/2013	10,026,456.25	10,000,000.00	10,007,450.00	0.750	0.511	0.518	02/26/2016	421
			Subtotal and Average	**715,557,931.52**	**716,360,000.00**	**715,003,612.48**		**0.785**	**0.796**		**697**
US Treasury Notes											
912828VG2	34755	U.S. TREASURY NOTES	12/18/2013	50,023,933.30	50,000,000.00	50,039,050.00	0.500	0.460	0.466	06/15/2016	531
912828VG2	34997	U.S. TREASURY NOTES	04/09/2014	50,000,000.00	50,000,000.00	50,039,050.00	0.500	0.493	0.499	06/15/2016	531
912828TT7	35023	U.S. TREASURY NOTES	04/17/2014	25,008,213.14	25,000,000.00	25,001,950.00	0.250	0.205	0.208	10/15/2015	287
912828SU5	35026	U.S. TREASURY NOTES	04/17/2014	25,012,653.07	25,000,000.00	25,017,575.00	0.250	0.110	0.112	05/15/2015	134
912828VL1	35045	U.S. TREASURY NOTES	04/24/2014	35,045,283.67	35,000,000.00	35,068,355.00	0.625	0.532	0.540	07/15/2016	561
			Subtotal and Average	**185,090,083.18**	**185,000,000.00**	**185,165,980.00**		**0.401**	**0.407**		**450**
Corporate Bonds											
084664BX8	34456	BERKSHIRE HATHWY	08/15/2013	9,997,134.07	10,000,000.00	10,032,930.00	0.950	0.954	0.967	08/15/2016	592
19416QDQ0	30101	COLGATE-PALMOLIVE CO	11/03/2010	14,981,179.09	15,000,000.00	15,105,660.00	1.375	1.510	1.531	11/01/2015	304
166764AC4	34349	CHEVRON CORP.	06/24/2013	5,000,000.00	5,000,000.00	5,010,580.00	0.889	0.876	0.889	06/24/2016	540
166764AA8	35280	CHEVRON CORP.	08/19/2014	9,967,029.17	10,000,000.00	9,938,180.00	1.104	1.202	1.219	12/05/2017	1,069
166764AL4	35427	CHEVRON CORP.	11/18/2014	30,000,000.00	30,000,000.00	30,024,300.00	1.345	1.326	1.345	11/15/2017	1,049
36962G4T8	30190	GENERAL ELECTRIC	11/09/2010	4,999,358.33	5,000,000.00	5,068,600.00	2.250	2.234	2.265	11/09/2015	312
478160BF0	34700	JOHNSON & JOHNSON	12/05/2013	29,976,758.53	30,000,000.00	29,980,860.00	0.700	0.730	0.741	11/28/2016	697
478160BL7	35435	J P MORGAN-FDIC GUARANTEED	11/21/2014	29,977,177.78	30,000,000.00	29,910,450.00	1.125	1.136	1.151	11/21/2017	1,055
89233P5Z5	32302	TOYOTA MOTOR CREDIT	02/17/2012	24,998,402.78	25,000,000.00	25,018,700.00	1.000	1.036	1.050	02/17/2015	47
931142DN0	35034	WALMART	04/22/2014	9,998,846.15	10,000,000.00	9,977,040.00	1.000	0.991	1.005	04/21/2017	841
931142DN0	35269	WALMART	08/13/2014	9,014,276.34	9,000,000.00	8,979,336.00	1.000	0.917	0.930	04/21/2017	841
931142CX9	35422	WALMART	11/14/2014	5,544,196.44	5,490,000.00	5,540,859.36	1.500	0.284	0.288	10/25/2015	297
931142DE0	34176	WALMART	04/11/2013	1,999,395.19	2,000,000.00	1,999,064.00	0.600	0.615	0.623	04/11/2016	466
931142DE0	34931	WALMART	03/18/2014	8,013,125.17	8,000,000.00	7,996,256.00	0.600	0.464	0.470	04/11/2016	466
30231GAA0	34942	EXXON MOBIL CORP	03/20/2014	10,000,000.00	10,000,000.00	9,987,020.00	0.921	0.908	0.921	03/15/2017	804
			Subtotal and Average	**204,466,879.04**	**204,490,000.00**	**204,569,835.36**		**1.052**	**1.067**		**689**
Corporate Bonds - NCUA Guaranteed											
62889KAB7	31686	NCUA GUARANTEED NOTE	06/16/2011	4,999,220.79	5,000,000.00	5,025,650.00	1.400	1.416	1.435	06/12/2015	162
			Subtotal and Average	**4,999,220.79**	**5,000,000.00**	**5,025,650.00**		**1.416**	**1.436**		**162**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Asset Backed Securities (ABS)											
02587UAB6	35423	AMERICAN EXPRESS	11/14/2014	6,824,528.91	6,820,000.00	6,818,165.42	0.590	0.511	0.518	05/15/2018	1,230
09657YAD4	35060	BMW VEHICLE LEASE TRUST	04/29/2014	10,020,312.50	10,000,000.00	10,004,750.00	0.660	0.465	0.471	06/20/2016	536
09658UAB5	35376	BMW VEHICLE OWNER TRUST	10/15/2014	9,999,662.00	10,000,000.00	9,999,840.00	0.530	0.526	0.534	04/25/2017	845
161571FJ8	34436	CHASE ISSUANCE TRUST (ABS)	07/29/2013	15,040,429.69	15,000,000.00	15,019,890.00	0.790	0.622	0.631	06/15/2017	896
161571FJ8	35420	CHASE ISSUANCE TRUST (ABS)	11/13/2014	10,021,484.38	10,000,000.00	10,013,260.00	0.790	0.419	0.425	06/15/2017	896
43812XAB1	34430	HONDA AUTO RECEIVABLES OWNER T	07/24/2013	2,136,089.47	2,136,121.30	2,136,225.97	0.540	0.518	0.525	01/15/2016	379
43813XAD6	35087	HONDA AUTO RECEIVABLES OWNER T	05/13/2014	5,068,148.44	5,050,000.00	5,051,348.35	0.740	0.473	0.480	10/15/2018	1,383
43814GAA8	35104	HONDA AUTO RECEIVABLES OWNER T	05/21/2014	650,112.45	650,112.45	650,112.45	0.180	0.177	0.180	05/18/2015	137
43814JAA2	35456	HONDA AUTO RECEIVABLES OWNER T	11/26/2014	12,000,513.42	12,000,513.42	12,000,513.42	0.220	0.217	0.220	12/15/2015	348
43814JAB0	35457	HONDA AUTO RECEIVABLES OWNER T	11/26/2014	9,999,971.00	10,000,000.00	9,995,360.00	0.580	0.572	0.580	01/17/2017	747
477877AB0	35311	JOHN DEERE OWNER TRUST	09/03/2014	8,999,243.10	9,000,000.00	8,981,145.00	0.540	0.538	0.546	07/17/2017	928
58768EAC3	34992	MERCEDES-BENZ AUTO LEASE TRUST	04/09/2014	6,562,785.03	6,562,958.29	6,564,658.10	0.480	0.476	0.482	06/15/2016	531
89231MAC9	34933	TOYOTA AUTO REC OWNER TRUST	03/19/2014	7,998,521.60	8,000,000.00	7,991,232.00	0.670	0.671	0.680	12/15/2017	1,079
89231MAB1	34934	TOYOTA AUTO REC OWNER TRUST	03/19/2014	5,828,941.16	5,828,978.47	5,829,538.05	0.410	0.405	0.410	08/15/2016	592
89231MAB1	35040	TOYOTA AUTO REC OWNER TRUST	04/23/2014	2,499,304.63	2,498,133.63	2,498,373.45	0.410	0.358	0.363	08/15/2016	592
89231MAB1	35143	TOYOTA AUTO REC OWNER TRUST	06/09/2014	12,337,752.12	12,332,453.02	12,333,636.94	0.410	0.344	0.349	08/15/2016	592
89190AAB6	35375	TOYOTA AUTO REC OWNER TRUST	10/15/2014	4,999,694.50	5,000,000.00	5,000,780.00	0.510	0.508	0.515	02/15/2017	776
92867RAC3	35064	VOLKSWAGEN AUTO LOAN ENHANCED	04/30/2014	9,998,030.00	10,000,000.00	9,954,360.00	0.910	0.908	0.920	10/22/2018	1,390
92867RAB5	35065	VOLKSWAGEN AUTO LOAN ENHANCED	04/30/2014	26,090,671.57	26,091,135.99	26,072,428.65	0.420	0.415	0.421	03/20/2017	809
92867TAA3	35382	VOLKSWAGEN AUTO LOAN ENHANCED	10/22/2014	5,015,276.77	5,015,276.77	5,015,251.69	0.200	0.179	0.182	10/20/2015	292
			Subtotal and Average	**172,091,472.74**	**171,985,683.34**	**171,930,869.49**		**0.483**	**0.490**		**797**
Asset Backed Securities											
06052YAC3	32522	BANK OF AMERICA AUTO TRUST	04/18/2012	1,293,965.17	1,293,981.34	1,294,148.26	0.780	0.770	0.781	06/15/2016	531
161571FR0	33757	CHASE ISSUANCE TRUST (ABS)	11/21/2012	14,999,020.19	15,000,000.00	14,992,590.00	0.540	0.548	0.555	10/15/2015	287
161571FR0	35418	CHASE ISSUANCE TRUST (ABS)	11/12/2014	15,000,499.01	15,000,000.00	14,992,590.00	0.540	0.535	0.543	10/15/2015	287
43813UAC4	32317	HONDA AUTO RECEIVABLES OWNER T	02/23/2012	313,038.69	313,039.92	313,182.67	0.770	0.770	0.780	03/15/2015	73
58768VAC5	34190	MERCEDES-BENZ AUTO LEASE TRUST	04/24/2013	10,496,146.30	10,496,512.13	10,495,756.38	0.590	0.593	0.601	02/15/2016	410
92867GAC7	32251	VOLKSWAGEN AUTO LOAN ENHANCED	01/26/2012	3,262,529.94	3,262,535.22	3,266,538.35	0.850	0.840	0.852	06/22/2015	172
			Subtotal and Average	**45,365,199.30**	**45,366,068.61**	**45,354,805.66**		**0.583**	**0.591**		**312**

Municipal Bonds

Fund COMM - COMMINGLED POOL
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Municipal Bonds											
13063BFQ0	32542	CALIFORNIA ST	04/23/2012	20,637,684.93	19,250,000.00	21,142,467.50	5.750	2.190	2.221	03/01/2017	790
13063CFD7	34625	CALIFORNIA ST	11/05/2013	12,535,959.57	12,500,000.00	12,589,125.00	1.250	1.075	1.090	11/01/2016	670
13063CFD7	34645	CALIFORNIA ST	11/12/2013	5,030,468.66	5,000,000.00	5,035,650.00	1.250	0.899	0.912	11/01/2016	670
13063CFC9	34650	CALIFORNIA ST	11/13/2013	10,066,000.00	10,000,000.00	10,091,900.00	1.750	1.488	1.508	11/01/2017	1,035
13063CFC9	34729	CALIFORNIA ST	12/11/2013	9,096,848.14	9,085,000.00	9,168,491.15	1.750	1.678	1.701	11/01/2017	1,035
13063CPM6	35444	CALIFORNIA ST	11/25/2014	15,026,172.41	15,000,000.00	14,971,800.00	0.750	0.645	0.654	11/01/2016	670
13063CPN4	35534	CALIFORNIA ST	12/22/2014	12,448,889.30	12,450,000.00	12,392,979.00	1.250	1.236	1.253	11/01/2017	1,035
			Subtotal and Average	**84,842,023.01**	**83,285,000.00**	**85,392,412.65**		**1.397**	**1.417**		**835**
Commercial Paper, Discount Notes											
74977LSB4	35401	RABOBANK	10/31/2014	24,982,376.42	25,000,000.00	24,978,075.00		0.196	0.199	05/11/2015	130
89233HNW0	35391	TOYOTA MOTOR CREDIT	10/29/2014	24,997,635.96	25,000,000.00	24,998,332.50	0.120	0.120	0.121	01/30/2015	29
89233HNG5	35436	TOYOTA MOTOR CREDIT	11/21/2014	24,998,777.34	25,000,000.00	24,999,222.50	0.120	0.120	0.121	01/16/2015	15
89233HP40	35484	TOYOTA MOTOR CREDIT	12/05/2014	24,996,997.77	25,000,000.00	24,997,892.50	0.130	0.130	0.131	02/04/2015	34
9033E1NL4	35438	U S BANK	11/21/2014	24,998,967.48	25,000,000.00	24,998,500.00	0.080	0.080	0.081	01/20/2015	19
9033E1T12	35468	U S BANK	12/02/2014	24,984,442.61	25,000,000.00	24,973,295.00	0.150	0.150	0.152	06/01/2015	151
9033E1T46	35476	U S BANK	12/04/2014	24,984,133.57	25,000,000.00	24,972,337.50	0.150	0.150	0.152	06/04/2015	154
9033E1SV7	35491	U S BANK	12/09/2014	24,984,668.03	25,000,000.00	24,974,235.00	0.150	0.150	0.152	05/29/2015	148
9033E1N67	35557	U S BANK	12/30/2014	24,999,796.22	25,000,000.00	24,999,582.50	0.060	0.060	0.060	01/06/2015	5
			Subtotal and Average	**224,927,795.40**	**225,000,000.00**	**224,891,472.50**		**0.129**	**0.130**		**76**
Federal Agency, Discount Notes											
313312AH3	35509	FFCB DISCOUNT NOTE	12/11/2014	9,999,922.89	10,000,000.00	9,999,970.00		0.040	0.041	01/08/2015	7
313312GS3	35513	FFCB DISCOUNT NOTE	12/12/2014	9,994,651.86	10,000,000.00	9,995,580.00	0.120	0.121	0.123	06/10/2015	160
313312DM9	35560	FFCB DISCOUNT NOTE	12/31/2014	9,998,605.32	10,000,000.00	9,999,320.00	0.060	0.060	0.061	03/25/2015	83
313312HJ2	35561	FFCB DISCOUNT NOTE	12/31/2014	9,992,646.60	10,000,000.00	9,995,140.00	0.150	0.152	0.154	06/26/2015	176
313384AJ8	34920	FHLB DISCOUNT NOTE	03/10/2014	9,999,801.56	10,000,000.00	9,999,960.00	0.090	0.091	0.092	01/09/2015	8
313384BL2	35412	FHLB DISCOUNT NOTE	11/07/2014	9,999,344.30	10,000,000.00	9,999,770.00	0.070	0.070	0.071	02/04/2015	34
313384BN8	35413	FHLB DISCOUNT NOTE	11/07/2014	14,998,958.60	15,000,000.00	14,999,640.00	0.070	0.070	0.071	02/06/2015	36
313384AJ8	35429	FHLB DISCOUNT NOTE	11/20/2014	10,999,878.78	11,000,000.00	10,999,956.00	0.050	0.050	0.051	01/09/2015	8
313384AV1	35431	FHLB DISCOUNT NOTE	11/20/2014	9,999,738.28	10,000,000.00	9,999,900.00	0.050	0.050	0.051	01/20/2015	19
313384AP4	35432	FHLB DISCOUNT NOTE	11/20/2014	9,999,856.74	10,000,000.00	9,999,930.00	0.040	0.040	0.041	01/14/2015	13

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency, Discount Notes											
313384AV1	35433	FHLB DISCOUNT NOTE	11/20/2014	9,999,738.28	10,000,000.00	9,999,900.00	0.050	0.050	0.051	01/20/2015	19
313384AM1	35434	FHLB DISCOUNT NOTE	11/21/2014	9,999,848.48	10,000,000.00	9,999,940.00	0.050	0.050	0.051	01/12/2015	11
313384FD6	35450	FHLB DISCOUNT NOTE	11/25/2014	9,997,071.70	10,000,000.00	9,996,920.00	0.085	0.086	0.087	05/04/2015	123
313384AX7	35453	FHLB DISCOUNT NOTE	11/25/2014	14,999,565.85	15,000,000.00	14,999,835.00	0.050	0.050	0.051	01/22/2015	21
313384AH2	35462	FHLB DISCOUNT NOTE	12/02/2014	14,999,855.34	15,000,000.00	14,999,955.00	0.050	0.050	0.051	01/08/2015	7
313384AH2	35463	FHLB DISCOUNT NOTE	12/02/2014	14,999,855.34	15,000,000.00	14,999,955.00	0.050	0.050	0.051	01/08/2015	7
313384AH2	35464	FHLB DISCOUNT NOTE	12/02/2014	14,999,855.37	15,000,000.00	14,999,955.00	0.050	0.050	0.051	01/08/2015	7
313384AH2	35465	FHLB DISCOUNT NOTE	12/02/2014	14,999,855.37	15,000,000.00	14,999,955.00	0.050	0.050	0.051	01/08/2015	7
313384BC2	35473	FHLB DISCOUNT NOTE	12/04/2014	14,999,516.50	15,000,000.00	14,999,790.00	0.045	0.045	0.046	01/27/2015	26
313384GR4	35478	FHLB DISCOUNT NOTE	12/05/2014	9,996,013.96	10,000,000.00	9,995,610.00	0.090	0.091	0.092	06/09/2015	159
313384AB5	35479	FHLB DISCOUNT NOTE	12/05/2014	14,999,983.47	15,000,000.00	15,000,000.00	0.040	0.040	0.041	01/02/2015	1
313384GM5	35480	FHLB DISCOUNT NOTE	12/05/2014	9,993,998.52	10,000,000.00	9,995,720.00	0.139	0.141	0.142	06/05/2015	155
313384BL2	35486	FHLB DISCOUNT NOTE	12/08/2014	9,614,549.67	9,615,000.00	9,614,778.86	0.050	0.050	0.051	02/04/2015	34
313384AR0	35511	FHLB DISCOUNT NOTE	12/12/2014	29,999,132.24	30,000,000.00	29,999,760.00	0.070	0.070	0.071	01/16/2015	15
313396HB2	35331	FHLMC DISCOUNT NOTE	09/12/2014	9,995,292.13	10,000,000.00	9,995,330.00	0.100	0.101	0.102	06/19/2015	169
313396AJ2	34910	FHLMC DISCOUNT NOTE	03/06/2014	14,999,636.17	15,000,000.00	14,999,940.00	0.110	0.111	0.113	01/09/2015	8
313396AJ2	34914	FHLMC DISCOUNT NOTE	03/10/2014	14,999,636.17	15,000,000.00	14,999,940.00	0.110	0.111	0.113	01/09/2015	8
313396AB9	34966	FHLMC DISCOUNT NOTE	03/28/2014	14,999,958.66	15,000,000.00	15,000,000.00	0.100	0.101	0.102	01/02/2015	1
313396AJ2	34967	FHLMC DISCOUNT NOTE	03/28/2014	14,999,636.18	15,000,000.00	14,999,940.00	0.110	0.111	0.113	01/09/2015	8
313396GJ6	35211	FHLMC DISCOUNT NOTE	07/09/2014	9,994,494.45	10,000,000.00	9,995,810.00	0.130	0.131	0.133	06/02/2015	152
313396GS6	35264	FHLMC DISCOUNT NOTE	08/11/2014	9,993,759.26	10,000,000.00	9,995,580.00	0.140	0.142	0.144	06/10/2015	160
313396GY3	35274	FHLMC DISCOUNT NOTE	08/14/2014	9,993,525.25	10,000,000.00	9,995,420.00	0.140	0.142	0.144	06/16/2015	166
313396JD6	35300	FHLMC DISCOUNT NOTE	08/27/2014	9,992,361.20	10,000,000.00	9,993,800.00	0.140	0.142	0.144	07/15/2015	195
313396GJ6	35312	FHLMC DISCOUNT NOTE	09/03/2014	9,995,342.17	10,000,000.00	9,995,810.00	0.110	0.111	0.113	06/02/2015	152
313396FA6	35492	FHLMC DISCOUNT NOTE	12/10/2014	19,993,614.35	20,000,000.00	19,993,980.00	0.095	0.096	0.097	05/01/2015	120
313396FU2	35500	FHLMC DISCOUNT NOTE	12/10/2014	19,991,110.29	20,000,000.00	19,993,080.00	0.115	0.116	0.118	05/19/2015	138
313396GZ0	35501	FHLMC DISCOUNT NOTE	12/10/2014	9,994,417.90	10,000,000.00	9,995,390.00	0.120	0.121	0.123	06/17/2015	167
313396FM0	35518	FHLMC DISCOUNT NOTE	12/15/2014	10,995,560.58	11,000,000.00	10,996,381.00		0.111	0.113	05/12/2015	131
313396FQ1	35523	FHLMC DISCOUNT NOTE	12/17/2014	9,995,121.18	10,000,000.00	9,997,560.00	0.130	0.131	0.133	05/15/2015	134
313588AE5	34975	FNMA DISCOUNT NOTE	04/02/2014	14,999,884.26	15,000,000.00	14,999,970.00	0.070	0.071	0.071	01/05/2015	4
313588GJ8	35213	FNMA DISCOUNT NOTE	07/10/2014	9,994,706.26	10,000,000.00	9,995,810.00		0.126	0.128	06/02/2015	152
313588GU3	35334	FNMA DISCOUNT NOTE	09/16/2014	9,995,035.83	10,000,000.00	9,995,530.00	0.110	0.111	0.113	06/12/2015	162

Fund COMM - COMMINGLED POOL
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency, Discount Notes											
313396GQ0	35487	FNMA DISCOUNT NOTE	12/08/2014	19,988,557.05	20,000,000.00	19,991,280.00		0.131	0.133	06/08/2015	158
313588FU4	35493	FNMA DISCOUNT NOTE	12/10/2014	24,989,370.99	25,000,000.00	24,991,350.00	0.110	0.111	0.113	05/19/2015	138
313588HG3	35494	FNMA DISCOUNT NOTE	12/10/2014	29,982,551.93	30,000,000.00	29,985,570.00	0.120	0.121	0.123	06/24/2015	174
313588FT7	35503	FNMA DISCOUNT NOTE	12/10/2014	14,993,668.87	15,000,000.00	14,996,265.00	0.110	0.111	0.113	05/18/2015	137
			Subtotal and Average	**616,459,486.15**	**616,615,000.00**	**616,494,975.86**		**0.091**	**0.093**		**79**
Local Agency Investment Fund											
SYS8506	8506	LOCAL AGENCY INVEST FUND	07/01/2013	40,000,000.00	40,000,000.00	40,000,000.00	0.240	0.236	0.240		1
			Subtotal and Average	**40,000,000.00**	**40,000,000.00**	**40,000,000.00**		**0.237**	**0.240**		**1**
Money Market											
SYS23519	23519	DREYFUS CASH MANAGEMENT	02/01/2008	250,460,905.94	250,460,905.94	250,460,905.94	0.030	0.029	0.030		1
			Subtotal and Average	**250,460,905.94**	**250,460,905.94**	**250,460,905.94**		**0.030**	**0.030**		**1**
			Total Investments and Average	**5,639,537,673.00**	**5,633,754,657.89**	**5,638,798,115.75**		**0.460**	**0.467**		**395**

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Fund WK - WORKERS COMP
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds											
3137EADS5	34808	FHLMC NOTES	01/08/2014	4,509,906.46	4,500,000.00	4,516,776.00	0.875	0.739	0.750	10/14/2016	652
3135G0MZ3	34806	FNMA NOTES	01/08/2014	4,463,575.56	4,500,000.00	4,484,281.50	0.875	1.170	1.186	08/28/2017	970
3135G0WJ8	34807	FNMA NOTES	01/08/2014	4,498,784.21	4,600,000.00	4,523,511.20	0.875	1.527	1.548	05/21/2018	1,236
			Subtotal and Average	**13,472,266.23**	**13,600,000.00**	**13,524,568.70**		**1.146**	**1.162**		**952**
US Treasury Notes											
912828A59	34790	U.S. TREASURY NOTES	12/27/2013	4,485,179.89	4,500,000.00	4,497,889.50	0.625	0.784	0.795	12/15/2016	714
912828UE8	34791	U.S. TREASURY NOTES	12/27/2013	4,424,321.67	4,500,000.00	4,452,538.50	0.750	1.309	1.327	12/31/2017	1,095
912828A75	34792	U.S. TREASURY NOTES	12/31/2013	4,457,835.61	4,500,000.00	4,505,976.00	1.500	1.721	1.745	12/31/2018	1,460
			Subtotal and Average	**13,367,337.17**	**13,500,000.00**	**13,456,404.00**		**1.271**	**1.289**		**1,088**
Money Market											
SYS34789	34789	DREYFUS CASH MANAGEMENT	12/26/2013	200,928.31	200,928.31	200,928.31	0.030	0.029	0.030		1
			Subtotal and Average	**200,928.31**	**200,928.31**	**200,928.31**		**0.030**	**0.030**		**1**
			Total Investments and Average	**27,040,531.71**	**27,300,928.31**	**27,181,901.01**		**1.199**	**1.216**		**1,012**

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Fund MVLA - MOUNTAIN VIEW-LOS ALTOS
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Municipal Bonds											
011770V43	32335	ALASKA ST	03/05/2012	60,893.41	60,000.00	60,979.80	3.000	0.420	0.426	08/01/2015	212
797646QR0	32345	SAN FRANCISCO CITY & CNTY CA	03/08/2012	74,397.07	70,000.00	74,645.20	5.000	1.084	1.099	06/15/2016	531
93974CR36	32356	WASHINGTON ST	03/09/2012	78,422.79	75,000.00	78,827.25	5.000	0.710	0.720	02/01/2016	396
			Subtotal and Average	**213,713.27**	**205,000.00**	**214,452.25**		**0.758**	**0.769**		**390**
Money Market - Tax Exempt											
SYS33614	33614	BLACKROCK TAX FREE INST	09/25/2012	1,804,291.84	1,804,291.84	1,804,291.84	0.020	0.019	0.020		1
			Subtotal and Average	**1,804,291.84**	**1,804,291.84**	**1,804,291.84**		**0.020**	**0.020**		**1**
			Total Investments and Average	**2,018,005.11**	**2,009,291.84**	**2,018,744.09**		**0.098**	**0.099**		**42**

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Fund PA - PALO ALTO UNIFIED
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Municipal Bonds											
011770V43	32336	ALASKA ST	03/05/2012	202,978.03	200,000.00	203,266.00	3.000	0.420	0.426	08/01/2015	212
797646QR0	32346	SAN FRANCISCO CITY & CNTY CA	03/08/2012	143,480.06	135,000.00	143,958.60	5.000	1.084	1.099	06/15/2016	531
93974CR36	32357	WASHINGTON ST	03/09/2012	156,845.58	150,000.00	157,654.50	5.000	0.710	0.720	02/01/2016	396
			Subtotal and Average	**503,303.67**	**485,000.00**	**504,879.10**		**0.700**	**0.710**		**360**
Money Market - Tax Exempt											
SYS33612	33612	BLACKROCK TAX FREE INST	09/25/2012	93,577.69	93,577.69	93,577.69	0.020	0.019	0.020		1
			Subtotal and Average	**93,577.69**	**93,577.69**	**93,577.69**		**0.020**	**0.020**		**1**
			Total Investments and Average	**596,881.36**	**578,577.69**	**598,456.79**		**0.593**	**0.602**		**303**

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Fund PCF - PARK CHARTER FUND
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
US Treasury Notes											
912828SM3	33529	U.S. TREASURY NOTES	09/13/2012	4,034,269.58	4,000,000.00	4,016,876.00	1.000	0.603	0.611	03/31/2017	820
912828KT6	33531	U.S. TREASURY NOTES	09/13/2012	7,169,183.91	7,000,000.00	7,172,816.00	2.375	0.413	0.418	03/31/2016	455
		Subtotal and Average		**11,203,453.49**	**11,000,000.00**	**11,189,692.00**		**0.481**	**0.488**		**586**
Money Market											
SYS33657	33657	DREYFUS CASH MANAGEMENT FUND	09/30/2012	111,941.79	111,941.79	111,941.79	0.030	0.029	0.030		1
		Subtotal and Average		**111,941.79**	**111,941.79**	**111,941.79**		**0.030**	**0.030**		**1**
		Total Investments and Average		**11,315,395.28**	**11,111,941.79**	**11,301,633.79**		**0.477**	**0.484**		**580**

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Fund SJE - SAN JOSE- EVERGREEN
Investments by Fund
December 31, 2014

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Municipal Bonds											
011770V43	32337	ALASKA ST	03/05/2012	751,018.70	740,000.00	752,084.20	3.000	0.420	0.426	08/01/2015	212
011770Z56	35082	ALASKA ST	05/08/2014	232,975.46	200,000.00	233,014.00	5.000	1.252	1.270	08/01/2019	1,673
011770Z56	35083	ALASKA ST	05/08/2014	291,219.33	250,000.00	291,267.50	5.000	1.252	1.270	08/01/2019	1,673
041042UD2	34919	ARKANSAS ST	03/10/2014	560,211.48	500,000.00	556,860.00	5.000	0.562	0.570	10/01/2017	1,004
246381AZ0	34859	DELAWARE ST	01/30/2014	832,337.94	750,000.00	829,545.00	5.000	0.552	0.560	07/01/2017	912
246380B65	34872	DELAWARE ST	02/07/2014	112,957.38	100,000.00	112,715.00	5.000	0.818	0.830	03/01/2018	1,155
34153P3H9	34972	FLORIDA STATE BOARD EDUCATION	04/01/2014	403,989.48	350,000.00	404,586.00	5.000	1.351	1.370	06/01/2019	1,612
341150M31	35185	FLORIDA STATE BOARD EDUCATION	06/27/2014	1,253,535.71	1,065,000.00	1,257,520.05	5.000	1.588	1.610	07/01/2020	2,008
373384N28	34845	GEORGIA ST	01/22/2014	574,792.88	500,000.00	574,910.00	5.000	1.055	1.070	12/01/2018	1,430
373384YJ9	34915	GEORGIA ST	03/10/2014	410,349.45	350,000.00	406,752.50	5.000	1.035	1.050	07/01/2019	1,642
373384Q82	35212	GEORGIA ST	07/10/2014	530,225.86	485,000.00	529,033.15	5.000	0.483	0.490	02/01/2017	762
544525RT7	34702	LOS ANGELES CALIF DEPT WTR & P	12/05/2013	569,005.29	500,000.00	570,755.00	5.000	0.946	0.960	07/01/2018	1,277
544525RS9	34703	LOS ANGELES CALIF DEPT WTR & P	12/05/2013	554,195.96	500,000.00	556,445.00	5.000	0.602	0.610	07/01/2017	912
57582PK74	35081	MASSACHUSETTS ST	05/08/2014	611,439.57	530,000.00	611,270.20	5.000	1.242	1.260	04/01/2019	1,551
574193HF8	34837	MARYLAND ST	01/22/2014	549,907.80	500,000.00	548,160.00	4.500	0.582	0.590	08/01/2017	943
5741925H9	34869	MARYLAND ST	02/05/2014	237,036.58	205,000.00	236,641.75	5.000	1.114	1.130	03/01/2019	1,520
5741927Y0	34870	MARYLAND ST	02/05/2014	115,769.46	100,000.00	115,576.00	5.000	1.114	1.130	03/15/2019	1,534
574193JK5	35122	MARYLAND ST	06/02/2014	509,274.90	440,000.00	507,914.00	5.000	1.095	1.110	03/01/2019	1,520
574193KQ0	35289	MARYLAND ST	08/21/2014	803,228.16	700,000.00	797,937.00	5.000	0.798	0.810	08/01/2018	1,308
59266THW4	33072	METROPOLITAN WATER DISTRICT	06/28/2012	532,100.75	500,000.00	534,045.00	5.000	0.724	0.734	07/01/2016	547
604129P91	34860	MINNESOTA ST	01/30/2014	1,144,171.33	1,000,000.00	1,144,330.00	5.000	1.035	1.050	10/01/2018	1,369
6041294D5	35288	MINNESOTA ST	08/21/2014	238,084.80	200,000.00	237,148.00	5.000	1.410	1.430	08/01/2020	2,039
658256T77	34874	NORTH CAROLINA ST	02/07/2014	890,301.26	785,000.00	888,635.70	5.000	0.877	0.890	05/01/2018	1,216
658256B43	34900	NORTH CAROLINA ST	03/03/2014	133,391.69	115,000.00	132,851.45	5.000	1.035	1.050	03/01/2019	1,520
658256T93	35131	NORTH CAROLINA ST	06/05/2014	431,615.56	365,000.00	432,331.55	5.000	1.400	1.420	05/01/2020	1,947
644682F27	34961	NEW HAMPSHIRE ST	03/27/2014	952,953.50	840,000.00	955,138.80	5.000	1.045	1.060	07/01/2018	1,277
649791BE9	35132	NEW YORK ST POWER AUTH	06/05/2014	157,957.42	150,000.00	157,720.50	3.000	0.523	0.530	03/01/2017	790
6775213U8	34836	OHIO ST	01/22/2014	797,634.89	750,000.00	796,432.50	3.000	0.936	0.949	03/01/2018	1,155
6775213T1	34841	OHIO ST	01/22/2014	257,500.27	250,000.00	257,040.00	2.000	0.592	0.600	03/01/2017	790
68608UMS2	32420	OREGON ST	04/04/2012	535,161.93	500,000.00	540,985.00	5.000	1.045	1.060	11/01/2016	670
79771TJS7	34839	SAN FRANCISCO CITY & CNTY CA	01/23/2014	113,525.94	100,000.00	113,717.00	5.000	0.976	0.990	06/15/2018	1,261
797646XK7	34852	SAN FRANCISCO CITY & CNTY CA	01/28/2014	498,647.97	450,000.00	497,920.50	5.000	0.564	0.572	06/15/2017	896

Fund SJE - SAN JOSE- EVERGREEN
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Municipal Bonds											
797646XL5	34853	SAN FRANCISCO CITY & CNTY CA	01/28/2014	512,202.76	450,000.00	512,221.50	5.000	0.925	0.938	06/15/2018	1,261
882722D99	35100	TEXAS STATE REFUNDING	05/20/2014	190,132.07	170,000.00	189,381.70	5.000	0.631	0.640	10/01/2017	1,004
924258ZN9	34946	VERMONT ST	03/21/2014	116,561.25	100,000.00	116,497.00	5.000	1.262	1.280	08/15/2019	1,687
93974CR36	32358	WASHINGTON ST	03/09/2012	810,368.86	775,000.00	814,548.25	5.000	0.710	0.720	02/01/2016	396
93974CJH4	34840	WASHINGTON ST	01/23/2014	280,383.57	250,000.00	279,660.00	5.000	0.858	0.870	01/01/2018	1,096
97705L3U9	34867	WISCONSIN STATE	02/04/2014	550,507.97	500,000.00	549,255.00	5.000	0.612	0.620	05/01/2017	851
97705L4E4	34880	WISCONSIN STATE	02/13/2014	288,975.08	250,000.00	288,500.00	5.000	1.198	1.214	05/01/2019	1,581
97705L4E4	34881	WISCONSIN STATE	02/13/2014	115,728.75	100,000.00	115,400.00	5.000	1.169	1.185	05/01/2019	1,581
			Subtotal and Average	**19,451,379.01**	**17,365,000.00**	**19,446,745.80**		**0.923**	**0.936**		**1,196**
Money Market - Tax Exempt											
SYS33615	33615	BLACKROCK TAX FREE INST	09/25/2012	210,890.51	210,890.51	210,890.51	0.020	0.019	0.020		1
			Subtotal and Average	**210,890.51**	**210,890.51**	**210,890.51**		**0.020**	**0.020**		**1**
			Total Investments and Average	**19,662,269.52**	**17,575,890.51**	**19,657,636.31**		**0.913**	**0.926**		**1,183**

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Fund WVM - WEST VALLEY MISSION-CCD
Investments by Fund
December 31, 2014

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Municipal Bonds											
797646QR0	32347	SAN FRANCISCO CITY & CNTY CA	03/08/2012	3,932,416.33	3,700,000.00	3,945,532.00	5.000	1.084	1.099	06/15/2016	531
			Subtotal and Average	**3,932,416.33**	**3,700,000.00**	**3,945,532.00**		**1.085**	**1.100**		**531**
Money Market - Tax Exempt											
SYS33613	33613	BLACKROCK TAX FREE INST	09/25/2012	7,981,805.62	7,981,805.62	7,981,805.62	0.020	0.019	0.020		1
			Subtotal and Average	**7,981,805.62**	**7,981,805.62**	**7,981,805.62**		**0.020**	**0.020**		**1**
			Total Investments and Average	**11,914,221.95**	**11,681,805.62**	**11,927,337.62**		**0.371**	**0.376**		**175**

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SANTA CLARA COUNTY INVESTMENTS
Transaction Activity Report
October 1, 2014 - December 31, 2014
Sorted by Transaction Date - Transaction Date
COMMINGLED POOL Fund

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35364	COMM	SYS35364	USTN 0.02% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	100,000,000.00			**-100,000,000.00**
34580	COMM	313589H89	FNMAD ZERO CPN	Redemption	MIZUHO	FNMA DISCOUNT		15,000,000.00		**15,000,000.00**
		Totals for 10/01/2014					**100,000,000.00**	**15,000,000.00**		**-85,000,000.00**
35365	COMM	SYS35365	USTN 0.03% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	75,000,000.00			**-75,000,000.00**
34579	COMM	313589H97	FNMAD ZERO CPN	Redemption	UBS FINANCE	FNMA DISCOUNT		10,000,000.00		**10,000,000.00**
35364	COMM	SYS35364	USTN 0.02% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		100,000,000.00		**100,000,000.00**
35364	COMM	SYS35364	USTN 0.02% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			55.56	**55.56**
		Totals for 10/02/2014					**75,000,000.00**	**110,000,000.00**	**55.56**	**35,000,055.56**
34901	COMM	89233HK37	TOYO ZERO CPN	Redemption	TOYOTA MOTOR	TOYOTA MOTOR		50,000,000.00		**50,000,000.00**
35357	COMM	90349QKU6	USB 0.1% MAT	Redemption	U S BANK	U S BANK		50,000,000.00		**50,000,000.00**
35357	COMM	90349QKU6	USB 0.1% MAT	Interest	U S BANK	U S BANK			1,111.14	**1,111.14**
		Totals for 10/03/2014						**100,000,000.00**	**1,111.14**	**100,001,111.14**
35367	COMM	90349QLW1	USB 0.1% MAT	Purchase	U S BANK	U S BANK	50,000,000.00			**-50,000,000.00**
35366	COMM	SYS35366	USTN 0.04% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	150,000,000.00			**-150,000,000.00**
35362	COMM	36960MK69	GE DISC NOTE MAT	Redemption	GENERAL ELECTRIC	GENERAL ELECTRIC		50,000,000.00		**50,000,000.00**
35363	COMM	90349QLB7	USB 0.1% MAT	Redemption	U S BANK	U S BANK		50,000,000.00		**50,000,000.00**
35365	COMM	SYS35365	USTN 0.03% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		75,000,000.00		**75,000,000.00**
35363	COMM	90349QLB7	USB 0.1% MAT	Interest	U S BANK	U S BANK			972.24	**972.24**
35365	COMM	SYS35365	USTN 0.03% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			250.00	**250.00**
		Totals for 10/06/2014					**200,000,000.00**	**175,000,000.00**	**1,222.24**	**-24,998,777.76**
35369	COMM	74977LK89	RABO DISC NOTE	Purchase	MERRILL LYNCH	RABOBANK	49,999,916.67			**-49,999,916.67**
35368	COMM	SYS35368	USTN 0.03% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	100,000,000.00			**-100,000,000.00**
35366	COMM	SYS35366	USTN 0.04% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		150,000,000.00		**150,000,000.00**
35366	COMM	SYS35366	USTN 0.04% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			166.67	**166.67**
		Totals for 10/07/2014					**149,999,916.67**	**150,000,000.00**	**166.67**	**250.00**
35370	COMM	SYS35370	USTN 0.04% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	100,000,000.00			**-100,000,000.00**
35368	COMM	SYS35368	USTN 0.03% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		100,000,000.00		**100,000,000.00**
35369	COMM	74977LK89	RABO DISC NOTE	Redemption	MERRILL LYNCH	RABOBANK		50,000,000.00		**50,000,000.00**
35368	COMM	SYS35368	USTN 0.03% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			83.33	**83.33**
		Totals for 10/08/2014					**100,000,000.00**	**150,000,000.00**	**83.33**	**50,000,083.33**
35371	COMM	SYS35371	USTN 0.04% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	100,000,000.00			**-100,000,000.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35370	COMM	SYS35370	USTN 0.04% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		100,000,000.00		**100,000,000.00**
34989	COMM	3130A1LZ9	FEDERAL HOME	Interest	CITIGROUP GLOBAL	FHLB NOTES			16,500.00	**16,500.00**
34990	COMM	3130A1LZ9	FEDERAL HOME	Interest	CITIGROUP GLOBAL	FHLB NOTES			16,500.00	**16,500.00**
35370	COMM	SYS35370	USTN 0.04% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			111.11	**111.11**
		Totals for 10/09/2014					**100,000,000.00**	**100,000,000.00**	**33,111.11**	**33,111.11**
35372	COMM	SYS35372	USTN 0.05% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	75,000,000.00			**-75,000,000.00**
35371	COMM	SYS35371	USTN 0.04% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		100,000,000.00		**100,000,000.00**
35371	COMM	SYS35371	USTN 0.04% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			111.11	**111.11**
		Totals for 10/10/2014					**75,000,000.00**	**100,000,000.00**	**111.11**	**25,000,111.11**
34176	COMM	931142DE0	WAL-MART STORES	Interest	MORGAN STANLEY	WALMART			6,000.00	**6,000.00**
34931	COMM	931142DE0	WAL-MART STORES	Interest	JEFFERIES & CO,	WALMART			24,000.00	**24,000.00**
		Totals for 10/11/2014							**30,000.00**	**30,000.00**
35373	COMM	SYS35373	USTN 0.05% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	100,000,000.00			**-100,000,000.00**
35011	COMM	21684BMK7	RB 0.21% MAT	Redemption	UBS FINANCE	RABOBANK		25,000,000.00		**25,000,000.00**
35372	COMM	SYS35372	USTN 0.05% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		75,000,000.00		**75,000,000.00**
34543	COMM	3137EADS5	FEDERAL HOME LN	Interest	BARCLAYS CAPITAL	FHLMC NOTES			43,750.00	**43,750.00**
35011	COMM	21684BMK7	RB 0.21% MAT	Interest	UBS FINANCE	RABOBANK			26,687.50	**26,687.50**
35372	COMM	SYS35372	USTN 0.05% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			416.67	**416.67**
		Totals for 10/14/2014					**100,000,000.00**	**100,000,000.00**	**70,854.17**	**70,854.17**
35376	COMM	09658UAB5	BMWOT 0.53% MAT	Purchase	RBC CAPITAL	BMW VEHICLE	9,999,662.00			**-9,999,662.00**
35375	COMM	89190AAB6	TAOT 0.51% MAT	Purchase	MERRILL LYNCH	TOYOTA AUTO REC	4,999,694.50			**-4,999,694.50**
35374	COMM	SYS35374	USTN 0.08% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
30999	COMM	31359MWJ8	FNMA 4.625% MAT	Redemption	GLEACHER &	FNMA NOTES		25,000,000.00		**25,000,000.00**
32317	COMM	43813UAC4	HAROT 0.77% MAT	Redemption	MERRILL LYNCH	HONDA AUTO		98,656.36		**98,656.36**
32317	COMM	43813UAC4	HAROT 0.77% MAT	Cap G/L	MERRILL LYNCH	HONDA AUTO		5.92		**5.92**
32522	COMM	06052YAC3	BAAT 0.78% MAT	Redemption	BANK OF AMERICA	BANK OF AMERICA		578,232.02		**578,232.02**
32522	COMM	06052YAC3	BAAT 0.78% MAT	Cap G/L	BANK OF AMERICA	BANK OF AMERICA		20.64		**20.64**
33866	COMM	31359MWJ8	FNMA 4.625% MAT	Redemption	BNP PARIBAS	FNMA NOTES		25,000,000.00		**25,000,000.00**
34190	COMM	58768VAC5	MBALT 0.59% MAT	Redemption	MERRILL LYNCH	MERCEDES-BENZ		845,590.15		**845,590.15**
34190	COMM	58768VAC5	MBALT 0.59% MAT	Cap G/L	MERRILL LYNCH	MERCEDES-BENZ		73.83		**73.83**
34191	COMM	58768VAB7	MBALT 0.49% MAT	Redemption	MERRILL LYNCH	MERCEDES-BENZ		3,450,821.79		**3,450,821.79**
34191	COMM	58768VAB7	MBALT 0.49% MAT	Cap G/L	MERRILL LYNCH	MERCEDES-BENZ		20.01		**20.01**
35018	COMM	313385K62	FHDN DISC NOTE	Redemption	PIPER JAFFRAY &	FHLB DISCOUNT		15,000,000.00		**15,000,000.00**
35373	COMM	SYS35373	USTN 0.05% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		100,000,000.00		**100,000,000.00**
30999	COMM	31359MWJ8	FNMA 4.625% MAT	Interest	GLEACHER &	FNMA NOTES			578,125.00	**578,125.00**
32317	COMM	43813UAC4	HAROT 0.77% MAT	Interest	MERRILL LYNCH	HONDA AUTO			376.68	**376.68**
32522	COMM	06052YAC3	BAAT 0.78% MAT	Interest	BANK OF AMERICA	BANK OF AMERICA			1,860.82	**1,860.82**
33757	COMM	161571FR0	CHAIT 0.54% MAT	Interest	JPMorganChase	CHASE ISSUANCE			6,750.00	**6,750.00**

SANTA CLARA COUNTY INVESTMENTS
Transaction Activity Report
Sorted by Transaction Date - Transaction Date

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
33866	COMM	31359MWJ8	FNMA 4.625% MAT	Interest	BNP PARIBAS	FNMA NOTES			578,125.00	**578,125.00**
34190	COMM	58768VAC5	MBALT 0.59% MAT	Interest	MERRILL LYNCH	MERCEDES-BENZ			8,358.34	**8,358.34**
34191	COMM	58768VAB7	MBALT 0.49% MAT	Interest	MERRILL LYNCH	MERCEDES-BENZ			1,409.10	**1,409.10**
35023	COMM	912828TT7	UNITED STATES	Interest	BARCLAYS CAPITAL	U.S. TREASURY			31,250.00	**31,250.00**
35023	COMM	912828TT7	UNITED STATES	Accr Int	BARCLAYS CAPITAL	U.S. TREASURY		341.53	-341.53	**0.00**
35031	COMM	3130A1NW4	FEDERAL HOME	Interest	BNP PARIBAS	FHLB NOTES			37,500.00	**37,500.00**
35031	COMM	3130A1NW4	FEDERAL HOME	Accr Int	BNP PARIBAS	FHLB NOTES		1,250.00	-1,250.00	**0.00**
35373	COMM	SYS35373	USTN 0.05% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			138.89	**138.89**
34430	COMM	43812XAB1	HAROT 0.54% MAT	Interest	JPMorganChase	HONDA AUTO			2,171.99	**2,171.99**
34430	COMM	43812XAB1	HAROT 0.54% MAT	Redemption	JPMorganChase	HONDA AUTO		947,017.29		**947,017.29**
34436	COMM	161571FJ8	CHAIT 0.79% MAT	Interest	CITIGROUP GLOBAL	CHASE ISSUANCE			9,875.00	**9,875.00**
34436	COMM	161571FJ8	CHAIT 0.79% MAT	Redemption	CITIGROUP GLOBAL	CHASE ISSUANCE		518,323.47		**518,323.47**
34933	COMM	89231MAC9	TAOT 0.67% MAT	Interest	CITIGROUP GLOBAL	TOYOTA AUTO REC			4,466.66	**4,466.66**
34933	COMM	89231MAC9	TAOT 0.67% MAT	Redemption	CITIGROUP GLOBAL	TOYOTA AUTO REC		212,076.48		**212,076.48**
34934	COMM	89231MAB1	TAOT 0.41% MAT	Interest	CITIGROUP GLOBAL	TOYOTA AUTO REC			2,391.67	**2,391.67**
34934	COMM	89231MAB1	TAOT 0.41% MAT	Redemption	CITIGROUP GLOBAL	TOYOTA AUTO REC		311,067.07		**311,067.07**
34992	COMM	58768EAC3	MBALT 0.48% MAT	Interest	CITIGROUP GLOBAL	MERCEDES-BENZ			2,800.00	**2,800.00**
34992	COMM	58768EAC3	MBALT 0.48% MAT	Redemption	CITIGROUP GLOBAL	MERCEDES-BENZ		338,697.97		**338,697.97**
34994	COMM	58768EAA7	MBALT 0.2% MAT	Interest	CITIGROUP GLOBAL	MERCEDES-BENZ			414.54	**414.54**
34994	COMM	58768EAA7	MBALT 0.2% MAT	Redemption	CITIGROUP GLOBAL	MERCEDES-BENZ		1,099,359.20		**1,099,359.20**
35040	COMM	89231MAB1	TAOT 0.41% MAT	Interest	MORGAN STANLEY	TOYOTA AUTO REC			1,025.00	**1,025.00**
35040	COMM	89231MAB1	TAOT 0.41% MAT	Redemption	MORGAN STANLEY	TOYOTA AUTO REC		133,377.80		**133,377.80**
35087	COMM	43813XAD6	HAROT 0.74% MAT	Interest	CITIGROUP GLOBAL	HONDA AUTO			3,114.17	**3,114.17**
35087	COMM	43813XAD6	HAROT 0.74% MAT	Redemption	CITIGROUP GLOBAL	HONDA AUTO		123,959.66		**123,959.66**
35143	COMM	89231MAB1	TAOT 0.41% MAT	Interest	CITIGROUP GLOBAL	TOYOTA AUTO REC			5,060.09	**5,060.09**
35143	COMM	89231MAB1	TAOT 0.41% MAT	Redemption	CITIGROUP GLOBAL	TOYOTA AUTO REC		658,416.05		**658,416.05**
35311	COMM	477877AB0	JDOT 0.54% MAT	Interest	RBC CAPITAL	JOHN DEERE			5,670.00	**5,670.00**
35311	COMM	477877AB0	JDOT 0.54% MAT	Redemption	RBC CAPITAL	JOHN DEERE		256,618.25		**256,618.25**
		Totals for 10/15/2014					**214,999,356.50**	**174,573,925.49**	**1,279,291.42**	**-39,146,139.59**
35378	COMM	90349QMT7	USB 0.1% MAT	Purchase	U S BANK	U S BANK	25,000,000.00			**-25,000,000.00**
35377	COMM	SYS35377	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
33725	COMM	3133EA4S4	FFCB 0.25% MAT	Redemption	UBS AMERICA	FFCB NOTES		20,000,000.00		**20,000,000.00**
35374	COMM	SYS35374	USTN 0.08% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		200,000,000.00		**200,000,000.00**
33725	COMM	3133EA4S4	FFCB 0.25% MAT	Interest	UBS AMERICA	FFCB NOTES			25,000.00	**25,000.00**
35374	COMM	SYS35374	USTN 0.08% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			444.44	**444.44**
		Totals for 10/16/2014					**225,000,000.00**	**220,000,000.00**	**25,444.44**	**-4,974,555.56**
35379	COMM	SYS35379	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	175,000,000.00			**-175,000,000.00**
35377	COMM	SYS35377	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		200,000,000.00		**200,000,000.00**
35377	COMM	SYS35377	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			500.00	**500.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
8506	COMM	SYS8506	LAIF 1.65%	Interest		LOCAL AGENCY			24,375.61	**24,375.61**
		Totals for 10/17/2014					**175,000,000.00**	**200,000,000.00**	**24,875.61**	**25,024,875.61**
35380	COMM	SYS35380	USTN 0.06% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	150,000,000.00			**-150,000,000.00**
32251	COMM	92867GAC7	VALET 0.85% MAT	Redemption	CITIGROUP GLOBAL	VOLKSWAGEN		541,958.91		**541,958.91**
32251	COMM	92867GAC7	VALET 0.85% MAT	Cap G/L	CITIGROUP GLOBAL	VOLKSWAGEN		6.29		**6.29**
35379	COMM	SYS35379	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		175,000,000.00		**175,000,000.00**
32251	COMM	92867GAC7	VALET 0.85% MAT	Interest	CITIGROUP GLOBAL	VOLKSWAGEN			3,474.63	**3,474.63**
34913	COMM	3135G0ZB2	FEDERAL NATL MTG	Interest	CITIGROUP GLOBAL	FNMA NOTES			37,500.00	**37,500.00**
35379	COMM	SYS35379	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			1,312.50	**1,312.50**
35044	COMM	92867DAD2	VALET 1.98% MAT	Interest	MORGAN STANLEY	VOLKSWAGEN			1,878.81	**1,878.81**
35044	COMM	92867DAD2	VALET 1.98% MAT	Redemption	MORGAN STANLEY	VOLKSWAGEN		224,551.50		**224,551.50**
35060	COMM	09657YAD4	BMWLT 0.66% MAT	Interest	BNP PARIBAS	BMW VEHICLE			5,500.00	**5,500.00**
35060	COMM	09657YAD4	BMWLT 0.66% MAT	Redemption	BNP PARIBAS	BMW VEHICLE		484,137.34		**484,137.34**
35064	COMM	92867RAC3	VALET 0.91% MAT	Interest	JPMorganChase	VOLKSWAGEN			7,583.33	**7,583.33**
35064	COMM	92867RAC3	VALET 0.91% MAT	Redemption	JPMorganChase	VOLKSWAGEN		206,125.53		**206,125.53**
35065	COMM	92867RAB5	VALET 0.42% MAT	Interest	JPMorganChase	VOLKSWAGEN			9,450.00	**9,450.00**
35065	COMM	92867RAB5	VALET 0.42% MAT	Redemption	JPMorganChase	VOLKSWAGEN		921,673.59		**921,673.59**
35066	COMM	92867RAA7	VALET 0.19% MAT	Interest	JPMorganChase	VOLKSWAGEN			722.04	**722.04**
35066	COMM	92867RAA7	VALET 0.19% MAT	Redemption	JPMorganChase	VOLKSWAGEN		1,758,041.57		**1,758,041.57**
35104	COMM	43814GAA8	HAROT 0.18% MAT	Interest	MERRILL LYNCH	HONDA AUTO			392.25	**392.25**
35104	COMM	43814GAA8	HAROT 0.18% MAT	Redemption	MERRILL LYNCH	HONDA AUTO		625,336.30		**625,336.30**
		Totals for 10/20/2014					**150,000,000.00**	**179,761,831.03**	**67,813.56**	**29,829,644.59**
35381	COMM	SYS35381	USTN 0.06% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	150,000,000.00			**-150,000,000.00**
35022	COMM	313313L48	FCDN ZERO CPN	Redemption	FTN FINANCIAL	FFCB DISCOUNT		15,000,000.00		**15,000,000.00**
35380	COMM	SYS35380	USTN 0.06% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		150,000,000.00		**150,000,000.00**
35030	COMM	3130A1QE1	FEDERAL HOME	Interest	JEFFERIES & CO,	FHLB NOTES			4,500.00	**4,500.00**
35034	COMM	931142DN0	WAL-MART STORES	Interest	CITIGROUP GLOBAL	WALMART			49,722.22	**49,722.22**
35269	COMM	931142DN0	WAL-MART STORES	Interest	JEFFERIES & CO,	WALMART			44,750.00	**44,750.00**
35269	COMM	931142DN0	WAL-MART STORES	Accr Int	JEFFERIES & CO,	WALMART		27,750.00	-27,750.00	**0.00**
35380	COMM	SYS35380	USTN 0.06% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			250.00	**250.00**
		Totals for 10/21/2014					**150,000,000.00**	**165,027,750.00**	**71,472.22**	**15,099,222.22**
35383	COMM	SYS35383	USTN 0.05% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
35382	COMM	92867TAA3	VALET 0.2% MAT	Purchase	CITIGROUP GLOBAL	VOLKSWAGEN	7,000,000.00			**-7,000,000.00**
35381	COMM	SYS35381	USTN 0.06% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		150,000,000.00		**150,000,000.00**
34596	COMM	06417F6H8	BNS 0.65% MAT	Interest	UBS FINANCE	BANK OF NOVA			49,562.51	**49,562.51**
35381	COMM	SYS35381	USTN 0.06% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			250.00	**250.00**
		Totals for 10/22/2014					**207,000,000.00**	**150,000,000.00**	**49,812.51**	**-56,950,187.49**
35384	COMM	SYS35384	USTN 0.06% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	200,000,000.00			**-200,000,000.00**

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Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35383	COMM	SYS35383	USTN 0.05% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		200,000,000.00		**200,000,000.00**
35383	COMM	SYS35383	USTN 0.05% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			277.78	**277.78**
		Totals for 10/23/2014					**200,000,000.00**	**200,000,000.00**	**277.78**	**277.78**
35385	COMM	SYS35385	USTN 0.07% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
35384	COMM	SYS35384	USTN 0.06% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		200,000,000.00		**200,000,000.00**
35384	COMM	SYS35384	USTN 0.06% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			333.33	**333.33**
		Totals for 10/24/2014					**200,000,000.00**	**200,000,000.00**	**333.33**	**333.33**
30108	COMM	31398A4M1	FNMA 1.625% MAT	Interest	RESIDENTIAL	FNMA NOTES			203,125.00	**203,125.00**
		Totals for 10/26/2014							**203,125.00**	**203,125.00**
35386	COMM	SYS35386	USTN 0.07% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	250,000,000.00			**-250,000,000.00**
35385	COMM	SYS35385	USTN 0.07% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		200,000,000.00		**200,000,000.00**
35385	COMM	SYS35385	USTN 0.07% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			1,166.67	**1,166.67**
		Totals for 10/27/2014					**250,000,000.00**	**200,000,000.00**	**1,166.67**	**-49,998,833.33**
35388	COMM	9033E1KV5	USB DISC NOTE	Purchase	U S BANK	U S BANK	49,999,902.78			**-49,999,902.78**
35387	COMM	SYS35387	USTN 0.05% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	250,000,000.00			**-250,000,000.00**
34851	COMM	3134G4T57	FEDERAL HOME LN	Redemption	MORGAN STANLEY	FHLMC NOTES		15,000,000.00		**15,000,000.00**
35386	COMM	SYS35386	USTN 0.07% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		250,000,000.00		**250,000,000.00**
34851	COMM	3134G4T57	FEDERAL HOME LN	Interest	MORGAN STANLEY	FHLMC NOTES			16,875.00	**16,875.00**
35386	COMM	SYS35386	USTN 0.07% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			486.11	**486.11**
		Totals for 10/28/2014					**299,999,902.78**	**265,000,000.00**	**17,361.11**	**-34,982,541.67**
35392	COMM	74977LKW6	RABO DISC NOTE	Purchase	MERRILL LYNCH	RABOBANK	49,999,916.67			**-49,999,916.67**
35391	COMM	89233HNW0	TOYO DISC NOTE	Purchase	TOYOTA MOTOR	TOYOTA MOTOR	24,992,250.00			**-24,992,250.00**
35393	COMM	90349QNS8	USB 0.1% MAT	Purchase	U S BANK	U S BANK	50,000,000.00			**-50,000,000.00**
35390	COMM	SYS35390	USTN 0.05% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	300,000,000.00			**-300,000,000.00**
34523	COMM	3134G42L1	FHLMC 0.5% MAT	Redemption	JPMorganChase	FHLMC NOTES		20,580,047.73		**20,580,047.73**
34523	COMM	3134G42L1	FHLMC 0.5% MAT	Cap G/L	JPMorganChase	FHLMC NOTES		200,952.27		**200,952.27**
35387	COMM	SYS35387	USTN 0.05% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		250,000,000.00		**250,000,000.00**
35388	COMM	9033E1KV5	USB DISC NOTE	Redemption	U S BANK	U S BANK		50,000,000.00		**50,000,000.00**
34523	COMM	3134G42L1	FHLMC 0.5% MAT	Interest	JPMorganChase	FHLMC NOTES			51,952.50	**51,952.50**
35387	COMM	SYS35387	USTN 0.05% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			347.22	**347.22**
		Totals for 10/29/2014					**424,992,166.67**	**320,781,000.00**	**52,299.72**	**-104,158,866.95**
35397	COMM	3130A22N5	FEDERAL HOME	Purchase	JPMorganChase	FHLB NOTES	30,049,500.00			**-30,049,500.00**
35398	COMM	3130A3CE2	FEDERAL HOME	Purchase	MERRILL LYNCH	FHLB NOTES	20,040,955.56			**-20,040,955.56**
35399	COMM	3130A32N3	FEDERAL HOME	Purchase	CITIGROUP GLOBAL	FHLB NOTES	10,026,819.44			**-10,026,819.44**
35395	COMM	36960ML50	GE DISC NOTE MAT	Purchase	GENERAL ELECTRIC	GENERAL ELECTRIC	49,999,583.33			**-49,999,583.33**
35396	COMM	89112UG70	TDNY 0.215% MAT	Purchase	UBS FINANCE	TORONTO	30,000,000.00			**-30,000,000.00**
35394	COMM	SYS35394	USTN 0.05% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	250,000,000.00			**-250,000,000.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
31996	COMM	3135G0DW0	FNMA 0.625% MAT	Redemption	BNP PARIBAS	FNMA NOTES		35,000,000.00		**35,000,000.00**
35378	COMM	90349QMT7	USB 0.1% MAT	Redemption	U S BANK	U S BANK		25,000,000.00		**25,000,000.00**
35390	COMM	SYS35390	USTN 0.05% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		300,000,000.00		**300,000,000.00**
35392	COMM	74977LKW6	RABO DISC NOTE	Redemption	MERRILL LYNCH	RABOBANK		50,000,000.00		**50,000,000.00**
31996	COMM	3135G0DW0	FNMA 0.625% MAT	Interest	BNP PARIBAS	FNMA NOTES			109,375.00	**109,375.00**
35063	COMM	3130A1P69	FEDERAL HOME	Interest	BNP PARIBAS	FHLB NOTES			23,000.00	**23,000.00**
35378	COMM	90349QMT7	USB 0.1% MAT	Interest	U S BANK	U S BANK			972.26	**972.26**
35390	COMM	SYS35390	USTN 0.05% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			416.67	**416.67**
		Totals for 10/30/2014					**390,116,858.33**	**410,000,000.00**	**133,763.93**	**20,016,905.60**
35402	COMM	3130A3CE2	FEDERAL HOME	Purchase	Daiwa Capital Market	FHLB NOTES	10,013,391.39			**-10,013,391.39**
35401	COMM	74977LSB4	RABO ZERO CPN	Purchase	UBS FINANCE	RABOBANK	24,974,000.00			**-24,974,000.00**
35400	COMM	90349QPA5	USB 0.1% MAT	Purchase	U S BANK	U S BANK	50,000,000.00			**-50,000,000.00**
32953	COMM	459200GZ8	IBM 0.875% MAT	Redemption	JEFFERIES & CO,	IBM		8,500,000.00		**8,500,000.00**
35367	COMM	90349QLW1	USB 0.1% MAT	Redemption	U S BANK	U S BANK		50,000,000.00		**50,000,000.00**
35394	COMM	SYS35394	USTN 0.05% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		250,000,000.00		**250,000,000.00**
32953	COMM	459200GZ8	IBM 0.875% MAT	Interest	JEFFERIES & CO,	IBM			37,187.50	**37,187.50**
35367	COMM	90349QLW1	USB 0.1% MAT	Interest	U S BANK	U S BANK			3,472.46	**3,472.46**
35394	COMM	SYS35394	USTN 0.05% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			347.22	**347.22**
		Totals for 10/31/2014					**84,987,391.39**	**308,500,000.00**	**41,007.18**	**223,553,615.79**
30101	COMM	19416QDQ0	CP 1.375% MAT	Interest	CITICORP	COLGATE-PALMOLI			103,125.00	**103,125.00**
34625	COMM	13063CFD7	CAS 1.25% MAT	Interest	CITIGROUP GLOBAL	CALIFORNIA ST			78,125.00	**78,125.00**
34645	COMM	13063CFD7	CAS 1.25% MAT	Interest	CITIGROUP GLOBAL	CALIFORNIA ST			31,250.00	**31,250.00**
34650	COMM	13063CFC9	CITIF 1.75% MAT	Interest	CITIGROUP GLOBAL	CALIFORNIA ST			87,500.00	**87,500.00**
34729	COMM	13063CFC9	CITIF 1.75% MAT	Interest	CITIGROUP GLOBAL	CALIFORNIA ST			79,493.75	**79,493.75**
		Totals for 11/01/2014							**379,493.75**	**379,493.75**
35403	COMM	3130A3BP8	FEDERAL HOME	Purchase	DEUTSCHE BANK	FHLB NOTES	40,106,166.67			**-40,106,166.67**
		Totals for 11/03/2014					**40,106,166.67**			**-40,106,166.67**
35404	COMM	3130A3FM1	FEDERAL HOME	Purchase	JEFFERIES & CO,	FHLB NOTES	10,000,000.00			**-10,000,000.00**
35405	COMM	3130A3FM1	FEDERAL HOME	Purchase	RBC CAPITAL	FHLB NOTES	10,000,000.00			**-10,000,000.00**
35048	COMM	3133EDGC0	FEDERAL FARM CR	Interest	UBS FINANCE	FFCB NOTES			25,135.00	**25,135.00**
		Totals for 11/04/2014					**20,000,000.00**		**25,135.00**	**-19,974,865.00**
35406	COMM	SYS35406	USTN 0.05% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	100,000,000.00			**-100,000,000.00**
33726	COMM	3133EA6W3	FFCB 0.27% MAT	Redemption	MERRILL LYNCH	FFCB NOTES		20,000,000.00		**20,000,000.00**
35395	COMM	36960ML50	GE DISC NOTE MAT	Redemption	GENERAL ELECTRIC	GENERAL ELECTRIC		50,000,000.00		**50,000,000.00**
33726	COMM	3133EA6W3	FFCB 0.27% MAT	Interest	MERRILL LYNCH	FFCB NOTES			27,000.00	**27,000.00**
35006	COMM	3133EDET5	FEDERAL FARM CR	Interest	JPMorganChase	FFCB NOTES			31,000.00	**31,000.00**
35021	COMM	3133EDET5	FEDERAL FARM CR	Interest	JPMorganChase	FFCB NOTES			38,750.00	**38,750.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
		Totals for 11/05/2014					**100,000,000.00**	**70,000,000.00**	**96,750.00**	**-29,903,250.00**
35407	COMM	3130A3CE2	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	10,010,119.44			**-10,010,119.44**
35408	COMM	3130A3CE2	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	15,015,179.17			**-15,015,179.17**
35409	COMM	3134G5ME2	FEDERAL HOME LN	Purchase	CITIGROUP GLOBAL	FHLMC NOTES	10,000,000.00			**-10,000,000.00**
35410	COMM	SYS35410	USTN 0.05% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	150,000,000.00			**-150,000,000.00**
33730	COMM	3135G0RS4	FNMA 0.5% MAT	Redemption	BNP PARIBAS	FNMA NOTES		30,000,000.00		**30,000,000.00**
35406	COMM	SYS35406	USTN 0.05% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		100,000,000.00		**100,000,000.00**
33730	COMM	3135G0RS4	FNMA 0.5% MAT	Interest	BNP PARIBAS	FNMA NOTES			75,000.00	**75,000.00**
35406	COMM	SYS35406	USTN 0.05% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			138.89	**138.89**
		Totals for 11/06/2014					**185,025,298.61**	**130,000,000.00**	**75,138.89**	**-54,950,159.72**
35412	COMM	313384BL2	FHDN DISC NOTE	Purchase	WELLS FARGO	FHLB DISCOUNT	9,998,269.44			**-9,998,269.44**
35413	COMM	313384BN8	FHDN DISC NOTE	Purchase	FTN FINANCIAL	FHLB DISCOUNT	14,997,345.83			**-14,997,345.83**
35414	COMM	SYS35414	USTN 0.05% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	125,000,000.00			**-125,000,000.00**
35400	COMM	90349QPA5	USB 0.1% MAT	Redemption	U S BANK	U S BANK		50,000,000.00		**50,000,000.00**
35410	COMM	SYS35410	USTN 0.05% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		150,000,000.00		**150,000,000.00**
35400	COMM	90349QPA5	USB 0.1% MAT	Interest	U S BANK	U S BANK			972.24	**972.24**
35410	COMM	SYS35410	USTN 0.05% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			208.33	**208.33**
		Totals for 11/07/2014					**149,995,615.27**	**200,000,000.00**	**1,180.57**	**50,005,565.30**
30190	COMM	36962G4T8	GE 2.25% MAT	Interest	MORGAN STANLEY	GENERAL ELECTRIC			56,250.00	**56,250.00**
33735	COMM	3133EA7L6	FFCB 0.4% MAT	Interest	JEFFERIES & CO,	FFCB NOTES			20,000.00	**20,000.00**
		Totals for 11/09/2014							**76,250.00**	**76,250.00**
35416	COMM	3130A3GV0	FEDERAL HOME	Purchase	RAYMOND JAMES &	FHLB NOTES	10,000,000.00			**-10,000,000.00**
35417	COMM	SYS35417	USTN 0.05% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	150,000,000.00			**-150,000,000.00**
35414	COMM	SYS35414	USTN 0.05% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		125,000,000.00		**125,000,000.00**
35414	COMM	SYS35414	USTN 0.05% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			520.83	**520.83**
		Totals for 11/10/2014					**160,000,000.00**	**125,000,000.00**	**520.83**	**-34,999,479.17**
35418	COMM	161571FR0	CHAIT 0.54% MAT	Purchase	MORGAN STANLEY	CHASE ISSUANCE	15,006,660.94			**-15,006,660.94**
35419	COMM	SYS35419	USTN 0.05% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	100,000,000.00			**-100,000,000.00**
35417	COMM	SYS35417	USTN 0.05% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		150,000,000.00		**150,000,000.00**
35417	COMM	SYS35417	USTN 0.05% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			416.67	**416.67**
		Totals for 11/12/2014					**115,006,660.94**	**150,000,000.00**	**416.67**	**34,993,755.73**
35420	COMM	161571FJ8	CHAIT 0.79% MAT	Purchase	MORGAN STANLEY	CHASE ISSUANCE	10,033,773.26			**-10,033,773.26**
35421	COMM	SYS35421	USTN 0.07% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	100,000,000.00			**-100,000,000.00**
35419	COMM	SYS35419	USTN 0.05% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		100,000,000.00		**100,000,000.00**
34532	COMM	3137EADQ9	FEDERAL HOME LN	Interest	DEUTSCHE BANK	FHLMC NOTES			62,500.00	**62,500.00**
34723	COMM	3137EADQ9	FEDERAL HOME LN	Interest	DEUTSCHE BANK	FHLMC NOTES			125,000.00	**125,000.00**
34751	COMM	3137EADQ9	FEDERAL HOME LN	Interest	Daiwa Capital Market	FHLMC NOTES			111,000.00	**111,000.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
34754	COMM	3137EADQ9	FEDERAL HOME LN	Interest	BNP PARIBAS	FHLMC NOTES			62,500.00	**62,500.00**
34971	COMM	3137EADQ9	FEDERAL HOME LN	Interest	RAYMOND JAMES &	FHLMC NOTES			50,000.00	**50,000.00**
35419	COMM	SYS35419	USTN 0.05% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			138.89	**138.89**
		Totals for 11/13/2014					**110,033,773.26**	**100,000,000.00**	**411,138.89**	**-9,622,634.37**
35423	COMM	02587UAB6	AME 0.59% MAT	Purchase	MORGAN STANLEY	AMERICAN	6,831,011.69			**-6,831,011.69**
35424	COMM	SYS35424	USTN 0.07% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	100,000,000.00			**-100,000,000.00**
35422	COMM	931142CX9	WAL MART STORES	Purchase	MERRILL LYNCH	WALMART	5,557,206.75			**-5,557,206.75**
35393	COMM	90349QNS8	USB 0.1% MAT	Redemption	U S BANK	U S BANK		50,000,000.00		**50,000,000.00**
35421	COMM	SYS35421	USTN 0.07% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		100,000,000.00		**100,000,000.00**
34258	COMM	3135G0WY5	FEDERAL NATL MTG	Interest	BNP PARIBAS	FNMA NOTES			110,000.00	**110,000.00**
35393	COMM	90349QNS8	USB 0.1% MAT	Interest	U S BANK	U S BANK			2,222.32	**2,222.32**
35421	COMM	SYS35421	USTN 0.07% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			194.44	**194.44**
		Totals for 11/14/2014					**112,388,218.44**	**150,000,000.00**	**112,416.76**	**37,724,198.32**
32277	COMM	3135G0ES8	FNMA 1.375% MAT	Interest	GLEACHER &	FNMA NOTES			137,500.00	**137,500.00**
32522	COMM	06052YAC3	BAAT 0.78% MAT	Interest	BANK OF AMERICA	BANK OF AMERICA			1,484.95	**1,484.95**
33714	COMM	3135G0ES8	FNMA 1.375% MAT	Interest	DEUTSCHE BANK	FNMA NOTES			137,500.00	**137,500.00**
35026	COMM	912828SU5	UNITED STATES	Interest	BARCLAYS CAPITAL	U.S. TREASURY			31,250.00	**31,250.00**
35418	COMM	161571FR0	CHAIT 0.54% MAT	Accr Int	MORGAN STANLEY	CHASE ISSUANCE		6,075.00	-6,075.00	**0.00**
		Totals for 11/15/2014						**6,075.00**	**301,659.95**	**307,734.95**
35425	COMM	SYS35425	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	100,000,000.00			**-100,000,000.00**
32317	COMM	43813UAC4	HAROT 0.77% MAT	Redemption	MERRILL LYNCH	HONDA AUTO		92,297.86		**92,297.86**
32317	COMM	43813UAC4	HAROT 0.77% MAT	Cap G/L	MERRILL LYNCH	HONDA AUTO		5.54		**5.54**
32522	COMM	06052YAC3	BAAT 0.78% MAT	Redemption	BANK OF AMERICA	BANK OF AMERICA		534,412.95		**534,412.95**
32522	COMM	06052YAC3	BAAT 0.78% MAT	Cap G/L	BANK OF AMERICA	BANK OF AMERICA		19.08		**19.08**
34190	COMM	58768VAC5	MBALT 0.59% MAT	Redemption	MERRILL LYNCH	MERCEDES-BENZ		2,958,042.81		**2,958,042.81**
34190	COMM	58768VAC5	MBALT 0.59% MAT	Cap G/L	MERRILL LYNCH	MERCEDES-BENZ		258.26		**258.26**
35424	COMM	SYS35424	USTN 0.07% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		100,000,000.00		**100,000,000.00**
32317	COMM	43813UAC4	HAROT 0.77% MAT	Interest	MERRILL LYNCH	HONDA AUTO			313.37	**313.37**
33757	COMM	161571FR0	CHAIT 0.54% MAT	Interest	JPMorganChase	CHASE ISSUANCE			6,750.00	**6,750.00**
34190	COMM	58768VAC5	MBALT 0.59% MAT	Interest	MERRILL LYNCH	MERCEDES-BENZ			7,942.55	**7,942.55**
35418	COMM	161571FR0	CHAIT 0.54% MAT	Interest	MORGAN STANLEY	CHASE ISSUANCE			6,750.00	**6,750.00**
35424	COMM	SYS35424	USTN 0.07% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			583.33	**583.33**
34430	COMM	43812XAB1	HAROT 0.54% MAT	Interest	JPMorganChase	HONDA AUTO			1,745.43	**1,745.43**
34430	COMM	43812XAB1	HAROT 0.54% MAT	Redemption	JPMorganChase	HONDA AUTO		920,024.09		**920,024.09**
34436	COMM	161571FJ8	CHAIT 0.79% MAT	Interest	CITIGROUP GLOBAL	CHASE ISSUANCE			9,875.00	**9,875.00**
34436	COMM	161571FJ8	CHAIT 0.79% MAT	Redemption	CITIGROUP GLOBAL	CHASE ISSUANCE		535,063.19		**535,063.19**
34933	COMM	89231MAC9	TAOT 0.67% MAT	Interest	CITIGROUP GLOBAL	TOYOTA AUTO REC			4,466.66	**4,466.66**
34933	COMM	89231MAC9	TAOT 0.67% MAT	Redemption	CITIGROUP GLOBAL	TOYOTA AUTO REC		218,785.03		**218,785.03**
34934	COMM	89231MAB1	TAOT 0.41% MAT	Interest	CITIGROUP GLOBAL	TOYOTA AUTO REC			2,395.35	**2,395.35**

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Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
34934	COMM	89231MAB1	TAOT 0.41% MAT	Redemption	CITIGROUP GLOBAL	TOYOTA AUTO REC		575,637.89		**575,637.89**
34992	COMM	58768EAC3	MBALT 0.48% MAT	Interest	CITIGROUP GLOBAL	MERCEDES-BENZ			2,800.00	**2,800.00**
34992	COMM	58768EAC3	MBALT 0.48% MAT	Redemption	CITIGROUP GLOBAL	MERCEDES-BENZ		356,472.58		**356,472.58**
34994	COMM	58768EAA7	MBALT 0.2% MAT	Interest	CITIGROUP GLOBAL	MERCEDES-BENZ			254.44	**254.44**
34994	COMM	58768EAA7	MBALT 0.2% MAT	Redemption	CITIGROUP GLOBAL	MERCEDES-BENZ		1,165,759.04		**1,165,759.04**
35040	COMM	89231MAB1	TAOT 0.41% MAT	Interest	MORGAN STANLEY	TOYOTA AUTO REC			909.36	**909.36**
35040	COMM	89231MAB1	TAOT 0.41% MAT	Redemption	MORGAN STANLEY	TOYOTA AUTO REC		246,819.17		**246,819.17**
35087	COMM	43813XAD6	HAROT 0.74% MAT	Interest	CITIGROUP GLOBAL	HONDA AUTO			3,114.17	**3,114.17**
35087	COMM	43813XAD6	HAROT 0.74% MAT	Redemption	CITIGROUP GLOBAL	HONDA AUTO		126,975.12		**126,975.12**
35143	COMM	89231MAB1	TAOT 0.41% MAT	Interest	CITIGROUP GLOBAL	TOYOTA AUTO REC			4,536.78	**4,536.78**
35143	COMM	89231MAB1	TAOT 0.41% MAT	Redemption	CITIGROUP GLOBAL	TOYOTA AUTO REC		1,218,416.40		**1,218,416.40**
35311	COMM	477877AB0	JDOT 0.54% MAT	Interest	RBC CAPITAL	JOHN DEERE			4,050.00	**4,050.00**
35311	COMM	477877AB0	JDOT 0.54% MAT	Redemption	RBC CAPITAL	JOHN DEERE		265,641.03		**265,641.03**
35375	COMM	89190AAB6	TAOT 0.51% MAT	Interest	MERRILL LYNCH	TOYOTA AUTO REC			2,125.00	**2,125.00**
35375	COMM	89190AAB6	TAOT 0.51% MAT	Redemption	MERRILL LYNCH	TOYOTA AUTO REC		178,342.56		**178,342.56**
35420	COMM	161571FJ8	CHAIT 0.79% MAT	Interest	MORGAN STANLEY	CHASE ISSUANCE			6,583.33	**6,583.33**
35420	COMM	161571FJ8	CHAIT 0.79% MAT	Redemption	MORGAN STANLEY	CHASE ISSUANCE		356,514.24		**356,514.24**
35420	COMM	161571FJ8	CHAIT 0.79% MAT	Interest	MORGAN STANLEY	CHASE ISSUANCE			-6,144.44	**-6,144.44**
35420	COMM	161571FJ8	CHAIT 0.79% MAT	Redemption	MORGAN STANLEY	CHASE ISSUANCE				**0.00**
35423	COMM	02587UAB6	AME 0.59% MAT	Interest	MORGAN STANLEY	AMERICAN			3,353.17	**3,353.17**
35423	COMM	02587UAB6	AME 0.59% MAT	Redemption	MORGAN STANLEY	AMERICAN		184,352.39		**184,352.39**
35423	COMM	02587UAB6	AME 0.59% MAT	Interest	MORGAN STANLEY	AMERICAN			-3,241.39	**-3,241.39**
35423	COMM	02587UAB6	AME 0.59% MAT	Redemption	MORGAN STANLEY	AMERICAN				**0.00**
		Totals for 11/17/2014					**100,000,000.00**	**109,933,839.23**	**59,162.11**	**9,993,001.34**
35427	COMM	166764AL4	CHEVRON CORP	Purchase	MERRILL LYNCH	CHEVRON CORP.	30,000,000.00			**-30,000,000.00**
35426	COMM	SYS35426	USTN 0.06% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	100,000,000.00			**-100,000,000.00**
35425	COMM	SYS35425	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		100,000,000.00		**100,000,000.00**
35425	COMM	SYS35425	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			250.00	**250.00**
35104	COMM	43814GAA8	HAROT 0.18% MAT	Interest	MERRILL LYNCH	HONDA AUTO			264.81	**264.81**
35104	COMM	43814GAA8	HAROT 0.18% MAT	Redemption	MERRILL LYNCH	HONDA AUTO		621,925.70		**621,925.70**
		Totals for 11/18/2014					**130,000,000.00**	**100,621,925.70**	**514.81**	**-29,377,559.49**
35428	COMM	SYS35428	USTN 0.06% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	175,000,000.00			**-175,000,000.00**
35426	COMM	SYS35426	USTN 0.06% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		100,000,000.00		**100,000,000.00**
35426	COMM	SYS35426	USTN 0.06% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			166.67	**166.67**
		Totals for 11/19/2014					**175,000,000.00**	**100,000,000.00**	**166.67**	**-74,999,833.33**
35429	COMM	313384AJ8	FHDN ZERO CPN	Purchase	JEFFERIES & CO,	FHLB DISCOUNT	10,999,236.11			**-10,999,236.11**
35431	COMM	313384AV1	FHDN DISC NOTE	Purchase	FTN FINANCIAL	FHLB DISCOUNT	9,999,152.78			**-9,999,152.78**
35432	COMM	313384AP4	FHDN DISC NOTE	Purchase	BNP PARIBAS	FHLB DISCOUNT	9,999,388.89			**-9,999,388.89**
35433	COMM	313384AV1	FHDN DISC NOTE	Purchase	UBS FINANCE	FHLB DISCOUNT	9,999,152.80			**-9,999,152.80**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35430	COMM	SYS35430	USTN 0.06% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	150,000,000.00			**-150,000,000.00**
32251	COMM	92867GAC7	VALET 0.85% MAT	Redemption	CITIGROUP GLOBAL	VOLKSWAGEN		626,782.95		**626,782.95**
32251	COMM	92867GAC7	VALET 0.85% MAT	Cap G/L	CITIGROUP GLOBAL	VOLKSWAGEN		7.27		**7.27**
35428	COMM	SYS35428	USTN 0.06% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		175,000,000.00		**175,000,000.00**
32251	COMM	92867GAC7	VALET 0.85% MAT	Interest	CITIGROUP GLOBAL	VOLKSWAGEN			3,090.74	**3,090.74**
35428	COMM	SYS35428	USTN 0.06% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			291.67	**291.67**
35044	COMM	92867DAD2	VALET 1.98% MAT	Interest	MORGAN STANLEY	VOLKSWAGEN			1,191.20	**1,191.20**
35044	COMM	92867DAD2	VALET 1.98% MAT	Redemption	MORGAN STANLEY	VOLKSWAGEN		267,082.56		**267,082.56**
35060	COMM	09657YAD4	BMWLT 0.66% MAT	Interest	BNP PARIBAS	BMW VEHICLE			5,500.00	**5,500.00**
35060	COMM	09657YAD4	BMWLT 0.66% MAT	Redemption	BNP PARIBAS	BMW VEHICLE		509,583.67		**509,583.67**
35064	COMM	92867RAC3	VALET 0.91% MAT	Interest	JPMorganChase	VOLKSWAGEN			7,583.33	**7,583.33**
35064	COMM	92867RAC3	VALET 0.91% MAT	Redemption	JPMorganChase	VOLKSWAGEN		211,855.97		**211,855.97**
35065	COMM	92867RAB5	VALET 0.42% MAT	Interest	JPMorganChase	VOLKSWAGEN			9,450.00	**9,450.00**
35065	COMM	92867RAB5	VALET 0.42% MAT	Redemption	JPMorganChase	VOLKSWAGEN		957,079.42		**957,079.42**
35066	COMM	92867RAA7	VALET 0.19% MAT	Interest	JPMorganChase	VOLKSWAGEN			511.77	**511.77**
35066	COMM	92867RAA7	VALET 0.19% MAT	Redemption	JPMorganChase	VOLKSWAGEN		2,254,565.33		**2,254,565.33**
35382	COMM	92867TAA3	VALET 0.2% MAT	Interest	CITIGROUP GLOBAL	VOLKSWAGEN			1,127.78	**1,127.78**
35382	COMM	92867TAA3	VALET 0.2% MAT	Redemption	CITIGROUP GLOBAL	VOLKSWAGEN		1,123,249.54		**1,123,249.54**
		Totals for 11/20/2014					**190,996,930.58**	**180,950,206.71**	**28,746.49**	**-10,017,977.38**
35434	COMM	313384AM1	FHDN DISC NOTE	Purchase	RBC CAPITAL	FHLB DISCOUNT	9,999,277.78			**-9,999,277.78**
35435	COMM	478160BL7	JOHNSON &	Purchase	JPMorganChase	J P MORGAN-FDIC	29,976,300.00			**-29,976,300.00**
35436	COMM	89233HNG5	TOYO DISC NOTE	Purchase	TOYOTA MOTOR	TOYOTA MOTOR	24,995,333.33			**-24,995,333.33**
35438	COMM	9033E1NL4	USB 0.08% MAT	Purchase	U S BANK	U S BANK	24,996,666.67			**-24,996,666.67**
35437	COMM	SYS35437	USTN 0.06% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	125,000,000.00			**-125,000,000.00**
35430	COMM	SYS35430	USTN 0.06% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		150,000,000.00		**150,000,000.00**
34464	COMM	3135G0XA6	FEDERAL NATL MTG	Interest	UBS FINANCE	FNMA NOTES			54,075.00	**54,075.00**
35430	COMM	SYS35430	USTN 0.06% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			250.00	**250.00**
		Totals for 11/21/2014					**214,967,577.78**	**150,000,000.00**	**54,325.00**	**-64,913,252.78**
34358	COMM	3135G0XC2	FEDERAL NATL MTG	Interest	CITIGROUP GLOBAL	FNMA NOTES			125,000.00	**125,000.00**
		Totals for 11/22/2014							**125,000.00**	**125,000.00**
35440	COMM	3130A3BX1	FEDERAL HOME	Purchase	CITIGROUP GLOBAL	FHLB NOTES	12,536,371.53			**-12,536,371.53**
35441	COMM	3134G5NN1	FEDERAL HOME LN	Purchase	CITIGROUP GLOBAL	FHLMC NOTES	15,000,000.00			**-15,000,000.00**
35439	COMM	SYS35439	USTN 0.06% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	175,000,000.00			**-175,000,000.00**
35437	COMM	SYS35437	USTN 0.06% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		125,000,000.00		**125,000,000.00**
35004	COMM	3130A1NN4	FEDERAL HOME	Interest	DEUTSCHE BANK	FHLB NOTES			65,625.00	**65,625.00**
35437	COMM	SYS35437	USTN 0.06% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			625.00	**625.00**
		Totals for 11/24/2014					**202,536,371.53**	**125,000,000.00**	**66,250.00**	**-77,470,121.53**
35451	COMM	06417HWX0	BNSHOU 0.17% MAT	Purchase	SCOTIA CAPITAL	BANK OF NOVA	15,000,000.00			**-15,000,000.00**

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Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35452	COMM	06417HWY8	BNSHOU 0.21% MAT	Purchase	SCOTIA CAPITAL	BANK OF NOVA	15,000,000.00			**-15,000,000.00**
35444	COMM	13063CPM6	CALIFORNIA ST FOR	Purchase	CITIGROUP GLOBAL	CALIFORNIA ST	15,027,600.00			**-15,027,600.00**
35448	COMM	3133EECW8	FEDERAL FARM CR	Purchase	WELLS FARGO	FFCB NOTES	10,000,000.00			**-10,000,000.00**
35449	COMM	3133EECW8	FEDERAL FARM CR	Purchase	RBC CAPITAL	FFCB NOTES	10,000,000.00			**-10,000,000.00**
35450	COMM	313384FD6	FHDN DISC NOTE	Purchase	UBS FINANCE	FHLB DISCOUNT	9,996,222.20			**-9,996,222.20**
35453	COMM	313384AX7	FHDN DISC NOTE	Purchase	PIPER JAFFRAY &	FHLB DISCOUNT	14,998,791.00			**-14,998,791.00**
35445	COMM	3134G5PS8	FEDERAL HOME LN	Purchase	BNP PARIBAS	FHLMC NOTES	10,000,000.00			**-10,000,000.00**
35447	COMM	3135G0VC4	FEDERAL NATL MTG	Purchase	KEYBANC CAPITAL	FNMA NOTES	10,009,108.33			**-10,009,108.33**
35443	COMM	SYS35443	USTN 0.06% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	125,000,000.00			**-125,000,000.00**
32019	COMM	3137EACY3	FHLMC 0.75% MAT	Redemption	CITIGROUP GLOBAL	FHLMC NOTES		25,000,000.00		**25,000,000.00**
35439	COMM	SYS35439	USTN 0.06% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		175,000,000.00		**175,000,000.00**
32019	COMM	3137EACY3	FHLMC 0.75% MAT	Interest	CITIGROUP GLOBAL	FHLMC NOTES			93,750.00	**93,750.00**
35439	COMM	SYS35439	USTN 0.06% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			291.67	**291.67**
35376	COMM	09658UAB5	BMWOT 0.53% MAT	Interest	RBC CAPITAL	BMW VEHICLE			5,888.89	**5,888.89**
35376	COMM	09658UAB5	BMWOT 0.53% MAT	Redemption	RBC CAPITAL	BMW VEHICLE		322,052.43		**322,052.43**
		Totals for 11/25/2014					**235,031,721.53**	**200,322,052.43**	**99,930.56**	**-34,609,738.54**
35455	COMM	3133EDXG2	FEDERAL FARM CR	Purchase	CITIGROUP GLOBAL	FFCB NOTES	10,017,191.67			**-10,017,191.67**
35454	COMM	3135G0VC4	FEDERAL NATL MTG	Purchase	KEYBANC CAPITAL	FNMA NOTES	6,010,033.33			**-6,010,033.33**
35456	COMM	43814JAA2	HAROT 0.22% MAT	Purchase	BNP PARIBAS	HONDA AUTO	13,500,000.00			**-13,500,000.00**
35457	COMM	43814JAB0	HAROT 0.58% MAT	Purchase	BNP PARIBAS	HONDA AUTO	9,999,971.00			**-9,999,971.00**
35443	COMM	SYS35443	USTN 0.06% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		125,000,000.00		**125,000,000.00**
35443	COMM	SYS35443	USTN 0.06% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			208.33	**208.33**
		Totals for 11/26/2014					**39,527,196.00**	**125,000,000.00**	**208.33**	**85,473,012.33**
35459	COMM	3130A3FY5	FEDERAL HOME	Purchase	CITIGROUP GLOBAL	FHLB NOTES	10,000,000.00			**-10,000,000.00**
35458	COMM	3134G5RD9	FEDERAL HOME LN	Purchase	DEUTSCHE BANK	FHLMC NOTES	14,150,000.00			**-14,150,000.00**
35460	COMM	3134G5P74	FEDERAL HOME LN	Purchase	RBC CAPITAL	FHLMC NOTES	9,999,500.00			**-9,999,500.00**
33777	COMM	3135G0KM4	FNMA 0.5% MAT	Interest	CITICORP	FNMA NOTES			50,000.00	**50,000.00**
34269	COMM	3135G0KM4	FNMA 0.5% MAT	Interest	CITIGROUP GLOBAL	FNMA NOTES			62,500.00	**62,500.00**
34700	COMM	478160BF0	JOHNSON &	Interest	JPMorganChase	JOHNSON &			105,000.00	**105,000.00**
		Totals for 11/28/2014					**34,149,500.00**		**217,500.00**	**-33,932,000.00**
35461	COMM	SYS35461	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
		Totals for 12/01/2014					**200,000,000.00**			**-200,000,000.00**
35467	COMM	3133EDXG2	FEDERAL FARM CR	Purchase	CITIGROUP GLOBAL	FFCB NOTES	8,019,646.67			**-8,019,646.67**
35462	COMM	313384AH2	FHDN DISC NOTE	Purchase	BNP PARIBAS	FHLB DISCOUNT	14,999,229.00			**-14,999,229.00**
35463	COMM	313384AH2	FHDN DISC NOTE	Purchase	PIPER JAFFRAY &	FHLB DISCOUNT	14,999,229.00			**-14,999,229.00**
35464	COMM	313384AH2	FHDN DISC NOTE	Purchase	FTN FINANCIAL	FHLB DISCOUNT	14,999,229.17			**-14,999,229.17**
35465	COMM	313384AH2	FHDN DISC NOTE	Purchase	JEFFERIES & CO,	FHLB DISCOUNT	14,999,229.17			**-14,999,229.17**
35466	COMM	3130A3M35	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	10,002,977.78			**-10,002,977.78**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35468	COMM	9033E1T12	USB DISC NOTE	Purchase	U S BANK	U S BANK	24,981,145.83			**-24,981,145.83**
35469	COMM	SYS35469	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	150,000,000.00			**-150,000,000.00**
35461	COMM	SYS35461	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		200,000,000.00		**200,000,000.00**
35461	COMM	SYS35461	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			500.00	**500.00**
		Totals for 12/02/2014					**253,000,686.62**	**200,000,000.00**	**500.00**	**-53,000,186.62**
35470	COMM	SYS35470	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	175,000,000.00			**-175,000,000.00**
35469	COMM	SYS35469	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		150,000,000.00		**150,000,000.00**
35192	COMM	3130A2AM8	FEDERAL HOME	Interest	WELLS FARGO	FHLB NOTES			15,625.00	**15,625.00**
35192	COMM	3130A2AM8	FEDERAL HOME	Accr Int	WELLS FARGO	FHLB NOTES		2,343.75	-2,343.75	**0.00**
35194	COMM	3130A2AM8	FEDERAL HOME	Interest	WELLS FARGO	FHLB NOTES			9,375.00	**9,375.00**
35194	COMM	3130A2AM8	FEDERAL HOME	Accr Int	WELLS FARGO	FHLB NOTES		1,406.25	-1,406.25	**0.00**
35469	COMM	SYS35469	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			375.00	**375.00**
		Totals for 12/03/2014					**175,000,000.00**	**150,003,750.00**	**21,625.00**	**-24,974,625.00**
35475	COMM	3133EEEC0	FEDERAL FARM CR	Purchase	MIZUHO	FFCB NOTES	9,999,000.00			**-9,999,000.00**
35473	COMM	313384BC2	FHDN DISC NOTE	Purchase	PIPER JAFFRAY &	FHLB DISCOUNT	14,998,987.50			**-14,998,987.50**
35474	COMM	89112UX30	TDNY 0.2% MAT	Purchase	UBS FINANCE	TORONTO	20,000,505.06			**-20,000,505.06**
35476	COMM	9033E1T46	USB DISC NOTE	Purchase	U S BANK	U S BANK	24,981,041.67			**-24,981,041.67**
35472	COMM	SYS35472	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
35470	COMM	SYS35470	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		175,000,000.00		**175,000,000.00**
35470	COMM	SYS35470	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			437.50	**437.50**
		Totals for 12/04/2014					**269,979,534.23**	**175,000,000.00**	**437.50**	**-94,979,096.73**
35481	COMM	3133EEEC0	FEDERAL FARM CR	Purchase	MIZUHO	FFCB NOTES	10,497,439.17			**-10,497,439.17**
35478	COMM	313384GR4	FHDN ZERO CPN	Purchase	RBC CAPITAL	FHLB DISCOUNT	9,995,350.00			**-9,995,350.00**
35479	COMM	313384AB5	FHDN DISC NOTE	Purchase	JPMorganChase	FHLB DISCOUNT	14,999,533.33			**-14,999,533.33**
35480	COMM	313384GM5	FHDN ZERO CPN	Purchase	MORGAN STANLEY	FHLB DISCOUNT	9,992,972.78			**-9,992,972.78**
35482	COMM	3130A3P32	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	15,000,450.00			**-15,000,450.00**
35483	COMM	3130A3P32	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	10,000,000.00			**-10,000,000.00**
35484	COMM	89233HP40	TOYO DISC NOTE	Purchase	TOYOTA MOTOR	TOYOTA MOTOR	24,994,493.06			**-24,994,493.06**
35477	COMM	SYS35477	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	175,000,000.00			**-175,000,000.00**
33442	COMM	3134G3H78	FHLMC 0.35% MAT	Redemption	BARCLAYS CAPITAL	FHLMC NOTES		20,000,000.00		**20,000,000.00**
35472	COMM	SYS35472	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		200,000,000.00		**200,000,000.00**
33442	COMM	3134G3H78	FHLMC 0.35% MAT	Interest	BARCLAYS CAPITAL	FHLMC NOTES			35,000.00	**35,000.00**
35280	COMM	166764AA8	CHEVRON CORP	Interest	JEFFERIES & CO,	CHEVRON CORP.			55,200.00	**55,200.00**
35280	COMM	166764AA8	CHEVRON CORP	Accr Int	JEFFERIES & CO,	CHEVRON CORP.		22,693.33	-22,693.33	**0.00**
35472	COMM	SYS35472	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			500.00	**500.00**
		Totals for 12/05/2014					**270,480,238.34**	**220,022,693.33**	**68,006.67**	**-50,389,538.34**
35097	COMM	3130A22N5	FEDERAL HOME	Interest	JPMorganChase	FHLB NOTES			21,000.00	**21,000.00**
35193	COMM	3130A22N5	FEDERAL HOME	Interest	JPMorganChase	FHLB NOTES			52,500.00	**52,500.00**

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Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35193	COMM	3130A22N5	FEDERAL HOME	Accr Int	JPMorganChase	FHLB NOTES		7,000.00	-7,000.00	**0.00**
35206	COMM	3130A22N5	FEDERAL HOME	Interest	JPMorganChase	FHLB NOTES			42,000.00	**42,000.00**
35206	COMM	3130A22N5	FEDERAL HOME	Accr Int	JPMorganChase	FHLB NOTES		7,700.00	-7,700.00	**0.00**
35397	COMM	3130A22N5	FEDERAL HOME	Interest	JPMorganChase	FHLB NOTES			63,000.00	**63,000.00**
35397	COMM	3130A22N5	FEDERAL HOME	Accr Int	JPMorganChase	FHLB NOTES		50,400.00	-50,400.00	**0.00**
		Totals for 12/06/2014						**65,100.00**	**113,400.00**	**178,500.00**
35486	COMM	313384BL2	FHDN DISC NOTE	Purchase	UBS FINANCE	FHLB DISCOUNT	9,614,225.42			**-9,614,225.42**
35487	COMM	313396GQ0	FNMA DISC NOTE	Purchase	MORGAN STANLEY	FNMA DISCOUNT	19,986,855.56			**-19,986,855.56**
35485	COMM	SYS35485	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	300,000,000.00			**-300,000,000.00**
35477	COMM	SYS35477	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		175,000,000.00		**175,000,000.00**
35477	COMM	SYS35477	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			1,312.50	**1,312.50**
		Totals for 12/08/2014					**329,601,080.98**	**175,000,000.00**	**1,312.50**	**-154,599,768.48**
35490	COMM	06417HXN1	BNSHOU 0.23% MAT	Purchase	SCOTIA CAPITAL	BANK OF NOVA	20,000,000.00			**-20,000,000.00**
35488	COMM	3130A3P32	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	24,979,444.44			**-24,979,444.44**
35491	COMM	9033E1SV7	USB DISC NOTE	Purchase	U S BANK	U S BANK	24,982,187.50			**-24,982,187.50**
35489	COMM	SYS35489	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	350,000,000.00			**-350,000,000.00**
35485	COMM	SYS35485	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		300,000,000.00		**300,000,000.00**
35485	COMM	SYS35485	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			750.00	**750.00**
		Totals for 12/09/2014					**419,961,631.94**	**300,000,000.00**	**750.00**	**-119,960,881.94**
35497	COMM	3133EDQM7	FEDERAL FARM CR	Purchase	KEYBANC CAPITAL	FFCB NOTES	15,076,833.33			**-15,076,833.33**
35496	COMM	3130A3PB4	FEDERAL HOME	Purchase	MIZUHO	FHLB NOTES	49,982,638.89			**-49,982,638.89**
35498	COMM	3137EADH9	FEDERAL HOME LN	Purchase	BNP PARIBAS	FHLMC NOTES	25,172,305.56			**-25,172,305.56**
35492	COMM	313396FA6	FMCDN DISC NOTE	Purchase	Daiwa Capital Market	FHLMC DISCOUNT	19,992,505.56			**-19,992,505.56**
35500	COMM	313396FU2	FMCDN DISC NOTE	Purchase	RBC CAPITAL	FHLMC DISCOUNT	19,989,777.78			**-19,989,777.78**
35501	COMM	313396GZ0	FMCDN ZERO CPN	Purchase	RBC CAPITAL	FHLMC DISCOUNT	9,993,700.00			**-9,993,700.00**
35493	COMM	313588FU4	FNMAD DISC NOTE	Purchase	CANTOR	FNMA DISCOUNT	24,987,777.78			**-24,987,777.78**
35494	COMM	313588HG3	FNMAD ZERO CPN	Purchase	CANTOR	FNMA DISCOUNT	29,980,400.00			**-29,980,400.00**
35503	COMM	313588FT7	FNMAD DISC NOTE	Purchase	UBS FINANCE	FNMA DISCOUNT	14,992,712.55			**-14,992,712.55**
35502	COMM	SYS35502	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	300,000,000.00			**-300,000,000.00**
35489	COMM	SYS35489	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		350,000,000.00		**350,000,000.00**
34652	COMM	313373SZ6	FEDERAL HOME	Interest	JPMorganChase	FHLB NOTES			237,521.88	**237,521.88**
34663	COMM	313373SZ6	FEDERAL HOME	Interest	WELLS FARGO	FHLB NOTES			265,625.00	**265,625.00**
34682	COMM	313373SZ6	FEDERAL HOME	Interest	MORGAN STANLEY	FHLB NOTES			531,250.00	**531,250.00**
34749	COMM	313373SZ6	FEDERAL HOME	Interest	WELLS FARGO	FHLB NOTES			159,375.00	**159,375.00**
34995	COMM	3133EDES7	FEDERAL FARM CR	Interest	Daiwa Capital Market	FFCB NOTES			23,517.50	**23,517.50**
35136	COMM	3130A2C61	FEDERAL HOME	Interest	RAYMOND JAMES &	FHLB NOTES			9,583.34	**9,583.34**
35195	COMM	3130A2C61	FEDERAL HOME	Interest	WELLS FARGO	FHLB NOTES			9,583.33	**9,583.33**
35195	COMM	3130A2C61	FEDERAL HOME	Accr Int	WELLS FARGO	FHLB NOTES		1,250.00	-1,250.00	**0.00**
35489	COMM	SYS35489	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			875.00	**875.00**

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Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
		Totals for 12/10/2014					**510,168,651.45**	**350,001,250.00**	**1,236,081.05**	**-158,931,320.40**
35509	COMM	313312AH3	FCDN DISC NOTE	Purchase	DEUTSCHE BANK	FFCB DISCOUNT	9,999,689.00			**-9,999,689.00**
35505	COMM	3130A3P40	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	24,972,095.83			**-24,972,095.83**
35506	COMM	3130A3PB4	FEDERAL HOME	Purchase	MIZUHO	FHLB NOTES	9,996,591.67			**-9,996,591.67**
35507	COMM	3137EADT3	FHLMC 0.875	Purchase	JPMorganChase	FHLMC NOTES	15,093,289.58			**-15,093,289.58**
35508	COMM	3137EADC0	FHLMC 1.% MAT	Purchase	JPMorganChase	FHLMC NOTES	17,046,623.69			**-17,046,623.69**
35504	COMM	SYS35504	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	300,000,000.00			**-300,000,000.00**
35502	COMM	SYS35502	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		300,000,000.00		**300,000,000.00**
35502	COMM	SYS35502	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			750.00	**750.00**
		Totals for 12/11/2014					**377,108,289.77**	**300,000,000.00**	**750.00**	**-77,107,539.77**
35513	COMM	313312GS3	FCDN DISC NOTE	Purchase	FTN FINANCIAL	FFCB DISCOUNT	9,994,000.00			**-9,994,000.00**
35511	COMM	313384AR0	FHDN DISC NOTE	Purchase	BNP PARIBAS	FHLB DISCOUNT	29,997,958.33			**-29,997,958.33**
35512	COMM	3130A2C61	FEDERAL HOME	Purchase	MORGAN STANLEY	FHLB NOTES	13,954,049.15			**-13,954,049.15**
35510	COMM	SYS35510	USTN 0.1% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	400,000,000.00			**-400,000,000.00**
35504	COMM	SYS35504	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		300,000,000.00		**300,000,000.00**
31686	COMM	62889KAB7	NCUA 1.4% MAT	Interest	BARCLAYS CAPITAL	NCUA			35,000.00	**35,000.00**
34999	COMM	313379ER6	FEDERAL HOME	Interest	WELLS FARGO	FHLB NOTES			39,037.50	**39,037.50**
35000	COMM	313379ER6	FEDERAL HOME	Interest	UBS FINANCE	FHLB NOTES			25,150.00	**25,150.00**
35504	COMM	SYS35504	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			750.00	**750.00**
		Totals for 12/12/2014					**453,946,007.48**	**300,000,000.00**	**99,937.50**	**-153,846,069.98**
35515	COMM	3130A2TY2	FEDERAL HOME	Purchase	CITIGROUP GLOBAL	FHLB NOTES	12,030,600.00			**-12,030,600.00**
35516	COMM	3133782N0	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	25,089,175.69			**-25,089,175.69**
35517	COMM	3133782N0	FEDERAL HOME	Purchase	MERRILL LYNCH	FHLB NOTES	35,176,715.97			**-35,176,715.97**
35518	COMM	313396FM0	FHLMC DISC NOTE	Purchase	PIPER JAFFRAY &	FHLMC DISCOUNT	10,995,025.56			**-10,995,025.56**
35514	COMM	SYS35514	USTN 0.1% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	300,000,000.00			**-300,000,000.00**
32317	COMM	43813UAC4	HAROT 0.77% MAT	Redemption	MERRILL LYNCH	HONDA AUTO		83,019.84		**83,019.84**
32317	COMM	43813UAC4	HAROT 0.77% MAT	Cap G/L	MERRILL LYNCH	HONDA AUTO		4.98		**4.98**
32522	COMM	06052YAC3	BAAT 0.78% MAT	Redemption	BANK OF AMERICA	BANK OF AMERICA		456,110.75		**456,110.75**
32522	COMM	06052YAC3	BAAT 0.78% MAT	Cap G/L	BANK OF AMERICA	BANK OF AMERICA		16.28		**16.28**
34190	COMM	58768VAC5	MBALT 0.59% MAT	Redemption	MERRILL LYNCH	MERCEDES-BENZ		2,699,287.15		**2,699,287.15**
34190	COMM	58768VAC5	MBALT 0.59% MAT	Cap G/L	MERRILL LYNCH	MERCEDES-BENZ		235.67		**235.67**
34994	COMM	58768EAA7	MBALT 0.2% MAT	Redemption	CITIGROUP GLOBAL	MERCEDES-BENZ		222,089.92		**222,089.92**
35510	COMM	SYS35510	USTN 0.1% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		400,000,000.00		**400,000,000.00**
32317	COMM	43813UAC4	HAROT 0.77% MAT	Interest	MERRILL LYNCH	HONDA AUTO			254.14	**254.14**
32522	COMM	06052YAC3	BAAT 0.78% MAT	Interest	BANK OF AMERICA	BANK OF AMERICA			1,137.57	**1,137.57**
33757	COMM	161571FR0	CHAIT 0.54% MAT	Interest	JPMorganChase	CHASE ISSUANCE			6,750.00	**6,750.00**
34190	COMM	58768VAC5	MBALT 0.59% MAT	Interest	MERRILL LYNCH	MERCEDES-BENZ			6,488.05	**6,488.05**
34755	COMM	912828VG2	UNITED STATES	Interest	CITIGROUP GLOBAL	U.S. TREASURY			125,000.00	**125,000.00**
34997	COMM	912828VG2	UNITED STATES	Interest	MORGAN STANLEY	U.S. TREASURY			125,000.00	**125,000.00**

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Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35418	COMM	161571FR0	CHAIT 0.54% MAT	Interest	MORGAN STANLEY	CHASE ISSUANCE			6,750.00	**6,750.00**
35510	COMM	SYS35510	USTN 0.1% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			3,333.33	**3,333.33**
34436	COMM	161571FJ8	CHAIT 0.79% MAT	Interest	CITIGROUP GLOBAL	CHASE ISSUANCE			9,875.00	**9,875.00**
34436	COMM	161571FJ8	CHAIT 0.79% MAT	Redemption	CITIGROUP GLOBAL	CHASE ISSUANCE		552,717.49		**552,717.49**
34933	COMM	89231MAC9	TAOT 0.67% MAT	Interest	CITIGROUP GLOBAL	TOYOTA AUTO REC			4,466.66	**4,466.66**
34933	COMM	89231MAC9	TAOT 0.67% MAT	Redemption	CITIGROUP GLOBAL	TOYOTA AUTO REC		225,785.59		**225,785.59**
34934	COMM	89231MAB1	TAOT 0.41% MAT	Interest	CITIGROUP GLOBAL	TOYOTA AUTO REC			2,198.80	**2,198.80**
34934	COMM	89231MAB1	TAOT 0.41% MAT	Redemption	CITIGROUP GLOBAL	TOYOTA AUTO REC		595,376.15		**595,376.15**
34992	COMM	58768EAC3	MBALT 0.48% MAT	Interest	CITIGROUP GLOBAL	MERCEDES-BENZ			2,811.54	**2,811.54**
34992	COMM	58768EAC3	MBALT 0.48% MAT	Redemption	CITIGROUP GLOBAL	MERCEDES-BENZ		437,030.17		**437,030.17**
34994	COMM	58768EAA7	MBALT 0.2% MAT	Interest	CITIGROUP GLOBAL	MERCEDES-BENZ			34.54	**34.54**
34994	COMM	58768EAA7	MBALT 0.2% MAT	Redemption	CITIGROUP GLOBAL	MERCEDES-BENZ		44,641.85		**44,641.85**
34994	COMM	58768EAA7	MBALT 0.2% MAT	Interest	CITIGROUP GLOBAL	MERCEDES-BENZ				**0.00**
34994	COMM	58768EAA7	MBALT 0.2% MAT	Redemption	CITIGROUP GLOBAL	MERCEDES-BENZ				**0.00**
35040	COMM	89231MAB1	TAOT 0.41% MAT	Interest	MORGAN STANLEY	TOYOTA AUTO REC			821.10	**821.10**
35040	COMM	89231MAB1	TAOT 0.41% MAT	Redemption	MORGAN STANLEY	TOYOTA AUTO REC		255,282.45		**255,282.45**
35087	COMM	43813XAD6	HAROT 0.74% MAT	Interest	CITIGROUP GLOBAL	HONDA AUTO			3,114.17	**3,114.17**
35087	COMM	43813XAD6	HAROT 0.74% MAT	Redemption	CITIGROUP GLOBAL	HONDA AUTO		130,082.79		**130,082.79**
35143	COMM	89231MAB1	TAOT 0.41% MAT	Interest	CITIGROUP GLOBAL	TOYOTA AUTO REC			4,102.71	**4,102.71**
35143	COMM	89231MAB1	TAOT 0.41% MAT	Redemption	CITIGROUP GLOBAL	TOYOTA AUTO REC		1,260,195.15		**1,260,195.15**
35420	COMM	161571FJ8	CHAIT 0.79% MAT	Interest	MORGAN STANLEY	CHASE ISSUANCE			6,583.33	**6,583.33**
35420	COMM	161571FJ8	CHAIT 0.79% MAT	Redemption	MORGAN STANLEY	CHASE ISSUANCE		368,277.35		**368,277.35**
35423	COMM	02587UAB6	AME 0.59% MAT	Interest	MORGAN STANLEY	AMERICAN			3,353.17	**3,353.17**
35423	COMM	02587UAB6	AME 0.59% MAT	Redemption	MORGAN STANLEY	AMERICAN		189,279.49		**189,279.49**
35456	COMM	43814JAA2	HAROT 0.22% MAT	Interest	BNP PARIBAS	HONDA AUTO			1,567.50	**1,567.50**
35456	COMM	43814JAA2	HAROT 0.22% MAT	Redemption	BNP PARIBAS	HONDA AUTO		1,499,486.58		**1,499,486.58**
35457	COMM	43814JAB0	HAROT 0.58% MAT	Interest	BNP PARIBAS	HONDA AUTO			3,061.11	**3,061.11**
35457	COMM	43814JAB0	HAROT 0.58% MAT	Redemption	BNP PARIBAS	HONDA AUTO		369,654.19		**369,654.19**
		Totals for 12/15/2014					**383,291,517.22**	**409,388,573.84**	**316,702.72**	**26,413,759.34**
35520	COMM	3130A2C61	FEDERAL HOME	Purchase	RAYMOND JAMES &	FHLB NOTES	24,982,312.50			**-24,982,312.50**
35519	COMM	SYS35519	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	300,000,000.00			**-300,000,000.00**
35514	COMM	SYS35514	USTN 0.1% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		300,000,000.00		**300,000,000.00**
35514	COMM	SYS35514	USTN 0.1% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			833.33	**833.33**
35375	COMM	89190AAB6	TAOT 0.51% MAT	Interest	MERRILL LYNCH	TOYOTA AUTO REC			2,125.00	**2,125.00**
35375	COMM	89190AAB6	TAOT 0.51% MAT	Redemption	MERRILL LYNCH	TOYOTA AUTO REC		185,760.95		**185,760.95**
		Totals for 12/16/2014					**324,982,312.50**	**300,185,760.95**	**2,958.33**	**-24,793,593.22**
35523	COMM	313396FQ1	FMCDN DISC NOTE	Purchase	FTN FINANCIAL	FHLMC DISCOUNT	9,994,619.44			**-9,994,619.44**
35522	COMM	SYS35522	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	300,000,000.00			**-300,000,000.00**
35519	COMM	SYS35519	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		300,000,000.00		**300,000,000.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35519	COMM	SYS35519	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			750.00	**750.00**
		Totals for 12/17/2014					**309,994,619.44**	**300,000,000.00**	**750.00**	**-9,993,869.44**
35527	COMM	3133EEFE5	FEDERAL FARM CR	Purchase	MERRILL LYNCH	FFCB NOTES	10,009,600.00			**-10,009,600.00**
35529	COMM	3133EEFE5	FEDERAL FARM CR	Purchase	MERRILL LYNCH	FFCB NOTES	10,000,000.00			**-10,000,000.00**
35528	COMM	3130A3RW6	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	25,032,000.00			**-25,032,000.00**
35530	COMM	3130A3PB4	FEDERAL HOME	Purchase	MIZUHO	FHLB NOTES	24,992,847.22			**-24,992,847.22**
35531	COMM	3130A3SZ8	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	16,986,689.00			**-16,986,689.00**
35524	COMM	SYS35524	USTN 0.1% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	250,000,000.00			**-250,000,000.00**
35522	COMM	SYS35522	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		300,000,000.00		**300,000,000.00**
35522	COMM	SYS35522	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			750.00	**750.00**
34430	COMM	43812XAB1	HAROT 0.54% MAT	Interest	JPMorganChase	HONDA AUTO			1,329.50	**1,329.50**
34430	COMM	43812XAB1	HAROT 0.54% MAT	Redemption	JPMorganChase	HONDA AUTO		792,093.80		**792,093.80**
35104	COMM	43814GAA8	HAROT 0.18% MAT	Interest	MERRILL LYNCH	HONDA AUTO			180.65	**180.65**
35104	COMM	43814GAA8	HAROT 0.18% MAT	Redemption	MERRILL LYNCH	HONDA AUTO		554,213.80		**554,213.80**
35311	COMM	477877AB0	JDOT 0.54% MAT	Interest	RBC CAPITAL	JOHN DEERE			4,050.00	**4,050.00**
35311	COMM	477877AB0	JDOT 0.54% MAT	Redemption	RBC CAPITAL	JOHN DEERE		275,122.17		**275,122.17**
		Totals for 12/18/2014					**337,021,136.22**	**301,621,429.77**	**6,310.15**	**-35,393,396.30**
35532	COMM	SYS35532	USTN 0.11% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	150,000,000.00			**-150,000,000.00**
32088	COMM	3135G0FY4	FNMA 0.75% MAT	Redemption	BARCLAYS CAPITAL	FNMA NOTES		30,000,000.00		**30,000,000.00**
35524	COMM	SYS35524	USTN 0.1% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		250,000,000.00		**250,000,000.00**
32088	COMM	3135G0FY4	FNMA 0.75% MAT	Interest	BARCLAYS CAPITAL	FNMA NOTES			112,500.00	**112,500.00**
35163	COMM	3130A2FT8	FEDERAL HOME	Interest	FTN FINANCIAL	FHLB NOTES			6,250.00	**6,250.00**
35524	COMM	SYS35524	USTN 0.1% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			694.44	**694.44**
		Totals for 12/19/2014					**150,000,000.00**	**280,000,000.00**	**119,444.44**	**130,119,444.44**
32251	COMM	92867GAC7	VALET 0.85% MAT	Interest	CITIGROUP GLOBAL	VOLKSWAGEN			2,646.76	**2,646.76**
35044	COMM	92867DAD2	VALET 1.98% MAT	Interest	MORGAN STANLEY	VOLKSWAGEN			2,762.59	**2,762.59**
35044	COMM	92867DAD2	VALET 1.98% MAT	Redemption	MORGAN STANLEY	VOLKSWAGEN		56,707.27		**56,707.27**
35044	COMM	92867DAD2	VALET 1.98% MAT	Interest	MORGAN STANLEY	VOLKSWAGEN				**0.00**
35044	COMM	92867DAD2	VALET 1.98% MAT	Redemption	MORGAN STANLEY	VOLKSWAGEN				**0.00**
35060	COMM	09657YAD4	BMWLT 0.66% MAT	Interest	BNP PARIBAS	BMW VEHICLE			5,500.00	**5,500.00**
35060	COMM	09657YAD4	BMWLT 0.66% MAT	Redemption	BNP PARIBAS	BMW VEHICLE		537,533.61		**537,533.61**
35064	COMM	92867RAC3	VALET 0.91% MAT	Interest	JPMorganChase	VOLKSWAGEN			7,583.33	**7,583.33**
35064	COMM	92867RAC3	VALET 0.91% MAT	Redemption	JPMorganChase	VOLKSWAGEN		217,757.98		**217,757.98**
35066	COMM	92867RAA7	VALET 0.19% MAT	Interest	JPMorganChase	VOLKSWAGEN			147.51	**147.51**
35066	COMM	92867RAA7	VALET 0.19% MAT	Redemption	JPMorganChase	VOLKSWAGEN		146,481.58		**146,481.58**
35066	COMM	92867RAA7	VALET 0.19% MAT	Interest	JPMorganChase	VOLKSWAGEN				**0.00**
35066	COMM	92867RAA7	VALET 0.19% MAT	Redemption	JPMorganChase	VOLKSWAGEN				**0.00**
		Totals for 12/20/2014						**958,480.44**	**18,640.19**	**977,120.63**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
33890	COMM	313379DD8	FHLB 1.% MAT	Interest	MERRILL LYNCH	FHLB NOTES			125,000.00	**125,000.00**
		Totals for 12/21/2014							**125,000.00**	**125,000.00**
35534	COMM	13063CPN4	CALIFORNIA ST FOR	Purchase	CITIGROUP GLOBAL	CALIFORNIA ST	12,460,551.38			**-12,460,551.38**
35533	COMM	SYS35533	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	150,000,000.00			**-150,000,000.00**
32251	COMM	92867GAC7	VALET 0.85% MAT	Redemption	CITIGROUP GLOBAL	VOLKSWAGEN		474,059.42		**474,059.42**
32251	COMM	92867GAC7	VALET 0.85% MAT	Cap G/L	CITIGROUP GLOBAL	VOLKSWAGEN		5.50		**5.50**
35044	COMM	92867DAD2	VALET 1.98% MAT	Redemption	MORGAN STANLEY	VOLKSWAGEN		1,686,985.48		**1,686,985.48**
35044	COMM	92867DAD2	VALET 1.98% MAT	Cap G/L	MORGAN STANLEY	VOLKSWAGEN		-12,688.04		**-12,688.04**
35066	COMM	92867RAA7	VALET 0.19% MAT	Redemption	JPMorganChase	VOLKSWAGEN		873,369.05		**873,369.05**
35066	COMM	92867RAA7	VALET 0.19% MAT	Cap G/L	JPMorganChase	VOLKSWAGEN		0.15		**0.15**
35532	COMM	SYS35532	USTN 0.11% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		150,000,000.00		**150,000,000.00**
35532	COMM	SYS35532	USTN 0.11% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			1,375.00	**1,375.00**
35065	COMM	92867RAB5	VALET 0.42% MAT	Interest	JPMorganChase	VOLKSWAGEN			9,466.18	**9,466.18**
35065	COMM	92867RAB5	VALET 0.42% MAT	Redemption	JPMorganChase	VOLKSWAGEN		908,847.83		**908,847.83**
35382	COMM	92867TAA3	VALET 0.2% MAT	Interest	CITIGROUP GLOBAL	VOLKSWAGEN			1,044.76	**1,044.76**
35382	COMM	92867TAA3	VALET 0.2% MAT	Redemption	CITIGROUP GLOBAL	VOLKSWAGEN		861,473.69		**861,473.69**
		Totals for 12/22/2014					**162,460,551.38**	**154,792,053.08**	**11,885.94**	**-7,656,612.36**
35536	COMM	3133EEFZ8	FEDERAL FARM CR	Purchase	UBS FINANCE	FFCB NOTES	20,000,000.00			**-20,000,000.00**
35537	COMM	3133EEFZ8	FEDERAL FARM CR	Purchase	JEFFERIES & CO,	FFCB NOTES	29,967,900.00			**-29,967,900.00**
35535	COMM	SYS35535	USTN 0.07% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	150,000,000.00			**-150,000,000.00**
35533	COMM	SYS35533	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		150,000,000.00		**150,000,000.00**
32782	COMM	3133EARQ3	FFCB 0.5% MAT	Interest	BARCLAYS CAPITAL	FFCB NOTES			25,000.00	**25,000.00**
34561	COMM	3133EARQ3	FFCB 0.5% MAT	Interest	BARCLAYS CAPITAL	FFCB NOTES			100,000.00	**100,000.00**
34636	COMM	3133EARQ3	FFCB 0.5% MAT	Interest	BARCLAYS CAPITAL	FFCB NOTES			37,500.00	**37,500.00**
35533	COMM	SYS35533	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			375.00	**375.00**
		Totals for 12/23/2014					**199,967,900.00**	**150,000,000.00**	**162,875.00**	**-49,805,025.00**
35538	COMM	SYS35538	USTN 0.09% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	250,000,000.00			**-250,000,000.00**
35535	COMM	SYS35535	USTN 0.07% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		150,000,000.00		**150,000,000.00**
34257	COMM	3133834R9	FHLB 0.375% MAT	Interest	CITIGROUP GLOBAL	FHLB NOTES			28,125.00	**28,125.00**
34261	COMM	3133834R9	FHLB 0.375% MAT	Interest	CITIGROUP GLOBAL	FHLB NOTES			65,625.00	**65,625.00**
34343	COMM	3133ECSP0	FEDERAL FARM CR	Interest	MIZUHO	FFCB NOTES			24,750.00	**24,750.00**
34349	COMM	166764AC4	CVX 0.889% MAT	Interest	BARCLAYS CAPITAL	CHEVRON CORP.			22,225.00	**22,225.00**
34533	COMM	3133834R9	FHLB 0.375% MAT	Interest	DEUTSCHE BANK	FHLB NOTES			46,875.00	**46,875.00**
35535	COMM	SYS35535	USTN 0.07% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			291.67	**291.67**
		Totals for 12/24/2014					**250,000,000.00**	**150,000,000.00**	**187,891.67**	**-99,812,108.33**
35376	COMM	09658UAB5	BMWOT 0.53% MAT	Interest	RBC CAPITAL	BMW VEHICLE			4,416.67	**4,416.67**
35376	COMM	09658UAB5	BMWOT 0.53% MAT	Redemption	RBC CAPITAL	BMW VEHICLE		334,421.04		**334,421.04**
		Totals for 12/25/2014						**334,421.04**	**4,416.67**	**338,837.71**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35539	COMM	SYS35539	USTN 0.08% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	250,000,000.00			**-250,000,000.00**
35538	COMM	SYS35538	USTN 0.09% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		250,000,000.00		**250,000,000.00**
35538	COMM	SYS35538	USTN 0.09% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			1,250.00	**1,250.00**
		Totals for 12/26/2014					**250,000,000.00**	**250,000,000.00**	**1,250.00**	**1,250.00**
35541	COMM	3130A3P81	FEDERAL HOME	Purchase	PIPER JAFFRAY &	FHLB NOTES	15,000,000.00			**-15,000,000.00**
35542	COMM	3130A3P81	FEDERAL HOME	Purchase	PIPER JAFFRAY &	FHLB NOTES	10,000,000.00			**-10,000,000.00**
35543	COMM	3130A3P81	FEDERAL HOME	Purchase	PIPER JAFFRAY &	FHLB NOTES	25,000,000.00			**-25,000,000.00**
35544	COMM	3130A3P81	FEDERAL HOME	Purchase	PIPER JAFFRAY &	FHLB NOTES	25,000,000.00			**-25,000,000.00**
35545	COMM	3130A3BP8	FEDERAL HOME	Purchase	DEUTSCHE BANK	FHLB NOTES	19,469,711.35			**-19,469,711.35**
35546	COMM	3137EADC0	FHLMC 1.% MAT	Purchase	JPMorganChase	FHLMC NOTES	16,943,742.17			**-16,943,742.17**
35540	COMM	3134G5SL0	FEDERAL HOME LN	Purchase	JEFFERIES & CO,	FHLMC CALLABLE	10,000,000.00			**-10,000,000.00**
35547	COMM	SYS35547	USTN 0.07% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	250,000,000.00			**-250,000,000.00**
32190	COMM	3136FTWW5	FNMA 1.25% MAT	Redemption	PIPER JAFFRAY &	FNMA NOTES		16,508,475.00		**16,508,475.00**
32190	COMM	3136FTWW5	FNMA 1.25% MAT	Cap G/L	PIPER JAFFRAY &	FNMA NOTES		16,525.00		**16,525.00**
35399	COMM	3130A32N3	FEDERAL HOME	Redemption	CITIGROUP GLOBAL	FHLB NOTES		10,015,625.00		**10,015,625.00**
35399	COMM	3130A32N3	FEDERAL HOME	Cap G/L	CITIGROUP GLOBAL	FHLB NOTES		-15,625.00		**-15,625.00**
35539	COMM	SYS35539	USTN 0.08% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		250,000,000.00		**250,000,000.00**
32190	COMM	3136FTWW5	FNMA 1.25% MAT	Interest	PIPER JAFFRAY &	FNMA NOTES			103,281.25	**103,281.25**
34781	COMM	3134G4PX0	FEDERAL HOME LN	Interest	PIPER JAFFRAY &	FHLMC NOTES			125,000.00	**125,000.00**
34813	COMM	3130A0HH6	FEDERAL HOME	Interest	UBS FINANCE	FHLB NOTES			50,000.00	**50,000.00**
35399	COMM	3130A32N3	FEDERAL HOME	Interest	CITIGROUP GLOBAL	FHLB NOTES			32,500.00	**32,500.00**
35399	COMM	3130A32N3	FEDERAL HOME	Accr Int	CITIGROUP GLOBAL	FHLB NOTES		11,194.44	-11,194.44	**0.00**
35498	COMM	3137EADH9	FEDERAL HOME LN	Interest	BNP PARIBAS	FHLMC NOTES			125,000.00	**125,000.00**
35498	COMM	3137EADH9	FEDERAL HOME LN	Accr Int	BNP PARIBAS	FHLMC NOTES		111,805.56	-111,805.56	**0.00**
35539	COMM	SYS35539	USTN 0.08% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			1,666.67	**1,666.67**
		Totals for 12/29/2014					**371,413,453.52**	**276,648,000.00**	**314,447.92**	**-94,451,005.60**
35548	COMM	3130A2Y75	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	30,043,776.67			**-30,043,776.67**
35549	COMM	3130A3SL9	FEDERAL HOME	Purchase	WELLS FARGO	FHLB NOTES	10,007,200.00			**-10,007,200.00**
35550	COMM	3130A3PZ1	FEDERAL HOME	Purchase	RAYMOND JAMES &	FHLB NOTES	9,992,500.00			**-9,992,500.00**
35556	COMM	3137EADJ5	FEDERAL HOME LN	Purchase	CITIGROUP GLOBAL	FHLMC NOTES	25,104,805.56			**-25,104,805.56**
35551	COMM	3134G5SW6	FEDERAL HOME LN	Purchase	FTN FINANCIAL	FHLMC CALLABLE	19,985,000.00			**-19,985,000.00**
35552	COMM	3134G5SW6	FEDERAL HOME LN	Purchase	JPMorganChase	FHLMC CALLABLE	19,985,000.00			**-19,985,000.00**
35553	COMM	3134G5SW6	FEDERAL HOME LN	Purchase	FTN FINANCIAL	FHLMC CALLABLE	10,000,000.00			**-10,000,000.00**
35554	COMM	3134G5VV4	FHLMCC 1.05% MAT	Purchase	UBS FINANCE	FHLMC CALLABLE	10,000,000.00			**-10,000,000.00**
35555	COMM	3134G5SW6	FEDERAL HOME LN	Purchase	JPMorganChase	FHLMC CALLABLE	31,293,203.20			**-31,293,203.20**
35559	COMM	89112U4S7	TDNY 0.115% MAT	Purchase	MERRILL LYNCH	TORONTO	25,000,000.00			**-25,000,000.00**
35557	COMM	9033E1N67	USB DISC NOTE	Purchase	U S BANK	U S BANK	24,999,708.33			**-24,999,708.33**
35558	COMM	SYS35558	USTN 0.07% MAT	Purchase	DEUTSCHE BANK	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
35547	COMM	SYS35547	USTN 0.07% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		250,000,000.00		**250,000,000.00**

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Investment #	Fund	CUSIP	Inv Descrip	TransactionType	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35547	COMM	SYS35547	USTN 0.07% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			486.11	**486.11**
		Totals for 12/30/2014					**416,411,193.76**	**250,000,000.00**	**486.11**	**-166,410,707.65**
35560	COMM	313312DM9	FCDN DISC NOTE	Purchase	UBS FINANCE	FFCB DISCOUNT	9,998,600.00			**-9,998,600.00**
35561	COMM	313312HJ2	FCDN DISC NOTE	Purchase	UBS FINANCE	FFCB DISCOUNT	9,992,625.00			**-9,992,625.00**
35558	COMM	SYS35558	USTN 0.07% MAT	Redemption	DEUTSCHE BANK	U.S. TREASURY		200,000,000.00		**200,000,000.00**
35558	COMM	SYS35558	USTN 0.07% MAT	Interest	DEUTSCHE BANK	U.S. TREASURY			388.89	**388.89**
		Totals for 12/31/2014					**19,991,225.00**	**200,000,000.00**	**388.89**	**180,009,163.89**
		Grand Total					**12,621,640,652.**	**11,204,500,118.**	**7,052,913.34**	**-1,410,087,621.**

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County of Santa Clara
Controller-Treasurer

County Government Center
70 West Hedding Street, East Wing 2nd floor
San Jose, California 95110-1705
(408) 299-5205 FAX 287-7629

January 23, 2015 Assignment 10336

Board of Supervisors
County of Santa Clara
A Report by the Internal Audit Division
Cash and Investments
As of: December 31, 2014

Pursuant to the California Government Code Section 26920(a) (2) and (3) we are reporting to you the following:

a. We obtained the Controller-Treasurer Department's reconciliation between the cash and investments balances stated in the Treasury Division's system and the balances in the general ledger. We traced the information to its source documents. There was no unidentified difference reported on the reconciliation.

b. We compared the securities held in safekeeping at the custodial bank with the securities listed in the County's investment records. There were no reportable differences noted.

Rebecca Haggerty RH
Internal Auditor Manager

Brian P. Mark BPM
Auditor-in-charge

APPENDIX F

BOOK-ENTRY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting

on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the

event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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